Meet the Possibility Economy
2010 AT&T Sustainability Report

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ABOUT AT&T

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ABOUT AT&T

at&t and the possibility economy

There's a new economy taking root in America.

It's an economy where you can grow a good idea into a thriving business overnight. Where big challenges can be tackled by big thinking. Where we recognize that working together makes a better future for everyone.

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ABOUT AT&T

The same spirit driving this economy is driving sustainability efforts across business. At AT&T, we're committed to operating in a sustainable way and powering a network that empowers people to rethink how they live, work and play. We're...

powering technologies that empower others, such as telepresence and smart grid solutions

preparing young people to succeed through philanthropic giving and volunteerism

engineering innovative solutions to help address environmental and social challenges

living more efficiently and responsibly by addressing our environmental impact and producing more sustainable products and services

securing privacy and promoting safety

building a more transparent way of doing business by working with our supply chain

creating new solutions and opportunities through collaboration

In the pages that follow, we feature a collection of narratives that offers a glimpse into some of our work from 2010 and the possibilities of the network.

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TO AT&T STAKEHOLDERS:

At AT&T, we deliver services that put the world at our customers' fingertips—services that are made possible by an intelligent network that is faster, more secure, more powerful and more capable than ever.

This network benefits people, communities and our environment in many ways. It speeds commerce, improves business productivity and broadens access to services and ideas. It supports innovative services like telepresence that reduce the need for business travel and help minimize impact on the environment. Smart grid solutions are improving the way we use energy. New mobile broadband health care applications are helping individuals connect with their providers—opening up possibilities for better and more cost-efficient care. And there are many more innovations to come, driven by AT&T Labs and an army of other innovators, both inside and outside our company.

At the same time, we recognize how important it is to strengthen our communities. Our $100 million AT&T Aspire initiative focuses on high school success and workforce readiness. We work continually to nurture and develop a diverse workforce and supplier base. We engage with our suppliers to bring more sustainable products to market. And in our operations, we continue to find ways to reduce resource consumption, such as energy efficiency efforts and our commitment to deploy approximately 15,000 alternative-fuel vehicles in our fleet. In these ways and more, we're minimizing our impact on the environment while enabling our customers to do the same.

We understand that sustainability is a journey and there is much work ahead of us still. We're pleased to share with you the progress we made in 2010. And I hope you'll also see our commitment to continuing the progress in these areas for years ahead. For our company, sustainability is about managing our business responsibly, for the long haul—to ensure that we're always there for all the people and communities who depend on us.

Sincerely,

Randall Stephenson
Chairman, Chief Executive Officer and President

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ABOUT AT&T

AT&T Inc. (NYSE:T) is a premier communications holding company. Its subsidiaries and affiliates—AT&T operating companies—are the providers of AT&T services in the United States and around the world. With a powerful array of network resources that includes the nation's fastest mobile broadband network, AT&T is a leading provider of wireless, Wi-Fi, high speed Internet and voice services. A leader in mobile broadband, AT&T also offers the best wireless coverage worldwide, offering the most wireless phones that work in the most countries. It also offers advanced TV services under the AT&T U-verse® and AT&T DIRECTV brands. The company's suite of IP-based business communications services is one of the most advanced in the world. In domestic markets, AT&T Advertising Solutions and AT&T Interactive are known for their leadership in local search and advertising. In 2010, AT&T again ranked among the 50 Most Admired Companies by FORTUNE® magazine.

With AT&T, customers have the freedom to make wireless calls using internationally enabled phones on all seven continents and in more than 220 countries. We offer wireless data coverage in more countries than any U.S. carrier—with wireless data-roaming in 200 countries for laptops, hand-held devices and other data services and third-generation (3G) services in more than 125 countries. We also offer wireless service on more than 140 cruise ships worldwide.

AT&T Inc. common stock is listed on the New York Stock Exchange. A Fortune 500 company, AT&T is one of the 30 stocks that make up the Dow Jones Industrial Average. In 2010, AT&T had a consolidated operating revenue of $124 billion.

Additional information about AT&T Inc. and the products and services provided by AT&T subsidiaries and affiliates is available at http://www.att.com. AT&T news releases and other announcements are available at http://www.att.com/newsroom and as part of an RSS feed at www.att.com/rss. Or follow our news on Twitter at @ATTNews. Find us on Facebook at www.Facebook.com/ATT to discover more about our consumer and wireless services or at www.Facebook.com/ATTSmallBiz to discover more about our small business services.

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OUR DATA

at&t

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2010 AT&T SUSTAINABILITY REPORT

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- Progress Toward Goals 17

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OUR DATA

KEY PERFORMANCE INDICATORS (KPIs)

To assess how we're doing, we've established several key performance indicators (KPIs) to measure our progress year-over-year. We've identified these areas as those that are most important to our stakeholders and our business.

PEOPLE AND COMMUNITIES

PHILANTHROPY		2008	2009	2010
Giving in our communities	Amount of Corporate, Employee & Foundation Giving	$19.54M Arts and Culture $55.21M Community Development $62.33M Education $30.38M Health and Human Services $1.54M Other **$169.02M Grand Total**	$14.8M Arts and Culture $42.6M Community Development $66.6M Education $30.1M Health and Human Services $ .98M Other **$155.09M Grand Total**	$12.4M Arts and Culture $36.2M Civic and Community $57.1M Education $42.5M Health and Welfare $0.0M Other **$148.2M Grand Total**
AT&T Aspire - Dropout Summits	Number of summits convened nationwide to discuss the dropout crisis (in collaboration with America's Promise Alliance)	19	84 (cumulative from 2008)	105 (cumulative from 2008)

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OUR DATA

PEOPLE AND COMMUNITIES CONTINUED

PHILANTHROPY		2008	2009	2010
AT&T Aspire - Job Shadow	Number of students provided with Job Shadow opportunities [in collaboration with Junior Achievement (JA)]	9,800	More than 28,000 (cumulative from 2008)	More than 65,000 (cumulative from 2008)
AT&T Aspire - High School Success Grants	Amount donated in High School Success Grants to school districts and educational programs with proven track records of success	$29M 4-year commitment from 2008	$29M 4-year commitment from 2008	$29M 4-year commitment from 2008
AT&T Aspire - Research	Status of commissioned research completed by Civic Enterprises and John Bridgeland about the nation's dropout crisis		Launched "On the Front Lines of Schools" study	Released both "Raising their Voices" and "Building a Grad Nation" reports

DISASTER RELIEF		2008	2009	2010
Disaster Relief	Investment in Network Disaster Recovery program	$500M	$500M	$600M

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PEOPLE AND COMMUNITIES CONTINUED

VOLUNTEERISM/GIVING		2008	2009	2010
Activate Employees to Volunteer	Number of hours that AT&T donated through employee & retiree volunteer programs	10.3M	8.5M	9M
	Dollar amount associated with volunteerism • The financial equivalent based on the 2010 industry standard from nonprofit Independent Sector	$202.8M	$176M	More than $192M
Employee Giving	Amount of yearly employee giving through United Way campaign	More than $31M	More than $29M	More than $31M

WORKFORCE		2008	2009	2010
Employee Health Care	Number of employees, retirees and dependents covered	1.2M	1.2M	1.2M
Provide Quality Jobs	Percentage of union-represented employees	60%	Approximately 60%	Approximately 58%
Employee Training	Amount invested in direct employee training development programs; development reviews • Does not include $ spent for travel and work-time allotted for training	$244M	$244M	$260M

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OUR DATA

PEOPLE AND COMMUNITIES CONTINUED

WORKFORCE		2008	2009	2010
	Amount invested on tuition reimbursement	$25M	$27M	$34M
	Percent of employees receiving regular performance and career development reviews	100%	100%	100%
Employee Safety	AT&T's OSHA total recordable occupational injury and illness rate (per 100 employees)	2.08	2.07	2.20
Workforce Diversity	Total Workforce	Women - 44% People of Color - 39%	Women - 41% People of Color - 38%	Women - 40% People of Color - 38%
	Total Management	Women - 41% People of Color -30%	Women - 40 % People of Color - 30%	Women - 40% People of Color - 31%

SUPPLY CHAIN		2008	2009	2010
Supplier Diversity	Spend with minority, women and disabled veterans business enterprises	$6B	$6.9B	$9.2B
Supply Chain Survey	Number of website hits by suppliers on the Principles of Conduct for Suppliers (since launch)		2,500	4,987

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ENVIRONMENT

		2008	2009	2010
Domestic Carbon Footprint	Company-wide greenhouse gas (GHG) emissions (metric tons CO_2-equivalent)	9,066,626	8,931,090	8,925,724
Domestic and International Carbon Footprint			8,973,484	8,966,682
Water Footprint	Gallons of water used for domestic operations			3.4B
Fleet Operations	Alternative Fuel Vehicles in service	105 total	970 total: 625 CNG 344 Hybrid 1 Electric	3,487 total: 2,472 CNG 1,013 Hybrid 2 Electric
	Total gallons of gasoline replaced			1 million gallons of unleaded gasoline in 2010 (by deploying 2,472 CNG vehicles)
Alternative Energy	Solar production (annual kWh)	1,634,393	1,626,221	2,849,896
Reduce waste	Pounds of network "scrap" materials kept out of landfills	75M	72.1M	56.9M (95% of all materials received at AT&T's Investment Recovery Center)

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OUR DATA

ENVIRONMENT CONTINUED

		2008	2009	2010
Manage regulated waste	Managed tons of regulated waste (universal, hazardous, exempt and special, as well as non-hazardous waste)	25,000	17,300	14,000
	Percent of regulated waste recycled (universal, hazardous, exempt and special, as well as non-hazardous waste)			70%
Product take back	Number of computers, monitors, servers and other equipment that were donated, recycled or reused	Almost 68,000	63,000	96,000
Cell Phone and Accessory Recycling	Number of cell phones reused or recycled	4.5M	4.2M	3.7M
	Pounds of cell phone batteries and accessories recycled	1.3M	1.8M	1.8M
Paperless Billing	Approximate total number of paperless-billed customers		12.3M	14.4M

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TECHNOLOGY

		2008	2009	2010
AT&T Patents	Average number received every day	2	2	2
Labs Expertise	Number of scientists and engineers at AT&T Labs		1,300	1,300

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OUR DATA

PROGRESS TOWARD GOALS

In addition to knowing where we are and where we've been, it's important to know where we're going. Setting goals helps us get there. This is our progress toward the goals we set in 2010, as well as our new goals for 2011.

PEOPLE AND COMMUNITIES

Philanthropy

2010 Goal

Conduct program evaluations of 82 grant recipients in 2010 to identify best practices of high school drop-out prevention programs, and use findings to strengthen the impact of future funding.

Progress Toward Goal

- In 2010, AT&T conducted program evaluations of 82 grant recipients. Grantees reported facing a number of obstacles to obtaining individual student record data, motivating AT&T to focus more efforts on improving data access and quality.
- AT&T Aspire High School Success grants serve a high needs population and target resources toward students who are at-risk for poor high school outcomes.
- Prevalent programmatic approaches among Aspire-funded programs are consistent with evidence-based, promising practices for reducing the dropout rate.
- To strengthen the impact of our funding, we continued to build close relationships with leading education organizations and fund valuable research.

2011 Goal

Conduct program evaluations of 76 grant recipients to identify best practices of high school drop-out programs, and use findings to strengthen the impact of future funding.

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Volunteerism

2010 Goal

Provide Job Shadow opportunities to a total of 50,000 students by the end of 2010.

Progress Toward Goal

Since the program was started in 2008:

- More than 65,000 students have participated and benefited from Job Shadow.
- Job Shadow events have been held in 211 cities across the United States.
- AT&T employees have volunteered more than 24,000 times for Job Shadow, dedicating nearly 200,000 volunteer hours, to help students learn.

2011 Goal

Provide Job Shadow opportunities for a cumulative total of 86,000 students by year end 2011.

NEW: Legal support and services: Expand company legal department's participation in pro bono legal work in both number of participants and total hours. Goal is to continue increase in year over year participation and hours. Additionally, expand the AT&T Excellence in Pro Bono Award / Scholarship Program to all regions, and encourage additional programs within regions.

Workforce Diversity

2010 Goal

Maintain and develop a diverse and talented workforce using the high school educated national labor force as our benchmark.

Progress Toward Goal

- In 2010, people of color comprised 38 percent of AT&T's total workforce. This compares with 30 percent of the high school educated national labor force who are people of color.
- Among all AT&T new hires in 2010, 46 percent were people of color, further strengthening our representation in this area.
- In 2010, women comprised 40 percent of AT&T's total workforce. This compares with 47 percent of the high school educated national labor force who are female. Among all AT&T new hires in 2010, 41 percent were women, so we are moving closer to the national benchmark in this area.

2011 Goal

Continue to strive to maintain and develop a diverse and talented workforce using the high school educated national labor force as a benchmark.

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OUR DATA

Supplier Diversity

2010 Goal

Our long-term goal is to achieve 21.5 percent spend with diverse suppliers.

Progress Toward Goal

AT&T is on track to reach the 21.5 percent spend goal by the end of 2012. In 2010 we spent $9.2 billion dollars with businesses owned by minorities, women and disabled veterans, representing 18.8 percent of our total purchases. This spending is a 34 percent year over year increase and reflects one of the highest levels of supply chain inclusion in the country.

2011 Goal

Our long-term goal is to achieve 21.5 percent spend with diverse suppliers.

Research Diversity

2010 Goal

In 2010, fund and support the AT&T Labs Fellowship Program by providing scholarships and mentoring for up to three women or minority candidates who wish to work toward a Ph.D. in science and engineering.

Progress Toward Goal

AT&T Labs supported 3 ALFP students in 2010.

Ethics and Compliance

2010 Goal

Implement a streamlined Code of Business Conduct in 2010, and achieve a training completion rate of greater than 99 percent across the entire employee base.

Progress Toward Goal

Code implemented and training completed at a rate of 99.5 percent across the entire employee base.

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2011 Goal

NEW: BLOG/tSpace - Create a virtual employee community, using internal social media tools, to discuss ethics and compliance topics of interest.

NEW: Officer Training - Introduce Compliance Training for officers that is customized for their leadership of the company, and includes essential information on topics (Antitrust, RIM, FLSA) and suggestions for ways to enhance their advocacy of compliance and a strong ethical corporate culture.

ENVIRONMENT

Fleet

2010 Goal

Replace retiring passenger vehicles with alternative-fuel models and deploy up to 8,000 compressed natural gas (CNG) service vehicles by the end of year 2013.

Progress Toward Goal

- As of year end 2010, AT&T has deployed more than 2,400 CNG vehicles, with nearly 1,600 of those vehicles in California.
- AT&T expects to spend approximately $215 million to replace more than 7,000 passenger cars with alternative fuel models through 2018.
- AT&T currently operates over 1,000 hybrid-electric passenger vehicles across the country.
- AT&T expects to spend an estimated $350 million to purchase up to 8,000 CNG vehicles through 2013.
- AT&T has also deployed two all-electric vehicles (AEVs) — a Smith Newton cargo truck in St. Louis, Missouri and a Ford Transit Connect Electric van in Dallas, Texas. AT&T expects to make additional AEV deployments in 2011.

2011 Goal

Continue progress to replace eligible retiring passenger vehicles with alternative fuel vehicles and deploy up to 8,000 CNG service vehicles by EOY 2013.

NEW: Replace tractor used for the AT&T Fan Zone Tour with a bio-diesel option.

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OUR DATA

Energy Consumption

2010 Goal

Reduce the electricity consumption of our company relative to data growth on our network by 16 percent as compared with year 2009.

Progress Toward Goal

We exceeded this goal and used 415 kWh per terabyte of data carried on our network, which is a 16.6 percent decrease from 2009.

2011 Goal

Reduce the electricity consumption of our company relative to data growth on our network by 17 percent as compared with year 2010.

NEW: Renewable energy - Expand by a minimum of 5MW of additional installations.

NEW: 100% of all Corporate Real Estate management employees will have energy goals in their annual performance review scorecards linked to building managers' performance.

NEW: Launch initiatives to reduce energy consumption equivalent to an annualized $40 million when fully implemented. Specific commitments include:

- Optimize energy usage in AT&T Labs by eliminating/consolidating laboratory equipment – saving 3 percent kW/year
- Improve power efficiency by 17 percent as computing hardware is increased by 20 percent in data centers that support internal AT&T business
- Continue data center best practices in energy optimization, resulting in an annual power reduction of 1.8M kilowatt hours.

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Consumption

2010 Goal	Progress Toward Goal
Complete a water footprint assessment in 2010.	We worked closely with our bill payment and utility data quality control vendor/partners to analyze and improve the accuracy of our water utility data. We also worked with Vanderbilt University to identify the most appropriate water footprint protocol and determined that the Global Reporting Initative (GRI) Water Protocol was the best method to measure our water usage. Using the protocol, we found that in 2010, AT&T used almost 3.4 billion gallons of water.

Supply Chain

2011 Goal

NEW: Majority of spend will be with suppliers who track GHG emissions or have stated plans to do so by 2012 ("majority" meaning more than 50 percent of spend).

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OUR DATA

TECHNOLOGY

Consumer

2010 Goal

In cooperation with device original equipment manufacturer (OEM) suppliers, the following goals apply to new handset models in the AT&T Mobility portfolio:

- By the end of year 2010, avoid virgin materials mined in conflict zones in the Democratic Republic of the Congo.

Progress Toward Goal

- All OEM's have agreed to conflict zone mining efforts.
- Also in 2010, we estimated that we reduced packaging by about 200 tons. Suppliers also switched from petroleum-based ink to a vegetable-based ink and from PVC plastic to PET, which is more recyclable. Also began moving toward having all paperboard in packaging come from 100 percent post-consumer recycled paper. This effort will continue in 2011.

2011 Goal

In cooperation with device OEM suppliers, the following goals apply to new handset models in the AT&T Mobility portfolio:

By the end of year 2011:

- Reduce packaging, use non-petroleum-based inks and use recycled materials in documentation
- Have a majority comply with the GSMA Universal Charging Solution
- Attain 75 percent that meet a recyclability rate of at least 65 percent
- Comply with the EU Restriction of Hazardous Substances (RoHS) standard for reduction of hazardous substances
- Create uniform/standardized handset boxes that reduce current box size by 20 percent across the majority of handset portfolio
- Develop/design a free "eco awareness" device application to create customer awareness of sustainability.

NEW: Commission a study to determine viability of off grid charging solutions for devices.

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Enterprise

2010 Goal

- Launch customer tools to quantify carbon emissions avoided from use of specific offerings that reduce travel.
- Establish external advisory board to promote ICT as a sustainability enabler, and develop measurements for the environmental impact of ICT products and services.

Progress Toward Goal

- Significant progress was made on the alpha and beta versions of the customer tool in 2010; however we encountered process delays that pushed our release date for the tool to 2nd Quarter of 2011.
- In late 2009, established the AT&T Business Sustainability Advisory Council. The Council met twice in 2010 and is planning to meet twice in 2011 to continue work on initiatives from 2010, which include methodology and research that supports the measurement tools to calculate environmental impacts of ICT technology travel substitution solutions.

2011 Goal

Introduce methodology and research that supports the measurement tools used to calculate the environmental impacts of information and communications technology travel substitution solutions.

NEW: Demonstrate how data center energy efficiency, driven by adoption of cloud computing, can help cut emissions and help to achieve business benefits.

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OUR DATA

Innovation

2010 Goal

- Apply Labs' resources in 2010 to one or more projects that improve society's understanding of/ability to deal with health care, education or assistive services.
- Add to the understanding of energy consumption implications of service and/or equipment platform alternatives.

Progress Toward Goal

- Provided remote monitoring solution for new AT&T ForHealth Business Unit technology; Developed Web page navigation and reading for the blind.
- Labs researcher Steven Phillips wrote a paper with collegues Pete Magill, Sheri Woodward and Mark Feuer titled "A regression approach to infer electricity consumption of legacy telecom equipment", which he presented at the ACM Greenmetrics conference and it was published in ACM SIGMETRICS Performance Evaluation Review. This paper describes the technical approach and overall results of the analysis we did to partition central office electricity consumption according to broad categories of network equipment.

2011 Goal

NEW: Redesign external C&S website to be more interactive.

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Download the FREE AT&T code scanner at http://scan.mobi or appropriate app store.
Learn more about the 2010 AT&T Sustainability Report / Scan the code!

To learn more about our sustainability efforts, please visit www.att.com/csr.

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OUR STORIES

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2010 AT&T SUSTAINABILITY REPORT

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OUR STORIES

In previous years, we have reported all of our sustainability data in our written report. This year, we've decided to do things a little differently. We have moved much of our sustainability data, including our Awards and Honors, online at www.att.com/csr. Like last year, we've aligned the data with the Global Reporting Initiative G3 and self-declare the report to application level C. You can find a matrix with all of that data on the right rail of the landing page.

This document now features a collection of narratives that offers a glimpse into some of our work from 2010 and the possibilities of the network. Through these stories, we're hoping to help bring to life the facts and figures. The icons in the top left corners of the following pages indicate:

People and Community: People matter—to each other, to our communities, and to our company. This has been one of our core beliefs for 135 years and always will be. Our workforce, our business, and the communities that we serve are all stronger because of it.

Environment: How do we connect a world of seven billion without inhibiting our natural environment's ability to support us? It is a daunting, exciting and critical challenge, and we are working hard toward meeting it every day.

Technology: Technology is the path from an idea drawn on a napkin to an astronaut standing on the moon. What happens in between—innovation, investment and determination—is at the very core of who we are. AT&T creates realities to a world of endless possibilities.

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SUSTAINABILITY GOVERNANCE

building a company for tomorrow

Our first narrative is not so much a story as an opportunity to recognize the work being done every day, throughout the year, by AT&T's sustainability teams. Sustainability is a company-wide effort, and these are the individuals who drive it.

Our Citizenship & Sustainability Steering Committee comprises senior executives and officers from across the company with responsibility for the business areas most linked to our current sustainability priorities. Our Chief Sustainability Officer oversees the committee. Each officer represents his or her entire department on the committee so as to reach a broader range of issues and perspectives. Their passion, support and insight help embed sustainability into the day-to-day operations of the company, making us stronger, smarter and more effective.

Jeff Bradley
SVP – Devices

Cindy Brinkley
SVP – Talent Development and Chief Diversity Officer

Len Cali
SVP – Global Public Policy

Keith Cambron
President and CEO – AT&T Labs

Gerry Chicoine
SVP – Audit Services and Chief Compliance Officer

Rick Felts
SVP – Information Technology Operations

Tim Harden
President – Supply Chain and Fleet Ops

Bill Hogg
SVP – Network Planning and Engineering

Charlene Lake
SVP – Public Affairs and Chief Sustainability Officer

Paul Mancini
SVP and Assistant General Counsel

Brooks McCorcle
SVP – Investor Relations

Robin Macgillivray
SVP – One AT&T Integration

Roman Pacewicz
SVP – Marketing and Global Strategy

Mark Schleyer
SVP – Corporate Real Estate

Bill Smith
President – AT&T Network Operations

Larry Solomon
SVP – Corporate Communications

Debbie Storey
SVP – Centers Support (Consumer)

Gail Torreano
SVP – Employee Communications and Sponsorship

Henry Arnold
VP – Operations (Advertising Solutions)

"The well-being of our communities influences the long-term health of AT&T. I'd like to thank this committee and our expert teams who are at the forefront of integrating the concerns of our communities into our business strategies—strengthening and creating shared value for both."

– Charlene Lake, Chief Sustainability Officer

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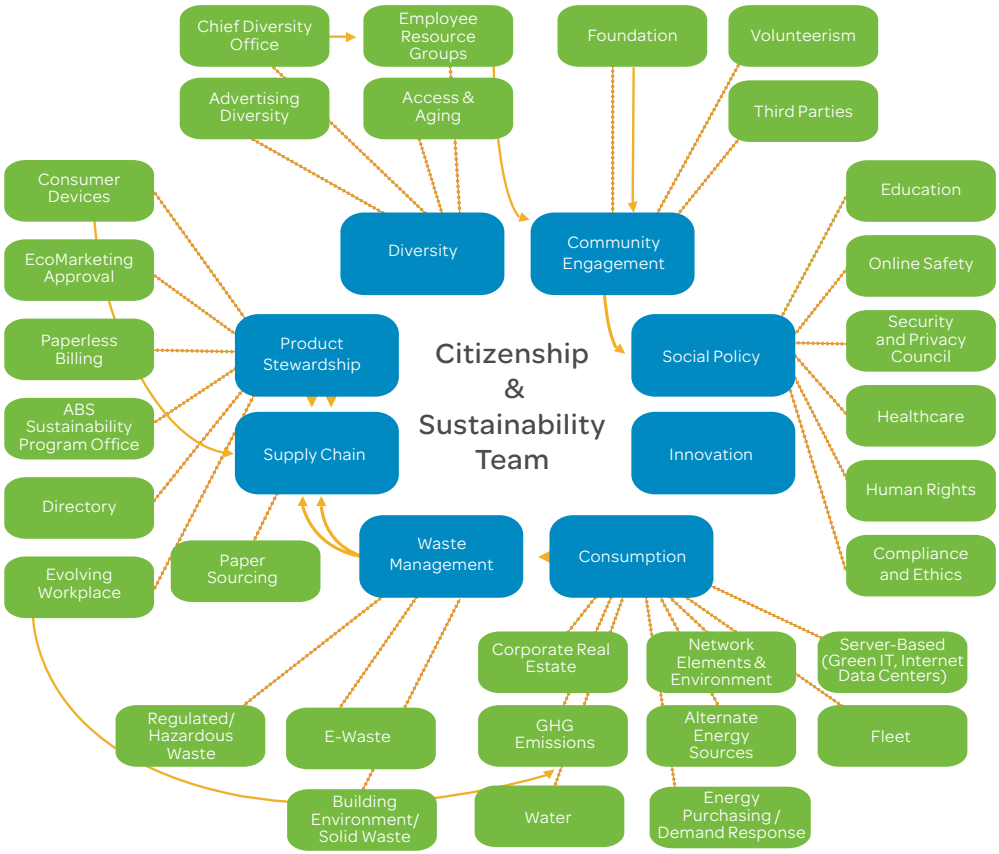
In addition to the Steering Committee, we operate **more than 30 expert teams** led by **more than 60 business subject matter experts (SMEs)** to help drive the initiatives into the business and guide our efforts. Areas of expertise include consumption, waste management, supply chain, product stewardship, diversity, community engagement, social policy and innovation.

Our commitment to sustainability also reaches the very highest levels of our company, as the Public Policy Committee of the AT&T Board of Directors has oversight of sustainability.



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powering

technologies that empower others, such as telepresence and smart grid solutions

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DISASTER RELIEF

connecting lifelines in haiti

In a village far outside Haiti's capital city of Port-au-Prince, a community anxiously awaits the arrival of a truck that has navigated rough and mountainous terrain to find this particular location. The people in this town know that the truck's contents are a vital link to their health and survival. The truck— to be guided there by technology they may never come to know—carries fresh drinking water that will replenish tanks used to distribute the water to the village. The technology was jointly developed by AT&T.

The 2010 earthquake in Haiti affected an estimated 3 million people, causing devastating loss of life and significant damage to buildings and infrastructure, and cutting off remote communities from communications and resources essential for life. Difficult situations like this require collaboration between participants who can imagine, inspire and deliver solutions—under extremely challenging and difficult circumstances.

Cathy Martine, executive vice president-Small Business Solutions and Alternate Channels for AT&T Business Solutions, discusses our efforts to work with an innovative business making a difference in Haiti.

In July, AT&T announced a $100,000 contribution to the National Organization for the Advancement of Haitians (NOAH) for a project on which you're working with Water Transit Solutions. Can you tell us a little more about how it will be used?

Our contribution funds a project supplying an innovative technology solution that delivers clean drinking water and ice to remote locations across Haiti. NOAH is leading the project, and we're working with one of our small business customers, Water Transit Solutions, to provide the technology.

The situation in Haiti really challenged us—as it did many others—to figure out where we could have the most impact to help address the seemingly impossible circumstances of the local communities. We saw this as one way we could help—by enabling innovative companies to make a difference through our technologies and human resources.

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Can you tell us a little more about NOAH and your innovative collaborator – Water Transit Solutions (WTS)?

We truly were just part of this larger project with great organizations like NOAH and WTS. NOAH is a U.S.-based non-profit organization dedicated to providing medical and humanitarian relief to Haitians after natural disasters. Water Transit Solutions is an Atlanta-based company driven by the commitment to help ensure that people have access to clean water. WTS uses an innovative tracking system technology, jointly developed with AT&T, to manage the supply of clean water and ice during disasters or whenever they're needed. The company has also adapted their processes to reduce the number of jugs and bottles used in their assistance efforts.

So how does this technology work?

In Haiti, the technology is Web-driven and uses both global positioning system (GPS) and general packet radio system (GPRS) technology to track and manage water inventories, equipment locations, equipment movement and water quality in real time. To get the system up and running, we are working with WTS to install asset visibility technology in Haiti. Asset visibility technology allows people to "see," at least virtually, the water tanks and delivery trucks, which are in turn equipped with asset tracking technology. The asset-tracking technology uses a leading-edge machine-to-machine (M2M) technology solution provided by AT&T.

There are centralized stations located in Port-au-Prince that fill the delivery trucks with up to 1,250 gallons of water per day. One truck can provide an estimated 2,500 people with clean drinking water.

M2M solutions pull together remote sources of information so that they can be managed centrally. They have a wide variety of applications. In the United States, AT&T's M2M solutions have been used in building access control, health care, vending machines and meter reading.

You mentioned some other relief efforts and support that AT&T provided to Haiti. Could you elaborate?

We provided support to earthquake victims through a variety of programs and initiatives that included direct support for relief organizations, donating and coordinating the donation of wireless devices to help re-establish communications, and providing easy ways for our customers and employees to help in the effort.

Learn more about our work in Haiti and other Disaster Relief efforts at att.com/csr

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TECHNOLOGY IN USE

empowering people for new possibilities

Innovative ideas drive the possibility economy. Our customers provide a great source of inspiration in imagining what's possible with the technology and services we provide. Here are two stories that inspired us from 2010.

AFFILIATED AUTO GLASS

Innovative—and sometimes simple—technology can enable businesses to find new ways to compete and thrive, even in the most challenging economic situations. Meet Henry Witt. He's a small business owner who transformed how he delivers services to his customers using iTRAK Fleet Manager™ GPS technology offered by AT&T. Like so many, he knew that in the struggling economy he had to get creative to stay afloat. Witt—owner of 20-employee company Affiliated Auto Glass—can centrally monitor his drivers as they travel all across Central Texas while they install 500 windshields a month. From the information he collected, he was able to identify the most efficient routes, deploy vehicles more strategically, monitor idling time, track progress, and keep his employees on task. The result? Profits are up, customer satisfaction has improved and emissions and fuel costs are down. In this economy, a story like this stands out. Efficiency and minimizing costs are critical components to staying in business, and AT&T technology helps him do just that.

PROJECT HYPERION

A group of innovative Civil Air Patrol cadets in Stevens Point, Wisc., led by Cadet 1st Lt. Mark Flage, have found yet another use for an AT&T BlackBerry—space travel. The BlackBerry became a key piece of a near-space ballooning experiment called Project Hyperion, which challenged the young cadets to develop a device that would let them take photographs of the earth's stratosphere.

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While full of imagination and enthusiasm for their endeavor, the group lacked one vital resource for space travel—money. With only $300 to spend on the project, they engineered a spacecraft using a cooler, a weather balloon and a common digital camera programmed to take a photograph every five seconds. And since it gets really cold in space, they insulated the camera with chemical hand warmers.

> **Do you really have to send my BlackBerry into space?**

How was the team to track and recover their high-flying invention? A cell phone, of course. One of the team members borrowed his mother's AT&T BlackBerry and equipped it with a GPS mapping program the group could use to track the device via computer.

"It was important for the BlackBerry to have a strong signal when it came down," said Flage. "Our calculations showed that the area it was coming down in had the strongest coverage map with AT&T."

"I never really signed off on the BlackBerry," said JerriDee Flage, who asked her son: "Do you really have to send my BlackBerry into space?" His mother wasn't so sure, but finally gave in.

With the BlackBerry and our network, the team was able to track their high-flying cooler into and out of near-space. The balloon reached an altitude of 93,000 feet and traveled about 145 miles. The team was able to locate and recover its treasure trove of photos, recording their first successful space adventure, thanks in part to AT&T's network.

Visit www.att.com/csr to check out videos about these stories!

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POWERING INNOVATIVE TECHNOLOGY

banding together for smarter energy solutions

Telephone poles. They're a familiar sight and one with which AT&T is well acquainted—historically delivering dependable service through the wires connecting them. This year, however, we embarked on a project that looks to use them a little bit differently. It's a project that today is transforming how we use existing infrastructure to bring renewable solar energy to our homes and businesses.

Clean energy technology company Petra Solar developed an innovative solution that captures the power of the sun and links its energy directly into the power supply grid. We're proud to be providing communications and information technology that will be making it possible.

Petra Solar and New Jersey's largest utility, PSE&G, are working together to install nearly 200,000 solar power generating stations atop existing utility poles throughout the state's six largest cities and 300 suburban communities. The units are expected to generate 40 MW of solar-driven power, and the systems will be communicating with the power grid using AT&T's wireless network.

"We're proud to team up with AT&T to fully utilize the intelligence of our solution. SunWave™ units are mounted on utility poles and connected directly to the grid at the pole. This creates a highly efficient distributed solar generation system that also provides smart grid capabilities to our customers through real-time communications between the systems in the field and the utility control center."

– Dr. Shihab Kuran, President and CEO of Petra Solar

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In addition to increasing the supply of renewable energy, the technology enhances the reliability and stabilization of the power grid during high demand periods, such as heat waves, and will help New Jersey keep the lights on.

This pioneering company moved from start-up to ramp-up in three years. We're proud to be a small part of Petra Solar's story, powering the technologies of the possibility economy.

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ASPIRE

preparing tomorrow's leaders, today

More than one million U.S. high school students, or **1 out of 4, fail to graduate** with their classes each year. An educated workforce for the future is not only critical to our company, but to the success of our nation as well. We need these students to power the possibility economy of today and—more importantly—of tomorrow.

That's why, in 2008, AT&T announced its Aspire program to address the high school dropout crisis. The program made strong progress in 2010.

Family Engagement for High School Success Program

AT&T and the United Way Worldwide launched the Family Engagement for High School Success Program in 2009 and continued to roll out the program in 2010. The Family Engagement program is designed to help parents and other adult caregivers get more involved in their children's education. Fifteen local United Way chapters were awarded funds to identify best practices for family engagement to boost high school graduation.

United Way of Southern Cameron County – Family Engagement for High School Success Project

It takes a village to raise a child. This is true. However, the foundation of the village is the family. The Family Engagement for High School Success project of the United Way of Southern Cameron County, located in Brownsville, Texas, works with students, families and their communities to give struggling students a chance. "Here on the U.S./Mexico border our culture places the family first," explains Traci Wickett, President and CEO of United Way of Southern Cameron County. "Any attempt to improve student performance must be family-based to be successful. Families, however, feel disengaged from the school system, particularly at the secondary level. Many parents did not attend high school themselves, so they lack the academic socialization

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needed to help them guide their students to on-time high school graduation. They want to help, but they lack even the most basic information about high school, such as how many years there are in high school or what letter grades mean." This is where the project comes in.

Meet Ivonne. Ivonne is a charming, friendly 14-year old student at Los Fresnos United 9th Grade Campus who had behavior issues due to problems at home. Her issues were so debilitating that she was at-risk of not graduating from high school. The program assigned her a Family Coordinator, who is charged with working with the school, families and community organizations to ensure that the students assigned to him or her graduate on time. The Family Coordinator stays with the student and his or her family throughout the high school years - a key component of the strategy. The position is funded by the contribution from AT&T Aspire.

Today, Ivonne is a new young woman. She volunteers to assist the Family Coordinator and her teachers, and is developing clerical skills through her volunteer service. Ivonne's grades have gone from 50s to the honor roll. She now accepts her mother's guidance and participates more in social activities with her family. Previously, Ivonne had never talked about going to college. She now expresses a desire to attend college and become a counselor like Mrs. Pereira, her Family Coordinator.

Since adding the Family Coordinator position, the project has seen a 45 percent improvement in student academic performance and 25 percent improvement in attendance within the target population when compared to last year's 9th grade students who had the same risk factors. Traci Wickett credits this improvement to increased family involvement in students' high school experience: "Empowering families with new knowledge and skills is already yielding benefits for students."

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VOLUNTEERISM

building stronger communities

We are committed to serving in our communities. In 2010, AT&T Cares continued to expand its scope to serve more than 300,000 of our employees and retirees who take time to give back to their communities through AT&T Cares, a company-wide volunteer initiative. Last year, employees and retirees, including AT&T Pioneers, donated 9 million hours of time to community outreach activities—worth more than $192 million.[2]

Volunteerism continues to be a key component of AT&T Aspire, with employees finding new ways to engage with and have an impact on young people through the program. Through caring employees, more than 37,000 students benefitted from the AT&T/JA Worldwide Job Shadow Initiative in 2010. More than 11,665 employees donated nearly 93,350 hours of their time to help students experience the world of work firsthand. Eighty-nine percent of students said that participating in Job Shadow made them realize the importance of staying in school. **Special job shadow days in 2010 included:**

AT&T/Cisco Telepresence Day: Via AT&T's Telepresence Solution, more than 150 students at 10 different locations participated in a unique, virtual job shadow day with AT&T and Cisco.

North Carolina Legislative Day: In North Carolina, more than 40 students from the Wake Early College of Health and Sciences High School spent part of the day shadowing legislators, attending committee meetings, observing the legislature in session and then participating in their own committee meeting to debate a proposed bill.

Western Pennsylvania School for the Deaf: In New Castle, 52 students from the Western Pennsylvania School for the Deaf participated in a Job Shadow event which was held at AT&T's relay facility. The students learned about the value of education as well as the Pennsylvania Relay Service, an AT&T phone service offering persons who are deaf, hard-of-hearing, or speech-disabled a way to communicate using the telephone.

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St. Louis Fleet Event: Thirty-nine students from Maplewood-Richmond Heights High School, North Technical High School, and Lift for Life Academy had a unique experience when they spent the day at AT&T's fleet headquarters in St. Louis. Throughout the day, the students had the opportunity to interact with employees who work with our alternative-fuel vehicle fleet.

Learn more about our fleet initiatives www.att.com/environment.

Our employees celebrated National Volunteer Week by submitting volunteer project ideas for philanthropic support from AT&T and then rallying their fellow employees to vote for the most impactful projects. **Top favorites included the following:**

Backpack in the Park: A group of AT&T employees in Atlanta rallied to support children from low-income families in Georgia by helping them become fully prepared for their first day of school. With company philanthropic support, employees filled 1,400 backpacks with school supplies and distributed them to nine community organizations that help needy children prepare for school.

Helping Our Military Every day: Committed to ensuring that our troops are remembered and appreciated on a consistent basis, the AT&T Pioneers in Wisconsin put together 5,450 care packages and created nearly 11,700 birthday cards with the help of corporate funding for supplies.

[2] The financial equivalent is determined by using $21.36/per volunteer hour, which is based on the 2010 industry standard from Independent Sector, a leading nonprofit organization that determines the financial equivalent for a variety of volunteer initiatives. http://www.independentsector.org/programs/research/volunteer_time.html

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engineering

innovative solutions of tomorrow to help address environmental and social challenges

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HEALTH IT

innovating for a healthier tomorrow

There are few things more important than your health. Because of this, we are proud to work closely with health IT providers to develop medical technologies for the future to improve the quality of patient care and help manage costs.

FOR TODAY

AT&T Global Smart Messaging for Health Care

Text messaging has a variety of uses, one of which is in creating more efficient and faster communication between doctors, health care staff, clinics, hospitals and their patients. AT&T Global Smart Messaging is a mobile messaging platform with a modular suite of integrated applications, including:

- **Reminder -** An automated solution including confirmation to provide reminders of appointments, procedures or other important events.
- **Campaign Manager -** Manages opt-in and opt-out permissions for SMS and e-mail marketing.
- **Inbound -** Useful tool to manage SMS queries, multi-question campaigns, voting, polls and surveys.
- **Staff Safe -** Automates staff safety checks via SMS and confirms status and staff safety in the field.
- **Staff Match -** Two-way communication tool that automates the process of contacting staff to fill shifts.

mHealth Solution from AT&T and WellDoc®

AT&T plans to deploy an end-to-end solution around a cutting-edge mobile solution to help people with diabetes better track, monitor and manage their disease. The mHealth Solution enables patients to enter information, including blood sugar readings, into a wireless application that provides instant feedback and specific guidance based on clinical algorithms. Nurse managers and physicians can also use the system to track progress, and obtain decision-support on care pathways for the patient. AT&T, working with WellDoc, plans to introduce the solution in the first half of 2011 to a discrete number of AT&T employees suffering from diabetes. Thereafter, AT&T and WellDoc plan to offer the solution on an evaluation basis to HCSC, one of the largest health payors in the United States. The solution is scheduled to be made available to other insurers, disease management organizations and corporate payors later this year.

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Vitality Glowcap

Patients' non-adherence to their medical therapies—not taking their drugs as prescribed—is a well recognized issue in health care, resulting in billions of dollars in excess medical costs due to unnecessary hospital admissions and ER visits. Vitality Glowcap is a medication adherence solution, powered by AT&T 3G connectivity, that consists of a universal pill-bottle-cap and hub system. The pill bottle cap "glows" to remind patients to take their medications.

Remote Care Monitoring

Ensuring appropriate post-operative care to discharged patients is critical to preventing unnecessary readmits. AT&T will provide 3G connectivity to the MedApps solution suite—a solution that allows for low-cost and effective wireless remote monitoring of patients in their homes.

FOR TOMORROW

Smart Slippers

Falls are all too common among the elderly. Inspired by video game applications, Smart Slippers feature 3-axis accelerometers and pressure sensors that collect, analyze and send motion information that can warn the patient, relatives, and the health care provider of unstable walking patterns and falls and even notify emergency services, depending on the severity of the fall.

ZigBee-enabled Smartphones

You're out for a jog, when you begin to feel chest pain. You stop to call for help, but it's already on its way thanks to a finger-cap sensor that's plugged into your smartphone, relaying the changes of your heart's condition to family members and your doctor. ZigBee wireless technology will one day enable just that, transforming smart mobile devices into remote health monitors that send bits of data, like heart rate or glucose readings, to a physician using less battery power than other technologies, such as Bluetooth.

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INNOVATION

tapping into our community for bright ideas

Where do good ideas come from? How do you take a good idea and bring it to life? These questions are at the foundation of our drive to create more innovative products and services. The Innovation Pipeline, or "TIP," is an internal AT&T crowd-sourcing collaboration that provides employees the opportunity to share their creative and imaginative ideas, collaborate among a community of innovators and potentially develop the next big idea to launch in the marketplace.

It's a venue where ideas can materialize and then be vetted, funded and implemented in an accelerated fashion.

Innovative ideas that rose to the top included several enhancements to U-verse and a cloud-based solution that would allow a person to catalogue and access all of his or her videos and photos.

In 2010 TIP saw:

- More than 75,000 employee users
- 12,000 ideas submitted to date
- A 185 percent increase of users and an almost 370 percent spike in ideas submitted from December 2009.

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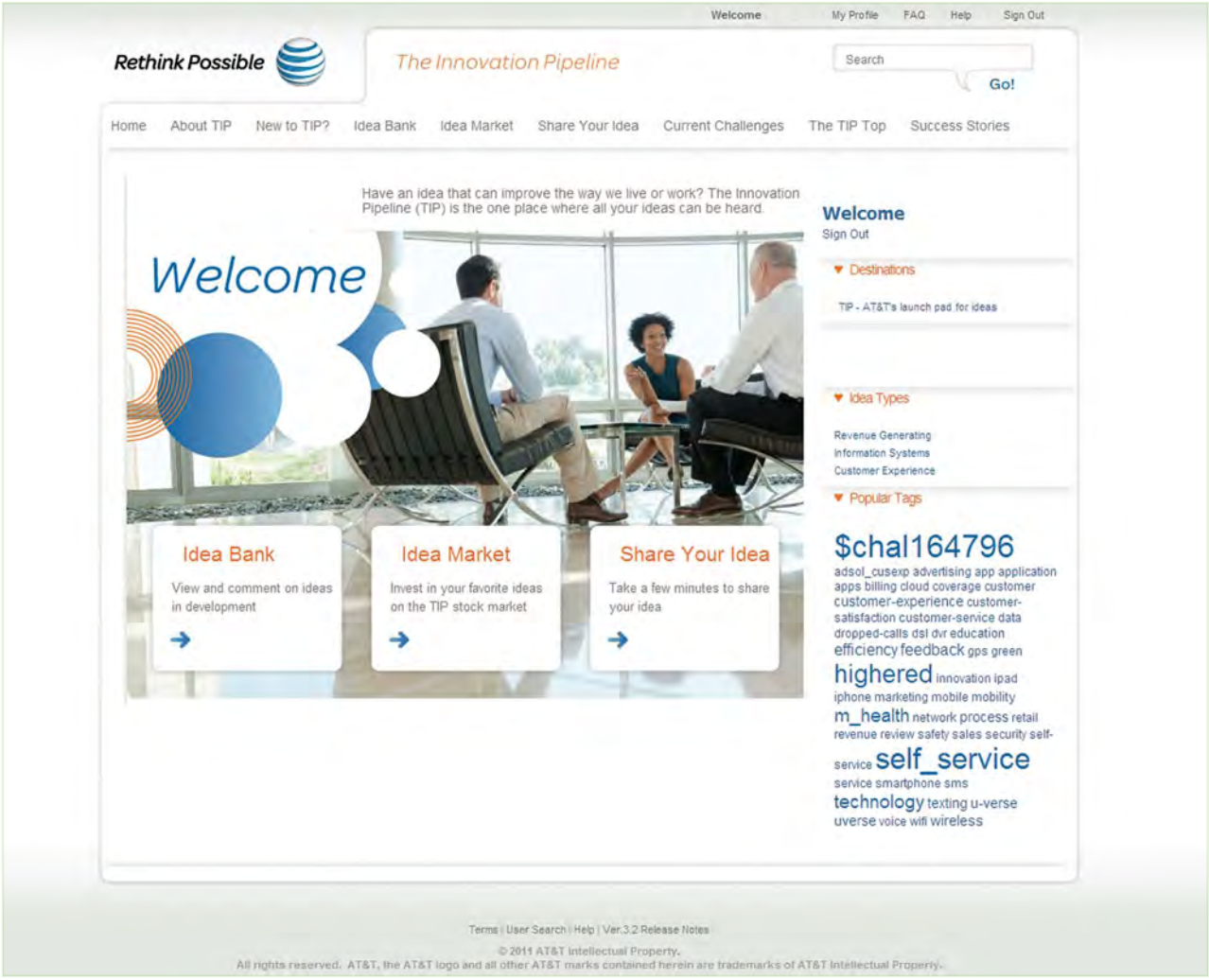

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ACCESS AND AGING

bringing accessible solutions to life

Technology can be a life-changing experience for our customers, but only if it meets their needs. We deeply value input from all of our stakeholders as we continually work to develop better products and services for our customers. AT&T's Advisory Panel on Access & Aging comprises national leaders in assistive technology, aging, and cross-disability issues. AAPAA meets quarterly with AT&T's key decision makers across a variety of business divisions, and provides recommendations on issues affecting customers and employees.

One result from the collaboration was the development of a stylus to be used on capacitive touch-screen devices. It stemmed from feedback from AAPAA members about how the rise of the smart phone market and touch-screen devices affects customers with disabilities. Within a few months, the company was able to source a stylus to be used on all capacitive touch-screen devices and have it on the market at a competitive price. AT&T introduced the stylus at the AAPAA meeting in the summer of 2010.

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at&t

A day at an AAPAA Meeting

8:30-9:00	Breakfast
9:00-10:00	AT&T U-verse (Overview of the newest technological advances with AT&T's TV product)
10:00-11:00	National Disability Marketing- (Overview of the latest AT&T marketing concepts to the disabled market)
11:00-11:15	Break
11:15-12:15	Video Relay Services (Overview of the latest advances in relay services- Intro of the VRS service on iPhone 4)
12:15-1:00	Lunch (Speaker- Honorable Kathleen Martinez, Assistant Secretary- Department of Labor)
1:00-2:00	National Mature Marketing (Overview of the national marketing campaigns for the aging population)
2:00-2:45	AT&T Mobility Lifeline (Overview of this service)
2:45-3:00	Roundtable
3:00	Adjourn for Day 1

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living

more efficiently and responsibly by addressing our environmental impact and producing more sustainable products and services

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ENERGY

rethinking power

Success in the possibility economy can mean rethinking how things have always been done. When it comes to using energy, rethinking can yield valuable results. To talk about how AT&T has done this, **we sat down with AT&T Director of Energy, John Schinter.**

John, could you give us a little background on your role as Director of Energy at AT&T?

Sure. I was hired to oversee programs to manage AT&T's energy consumption and purchasing strategies. The company identified energy as an area to reduce costs. It also affects our environmental impact.

My role is to oversee several components of energy consumption—including the network, data centers, and facilities. A staff works with me to manage our program. We also have an Energy Council that brings together key executives from major business units across the company. We've expanded our representation on this to include international operations as well.

In a company such as AT&T, how do you even begin trying to get your arms around energy management?

One of the first things we did was centralize all of our energy information into one database. Beyond that, we have implemented an Energy Scorecard for our top 500 energy-consuming facilities. At each of these facilities we have an energy champion—usually the real estate manager—who is fully ENERGY STAR trained. Quarterly, we review progress and give each real estate manager a 0-100 grade. Between 2009 and 2010, we saw a 58 percent improvement in the grades. The grade is based not only on data, but on initiatives and training as well. This scorecard has been critical in creating visibility and accountability, and pushing initiatives from the ground up.

What kinds of results have you seen so far?

We've seen some great progress just within the past year. In 2010, we implemented a total of 4,200 projects resulting in an annualized energy savings of $44 million.

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How do you even begin prioritizing these projects?

One of the most important is scalability. Could this project be deployed across other parts of the company and have an impact? Secondly, we look for patterns to see if several energy managers have identified similar programs, indicating a widespread need. Last, but not least, we consider the biggest potential for cost savings. This is usually in areas with major incentives and high energy rates.

Have you brought in anyone from outside to assist with identifying potential savings, or is most of this work done internally?

Most of this work is done internally. However, this summer we participated in a program called Climate Corps run by the Environmental Defense Fund. The program places MBA students in large companies to identify energy-saving opportunities. We had the pleasure of hosting Jen Snook, who made the case that installing occupancy sensors—which turn off the lights in an empty room—could represent an 80 percent savings in lighting electricity use in central offices. We're going to be rolling out the sensors over the next two years in our 250 largest central offices.

We also call on several outside resources such as ENERGY STAR and the *Department of Energy's Save Energy Now* program, and work with several industry groups such as Green Grid and the Alliance for Telecommunication Industry Solutions.

From left: AT&T Director of Energy, John Schinter and Jen Snook. Photo by Jason Robinette.

Finally, what are the biggest challenges as you look forward to the coming year?

Sometimes the biggest challenges can be factors you can't always plan for. Consider weather. Summer 2010 was the fourth warmest summer ever (out of 116 years of weather records). Conversely, summer 2009 was among the coolest summers on record. Mother Nature keeps us on our toes.

Also, as demand for our services grows, so does the amount of energy needed to power the network. That makes energy efficiency measures critical. To monitor our company-wide energy use, we established an intensity metric, which measures kilowatt hours (kWh) per terabyte of data carried on our network. In 2010 we used 415 kWh per terabyte, which is a **16.6 percent** decrease from 2009.

We've had an exciting year, though, and I'm optimistic about the progress we'll continue to make.

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ADDRESING OUR PRODUCTS' IMPACT

shrinking our footprint

Meet Michael Cowan. Self-declared as "obsessed with recycling and avoiding waste," he also happens to be director of product marketing for wireless at AT&T. Under his leadership, AT&T has been working with its phone accessory suppliers to reduce packaging size. Using less material not only results in less waste, but often a lower cost as well.

"From a packaging standpoint, we really look at three things," Michael explained. "One is obviously to showcase the product to increase the sales. Two is to save money where possible. And three is to improve the sustainable impact of the packaging itself." Michael and his team worked with vendors to achieve all three goals. They estimate that the amount of waste avoided in 2010 by their efforts is about 200 tons—accounting for both paper and plastic. As an example, Michael cited car charger packaging—which his team was able to shrink by 60 percent. They also switched from a petroleum-based ink to a vegetable-based ink, and from using a PVC plastic to PET, which is more recyclable. In addition, they are moving toward having all the paperboard in the packaging come from 100 percent post-consumer recycled paper. This effort will continue in 2011.

> "They estimate that the amount of waste avoided in 2010 by their efforts is about 200 tons—accounting for both paper and plastic."

Michael was also key in the collaboration with AT&T's supplier, Superior Communications, to introduce the world's first zero draw charger that automatically cuts the power supply from a wall socket when it senses that a mobile phone is not connected to the charger, and improves charging efficiency when powering a device. The AT&T ZERO Charger became one of AT&T's top 10 best selling accessories in 2010.

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In addition to what he's been able to help accomplish at AT&T, he proudly reports that he only needs to take the garbage at home out once every three weeks thanks to diligent efforts to compost and recycle.

In 2010, AT&T also launched the Samsung Evergreen—a quick messaging phone built with 70 percent recycled post-consumer plastics in its casing and packaging that uses 80 percent recycled post-consumer paper.

Michael Cowan, AT&T Director of Product Marketing

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WATER

preserving our most precious resources

With the pressures of increased water demand and strained supply, we must be strategic about how we use this critical resource. We also know that in the new possibility economy, some of the best ideas are born out of collaboration. With these two concepts in mind, AT&T teamed up with MBA students from Vanderbilt University, starting in 2009 and lasting through 2010, to conduct a water assessment to quantify our use and identify the greatest areas of consumption across our company while integrating the concept of water stress into our prioritization efforts. **We spoke with John Schulz, senior energy manager at AT&T, to learn more about this project.**

Can you tell us a little bit about the background of the project and how you decided to embark on it?

Water management is becoming increasingly critical for industry as our society experiences more constraints associated with water. There's also a growing awareness about the relationship between water use, energy costs and greenhouse gas emissions.

Recognizing the need to get a better understanding of our own water use, we assessed organizations that could help us inventory our water footprint. We'd heard about Vanderbilt's Owen School of Management from its water management work for other companies and involved it on a project examining how the issue impacts AT&T. The students conducted the assessment as part of a class and completed it start to finish during their semester. In addition to compiling the actual footprint, they assessed projects that could have the biggest savings if implemented, as well as general best practices across operations. Working with them brought fabulous energy, perspective and expertise to the project.

> "Working with them brought fabulous energy, perspective and expertise to the project."

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What did you find?

From left: Professor Jim Schorr and Vanderbilt University MBA students, Russell Autry and Krystal Hooper.

We found that—like many large organizations—we use a lot of water. The amount is not as high as some industries, but enough to make a difference. We looked at several different water footprint methodologies. The field is still very fluid (pardon the pun), but we found that the Global Reporting Initiative (GRI) Water Protocol was the best fit for the way we use water, so that's what we're using. We're also working very closely with our bill payment team to ensure the best data accuracy possible. In 2010, we used 3.4 billion gallons of water. This is the equivalent to almost 5,400 Olympic sized pools.

How have you put together plans to manage your water use?

The analysis of our water consumption indicates that the 125 largest water-consuming facilities account for 50 percent of our total consumption. This set of facilities will be where we spend the most time developing ways to improve water usage since they represent the greatest opportunity.

We're also using the idea of "water stress" to help prioritize our efforts. By layering on information from the World Business Council for Sustainable Development's Water Tool, we've identified that 31 of our top 125 water-consuming sites are in areas of "High" or "Very High" water stress. We'll use this information to further prioritize our efforts and investment.

In addition, we've identified cooling towers as a big source of water use and are embarking on a project in 2011 to evaluate how to increase the efficiency of their water use. Cooling towers assist with chilling the air in some of our large facilities by using evaporation to cool the water that feeds the air chillers. They are often the most efficient cooling solution because the process to reject heat from water through evaporation is more efficient than mechanically rejecting it from air.

We're continuing to learn more about our water use, and will work through the plans necessary to improve our performance.

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securing

privacy and promoting safety

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TEXTING AND DRIVING

pausing to save a life

Take out your wireless device. Read the last text message you received out loud. Is that text message worth your life?

Studies show that you are 23 times more likely to be involved in an accident when texting and driving.[1] In 2009 and through 2010, AT&T launched a major awareness campaign to educate our wireless users about the dangers of texting while driving.

Our message is simple, yet vital: When it comes to texting while driving, it can wait.

As part of this effort, a handful of brave young people came forward to share with us their own personal experiences of how they have been profoundly affected by the dangers of texting and driving. They shared their accounts and the texts that changed their lives through a documentary "The Last Text," available at www.att.com/txtngcanwait. These are some of their stories.

[1] Virginia Tech Transportation Institute, 2009

Where u at

It was a simple text: "Where u at." Mariah West was one day away from graduating high school as she set out to attend a baseball game and was texting to get directions. She was looking down to her phone when she lost control and skidded across the median, struck a bridge, and was killed.

Officer Grant Hendrix of the Missouri State Highway Patrol described the scene: "When I got to the scene, her face was disfigured from sliding down the roadway...Lying in the roadway in a large pool of blood I noticed her shoes and I thought this is a young girl. That's the first thing I thought when I saw this. And at that point was when I noticed her cap and gown was still in her car. She was going to graduate the next day. It was just a really horrific scene all because of a senseless text message. It's just sad, sorry, it's just sad."

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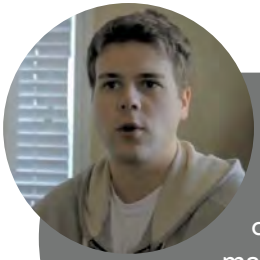

lol

For one young man, a text comprising three letters caused him to strike and kill a man, changing at least two lives forever. "I was on my way home, I had my girlfriend in the car, and I'm just reading a text message, responding. I was looking up every couple of seconds or so like I always did."

"And I just hear a loud scream next to me and the next second I look up and I see a bicyclist crash in the windshield. When I got out of the car he didn't have a pulse, he wasn't breathing, he wasn't alive. There are no words to describe the level of grief, the level of depression and self-hatred I was going through...I sent one stupid meaningless text, "lol", and killed a man."

yeah

Ashley was driving in her car, texting with her sister, when her distraction caused her to lose control of her vehicle. Her truck flipped over and she was ejected through the driver's side door. She landed in a ditch 300 feet from her truck. She did not survive.

"This is my sister. She was looking at my message that I had just sent her...People will tell you over and over again it's not your fault, but knowing that you were the person that she was talking to when she was killed. Just having a highway patrol officer write in a report that a text message sent at 12:05 is the reason that she is dead is not something that will ever go away. If I could talk to her one last time I would just say I'm sorry."

As of the end of 2010, more than 48,300 individuals pledged not to text while driving. Take the pledge at www.att.com/txtngcanwait.

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building

a more transparent way of doing business by working with our supply chain

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SUPPLIER DIVERSITY

strengthening through a better supply chain

Working with diverse suppliers enables us to offer more innovative products and services that meet the needs of our diverse customer base. **This makes us both stronger.**

In 2001, James Goodman founded Genesis Networks, Inc. in San Antonio, TX. The company is a Hispanic-owned business that was originally established as a network and systems integrator, and a value added reseller with 30 employees nationwide. Since then, Genesis has embarked on a joint venture with another provider to become Genesis-ATC and has reached annual sales revenue of $475 million. Genesis has grown to 350 employees.

AT&T is proud is be part of its story. Genesis-ATC is the key distributor of customer premises equipment for one of AT&T's most strategic products—AT&T U-verse. Genesis distributes set top boxes, as well as the residential gateway, to nine distribution centers across the United States. Since the beginning of this project, Genesis-ATC has shipped over six million units to AT&T.

Genesis is part of AT&T's Global Supplier Diversity Initiative, and attributes part of its success to it. Genesis received mentoring and coaching from AT&T's managers and leadership. For example, AT&T managers held mentoring sessions with Genesis to help it improve its mission statements and develop plans to grow more capacity to serve more corporate clients. We know that the benefits go both ways.

Learn more about Supplier Diversity at AT&T www.att.com/diversity

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AT&T employee, Vince Pai, Supplier Diversity Outreach Ambassador

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SUPPLY CHAIN

getting smart about our supply chain

A company's economic, social and environmental impact extends far beyond its own operations. It begins with the materials from which a company's products and services are sourced.

AT&T has a long history of embracing diversity and environmental awareness in our supply chain. **Recently, we've taken some additional steps to be more proactive.**

Engaged suppliers with Supplier Citizenship and Sustainability survey (2009 and 2010)

- **What did it ask?** It included questions on energy efficiency, environmental protection, health and safety, labor rights, ethics, confidentiality and water usage. This information will help us to better understand and respond to the various types of sustainable business practices in our supply chain.

- **Results?** We found that a growing number of our suppliers are tracking greenhouse gas (GHG) emissions, which means they are aware of risks associated with GHG emissions. There is still work to be done in improving the energy efficiencies of suppliers' operations and deliverable equipment. Suppliers need more guidance on setting performance goals in certain areas of sustainability.

Teamed up with the 2011 Carbon Disclosure Project (CDP) Supply Chain Initiative

- CDP is working with us this year to encourage our top suppliers to measure and disclose emissions information. This should enable us to understand risks and opportunities as well as increase the transparency and accountability in our supply chain. Since there is still no single commonly accepted global set of standards for carbon accounting, we continue to stay abreast of the progress being made by standards organizations.

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Started work with major network suppliers to establish goals to improve the efficiencies of next-generation network equipment

- **What does this entail?** Understanding that it's difficult to communicate and improve what you can't measure, we have collaborated with the Alliance for Telecommunications Industry Solutions (ATIS) in the publishing of a Telecommunications Energy Efficiency Ratio (TEER) metric. This allows us to work closely with our top suppliers as they test their equipment using the TEER metric and to establish expectations with these suppliers for baseline performance measurements and continuous improvement. This should enable AT&T to buy more energy-efficient equipment, resulting in a more efficient network.

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creating

new solutions and opportunities through collaboration

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STAKEHOLDER ENGAGEMENT

calling on powerful voices

AT&T is part of a large network of customers, employees, non-governmental organizations, policy makers and regulators, industry and financial analysts, suppliers, investors, media and our industry peers. **We know that we're most successful when we're working alongside them, listening to them and learning from them.**

QUANTIFYING THE BENEFITS OF TELEPRESENCE

In the morning you sit down for a meeting with someone from Beijing, China. By the evening you'll be picking the kids up from soccer practice. It's not time travel, it's the power of a technology available today called AT&T Telepresence Solution®. Telepresence delivers actual-size images via full HD Video and spatial audio that creates the experience of being in the same room with a remote participant, even though you're not. In addition to saving the time and expense associated with your travel, eliminating travel also can reduce greenhouse gas (GHG) emissions.

All of this sounds great in theory, but how exactly do you measure those economic and environmental benefits?

We set out in 2010 with the help of the Carbon Disclosure Project (CDP) to answer that question. Our work found significant global environmental and financial benefits for businesses that substitute Telepresence for some business travel.

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According to the "The Telepresence Revolution," by 2020, U.S. and U.K. businesses with revenues of more than $1 billion could cut the GHG emissions equivalent to removing more than 1 million passenger vehicles from the road for one year. Over the same period, those U.S. and U.K. businesses can also achieve economy-wide financial benefits of almost $19 billion.

Learn more at www.att.com/telepresencerevolution

STRATEGIC MATERIALITY* ASSESSMENT

A sustainability program is only effective if it's focused on those areas most important to our business success and our stakeholders. In 2008 we undertook a materiality assessment to prioritize our sustainability issues. In 2010, we updated our assessment to account for changes over the preceding two years. We worked with our consultant VOX Global to examine 44 sustainability-related issues and assessed their importance to our business and stakeholders. To do so, we called on several groups to provide insight, including: BSR (Business for Social Responsibility), World Wildlife Fund (WWF), Saatchi and Saatchi S, and the Carbon Disclosure Project (CDP), as well as multiple consumer and interest groups who provide insight from national and local perspectives.

> **"We're excited to work with AT&T to focus on the opportunities around climate change and how business has a key role to play in delivering the solutions that will help bring about a global transition to a low carbon economy."**
>
> – Paul Dickinson, CEO, Carbon Disclosure Project

The issues that ranked the highest for us are company energy use, innovation, network reliability, customer privacy and data security and diversity. This assessment helps us establish our priorities and make sure our business activities are aligned with stakeholder priorities where appropriate. All 44 issues are plotted on the chart on page 76.

*Materiality as used in this report refers to the principle set forth in the GRI Guidelines and not to the legal concept of 'materiality' used in the federal securities laws.

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2010 strategic materiality assessment

All boxes in this assessment comprise the equivalent to the top right box in a traditional 4-box assessment

	Hazardous waste reduction Content protection Network equipment recycling Conflict minerals Customer products recycling	Disaster response Products that enable social & environmental benefit Company GHG emissions Supplier standards Supplier performance	Company energy use Network reliability Customer privacy & data security Innovation Customer satisfaction Employee diversity Network security
Non-hazardous waste reduction	Freedom of expression Deployment for rural & underserved areas Relationship w/ government (Law Enforcement)	Education Volunteerism Online risks & safety Life cycle assessment Water usage Giving & philanthropy Cell tower impacts Intellectual property rights Talent acquisition & retention	Supplier diversity Ethics & integrity Product safety Inclusivity – access & aging
Compensation, benefits, working hours & wages Off-shoring Outsourcing	Packaging Freedom of association Occupational health & safety Restructuring/Downsizing Work/Life Balance	Paper consumption	Employee engagement

Increasing Importance to Stakeholders

Increasing Influence on Business Success

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Learn more about the 2010 AT&T Sustainability Report / Scan the code!

To learn more about our sustainability efforts, please visit www.att.com/csr.

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