



AT&T 2011 Sustainability Report

Executive Summary



Our customers and communities are part of our sustainability journey. We're working hard to make our own operations more sustainable. At the same time, we want to empower our customers to live more sustainably. This year's report is inspired by our customers and the communities where we live and work.

To involve more people in our sustainability journey, we're taking an entirely new approach to our report this year: an interactive virtual city at att.com/sustainabilityreport.

As visitors click their way through the city, they'll discover how we're changing our operations to be more sustainable, how we're investing in communities and how people everywhere can use our products and services to lead healthy, productive and sustainable lives. For example, they'll discover the story of Gary Herbold, a disabled veteran actively involved in outreach to veteran entrepreneurs, who provides nationwide maintenance to our fleet of alternative-fuel vehicles. They'll read about OASIS, an organization that AT&T volunteers support, which provides one-on-one coaching sessions for seniors on using mobile phones safely and effectively. They'll learn how AT&T Telepresence Solution® reduces unnecessary carbon emissions and ensures that businesspeople are home in time for family dinner.

Most exciting, visitors will have the chance to choose one of three nonprofits to receive a donation from AT&T through our Causes.com Connect For Good community. The virtual city contains two hidden quizzes. Viewers who take the quiz will be able to generate an AT&T-funded donation to Keep America Beautiful, RoadTrip Nation or National Safety Council.

Our report continues to be organized under three focus areas – People and Community, Environment and Technology. We feature 30 issue briefs that go into depth on specific sustainability topics from accessibility to greenhouse gas emissions to workforce diversity. Visitors to att.com/sustainabilityreport can also see our year-over-year progress and challenges by reviewing our progress toward 2011 goals, new goals for 2012 and key performance indicators.

Some of our 2011 highlights included in the report are:

Education

A well-educated workforce is vital to our company and to helping the United States remain the leader in a digital, global economy. To address this need, in 2008 we launched AT&T Aspire, the largest education initiative in our company's history, specifically focused on high school retention and workforce readiness. Highlights of Aspire through 2011 include:

- **\$100 million** initial commitment met.
- More than **1 million students** impacted by AT&T Aspire.
- **94,000 students participated in job shadow** opportunities with our employees who dedicated more than **270,000 volunteer hours**.
- Groundwork laid for an expanded **\$250 million commitment** planned over five years, announced in 2012.

Community Engagement

Our nearly 260,000 employees make our sustainability efforts possible through their support and dedication. When they are actively engaged, it has positive effects on the well-being of our company, our customers and our communities. Highlights of our employees' efforts in 2011 are:

- **Six million volunteer hours**, worth more than **\$133 million** donated by employees and retirees.¹
- **11,000 employees** who committed to actions that are good for themselves, their communities and the company through our Do One Thing effort.

¹ Note: The financial equivalent is determined by using \$21.79 per volunteer hour, which is based on the 2011 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

Diversity

A diverse and inclusive workforce and supply chain benefits our business, employees, customers, investors and communities. In 2011:

- **39 percent** of our management is women, and **31 percent** is people of color, both higher than the national average.
- **47 percent** of new hires were people of color.
- **\$12 billion** spent with businesses owned by minorities, women and disabled veterans, representing **23 percent** of our total supplier spend.

Environment

We are always looking at our operations for ways to minimize our environment impact. Focus areas in 2011 were using energy more efficiently, investing in alternative-fuel vehicles, exploring packing innovations and reducing waste. Highlights include:

- **\$42 million** in annualized savings from implementing more than **4,500 energy-efficiency projects**. **\$86 million** in annualized savings from **8,700 energy-saving projects** implemented in 2010 and 2011.
- **More than 5,000 alternative fuel-vehicles**, including nearly **3,500 compressed natural gas vehicles, in total by year end**.
- Three million cell phones and **1.7 million pounds** of batteries and accessories collected for reuse and recycling.

Technology

Information and communications technology has the potential to empower companies to operate more sustainably and people to live more sustainably. We're committed to technologies that can help tackle environmental and social challenges. Our communications technology enables the two-way connectivity for **13 million smart meters**. It's helping modernize America's electric grid. And AT&T Telepresence Solution® is helping to revolutionize the concept of business travel for our users who help more than **18 million minutes** of immersive telepresence meetings in 2011.

Recognition

We are honored to receive recognition for our leadership and the contributions we make to increase opportunities in the community, workplace and marketplace. In 2011, we received:

- Listing on Dow Jones Sustainability Index North America
- FTSE4Good Index Member Company, which was designed to objectively measure the performance of companies that meet globally recognized corporate responsibility standards.
- Newsweek Green Rankings
- Fortune Magazine's Most Admired Companies
- CR Magazine's 100 Best Corporate Citizens
- G.I. Jobs Magazine's Top 100 Military-Friendly Employers
- DiversityInc's Top 50 Companies for Diversity and Hall of Fame
- Presidential Volunteer Service Award

TO AT&T STAKEHOLDERS:



Helping our customers get to the future first is what we're all about at AT&T. It's the spirit that flows through everything we do – the power and intelligence of our network, our leadership in the mobile Internet, our commitment to speed up the pace of high-tech innovation.

Thanks to the talent and dedication of our employees, that future is coming faster than we could have imagined just a few years ago. Families and friends are closer than ever. Businesses operate more productively. Communities are more connected. And as we make all of these things possible, we're also helping create a better, more sustainable world. Consider the following:

Smarter Healthcare

Doctors and healthcare professionals now can collaborate with one another – and with their patients – from hundreds of miles away. They can make house calls without leaving the office. And with our mHealth Platform, families can have peace of mind by remotely monitoring their loved ones.

Travel...Without Traveling

By using our AT&T Telepresence Solution®, a businessperson can meet with customers and colleagues around the world – and never set foot on a plane. That means productivity goes up – and travel related carbon emissions go down.

More Efficient Homes

With our advanced remote monitoring and control systems, homeowners will be able to adjust air conditioners, water heaters, sprinklers and other systems from wherever they are. That gives them unprecedented control over their energy costs.

These are just a few examples. The potential of our products and services to create a more sustainable future has never been greater, and we work hard in other ways to help people live better and achieve more. For example, our "It Can Wait" campaign is helping families and schools fight the dangers of texting while driving. And our AT&T Aspire initiative is focused on helping more at-risk kids stay in school so they can succeed in the workforce. Last year, we fulfilled our initial four-year, \$100 million commitment, and this year, we announced our commitment to invest an additional \$250 million over the next five years.

You see the same kind of involvement throughout our company as our employees volunteer their time and personally engage in their communities. You also see it in the diversity of our workforce and supplier base, in our efforts to help veterans transition back into the workplace and in our investment in thousands of alternative fuel vehicles.

As you read about these and other initiatives, I hope you'll see that they are essential to who we are and how we do business at AT&T – reflecting our commitment to manage our company responsibly, with integrity, for the long term.

A handwritten signature in black ink that reads "Randall Stephenson".

Randall Stephenson
Chairman, Chief Executive Officer and President



People & Community

People matter – to each other, to our communities, and to our company. This has been one of our core beliefs for 136 years and always will be. Our workforce, our business and the communities that we serve are all stronger because of it.

Disaster Relief



Issue Summary

As a member of local and global communities, a company's resources can play an important role in disaster relief efforts. Information and communication technology companies have the added task of maintaining communications into and out of affected areas.

Our Position

When disaster strikes, AT&T and our employees assist victims and affected communities through corporate giving and assistance, employee support, volunteerism, and network preparedness and response.

Our Action

Key Performance Indicators:

Amount of corporate, employee & foundation giving:

Priority	Arts & Culture	Civic & Community	Education	Health & Welfare	
Total (Millions)	\$9.5	\$20.4	\$46	\$39.1	\$115

Investment in Network Disaster Recovery program: \$600 million

Materiality Assessment Topics: *Disaster response; Giving & philanthropy; Network reliability; Volunteerism*

Supporting Disaster Relief

When disaster strikes, AT&T and our employees assist victims and affected communities through corporate giving and assistance, employee support, volunteerism and network preparedness and response. In 2011, AT&T and the AT&T Foundation contributed more than \$1.1 million to support organizations helping with disaster relief. In addition, our employees reached out to help disaster victims affected by state and federal declared disasters.

In the U.S., AT&T Pioneers, a network of AT&T volunteers, and the AT&T Foundation donated \$262,100 in disaster relief to assist employees and retired employees who were disaster victims affected by tornadoes, flooding and severe storms in Alabama, Arkansas, Georgia, Illinois, Minnesota, Mississippi, Missouri, North Carolina, Oklahoma and Tennessee. The tornadoes that devastated Joplin, Missouri, prompted another outpouring of employee support. AT&T employees donated \$200,000 to help fellow employees.

Globally, AT&T employees donated more than \$160,000 to help those affected by the devastating earthquake and tsunami in Japan. Read more about our international partnership to restore communications after disasters strike.

Ensuring Connectivity for Customers

We are committed to delivering the highest levels of service, quality, and reliability for customers under all circumstances. That's why we've invested billions of dollars in our networks, which help to prepare for natural disasters. And, that's how we help ensure that customers have continued connectivity to stay informed and in touch with family and friends.

A critical element of our efforts to maximize network reliability is our ability to swiftly respond when disaster strikes. Through our Network Disaster Recovery (NDR) organization, we bring unmatched resources to help ensure the flow of both wireless and wired communications during times of need, all backed by centralized command and control designed to ensure maximum effectiveness and efficiency.

We invested more than **\$600 million in our NDR program**, which includes specially trained managers, engineers, and technicians from across the United States, as well as a fleet of more than 320 self-contained equipment trailers and support

vehicles that house the same equipment and components as our data-routing or voice-switching centers.

We monitor and maintain our networks 24/7 and conduct several readiness drills throughout the year to help ensure that our networks and personnel are prepared to respond quickly. When disaster strikes, our technicians and employees work around the clock to keep the network up and running.

Engaging Employees in Their Communities



Issue Summary

Successful sustainability programs depend on employee support and enthusiasm. Employees are effective agents of change and champions of important causes.

Our Position

Our sustainability commitment reaches across the company. Employees enjoy working for a company that is a responsible participant in the community and steward of the environment. We also recognize that the dedication, passion and support of our nearly 260,000 employees, as of year-end 2011, makes our sustainability efforts possible. That's why we've made a commitment to continue engaging our employees around our sustainability efforts. Furthermore, we believe when employees are actively engaged, there is a significant positive impact on the overall well being of the company, and that's a benefit to our customers and shareholders.

Our Action

Key Performance Indicators:

Number of hours that AT&T donated through employee & retiree volunteer programs: More than six million

Dollar amount associated with volunteerism (financial equivalent based on the 2011 industry standard from nonprofit Independent Sector): More than \$133 million

Progress Toward 2011 Goals:

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

In 2011, we exceeded our goal by providing job shadow opportunities for a cumulative total of nearly 94,000 students by year-end 2011.

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

AT&T achieved its 2011 goal of year over year increases in both the number of in-house counsel participating and the number of attorney hours reported in the AT&T legal department pro bono program. AT&T also successfully met its goal to expand the AT&T Excellence in Pro Bono Award/Scholarship Program to all regions served by the company, including adding additional programs at law schools within regions previously served.

2012 Goals:

Continue to increase hours reported and numbers of in-house AT&T attorneys who provide pro bono services, expand involvement in existing AT&T approved legal pro bono programs and increase selected law firm collaborations with AT&T in-house attorneys to do pro bono work.

Enhance the Employee Resource Group (ERG) leadership positions to provide more experience, development and exposure for our ERG leaders with the goal of more fully leveraging those positions as a robust pipeline for diverse leadership for AT&T.

Achieve 55 percent of current employees participating in annual giving campaign.



Materiality Assessment Topics: Employee engagement; Volunteerism

Do One Thing (DOT)

DOT is a voluntary companywide effort that encourages employees to commit to regular, measurable actions (DOTs) that are good for themselves, their communities and/or the company. We believe that when employees are actively engaged in improving themselves, their communities and/or their company, there's a benefit for all involved. We developed DOT to meet the following three objectives:

- Educate employees about sustainability.
- Increase internal understanding of our commitment to social and environmental good.
- Create a simple way for interested employees to get involved in sustainability efforts.

DOT was piloted in select business units and geographic locations in 2010. Focus was given to building a strong foundation for DOT by designing a comprehensive internal web portal, creating robust education tools, and developing the necessary resources to make DOT self-serviceable and accessible. Formally launched to all employees in May of 2011, more than 11,000 employees voluntarily chose and tracked DOTs on the Impact Calculator website.

Nearly 800 employees volunteered to become DOT Connectors, the sustainability ambassadors responsible for bringing DOT to the frontlines of our company. DOT materials supported employee awareness of our sustainability efforts and resulted in a 14 percent increase from the previous year in employees able to name three things that we are doing to be more sustainable.

All across our organization, employees are unleashing their human potential with DOT. Whether it's through volunteering, recycling, innovatively using our technologies or much more, employees are activating their DOTs to save money, spark innovation, support One AT&T and build healthy communities. Take a look at the infographic above to get a snapshot of how employees made an impact with DOT in 2011.

Volunteerism

One of our core values is to "unleash our human capabilities." We encourage our employees to support the company's sustainability goals and to engage in their local communities. Community service is part of our roots and ingrained in our culture. For 100 years, we have been donating our time and talents to support underserved populations and strengthen our communities.

Each year, our employees and retirees, including the AT&T Pioneers and Employee Resource Groups, take time to enhance their communities.

In 2011, our employees and retirees donated **more than six million hours** of time to community outreach activities — worth more than **\$133 million.¹**

Employees can choose to be involved in our sustainability efforts through our companywide volunteer initiative that provides comprehensive and flexible volunteerism options.

AT&T celebrated National Volunteer Week for the second year in a row, in April 2011, giving employees the chance to present their favorite nonprofit volunteer project or activity, apply for funding dollars to support the project and rally other employees to vote for it. More than 8,800 employees cast their votes for their favorite employee volunteer project during this special fundraising event. We contributed a total of \$25,000 to fund the top four projects receiving the most employee votes.

Through these initiatives, millions of hours of time and talents are devoted to a variety of causes. Some of our company and AT&T Pioneers initiatives in 2011 include:

- **Restoring a National Historical Landmark** — The AT&T Pioneers Arkansas Chapter supports the restoration of the L.C. and Daisy Bates House Museum in Little Rock, Arkansas and provides technology elements that will greatly enhance the current educational programs. This house is designated as a National Historical Landmark for its role in the Central High School desegregation in 1957. The Bates house served as a haven for the nine African American students, known as the Little Rock Nine, who desegregated the school. Components of the project include the restoration of the basement to a functional education center, installation of a wheelchair ramp, development of a website to include virtual tours, installation of audio/visual equipment, participation in a neighborhood cleanup day during the Great Arkansas Clean-Up, development of a collaboration with Martin Luther King Elementary School and coordination of a block party at the Bates home for National Night Out.
- **Building an Outdoor Classroom** — The AT&T Pioneers Texas Pride Chapter, in collaboration with People Empowerment Project, is in the process of building an outdoor classroom for students at CF Carr Elementary and BH Macon Elementary schools, two inner-city Dallas schools. Both have raised vegetable garden beds for fall and spring planting. Plans at both schools include the existing vegetable gardens, a butterfly garden and an outdoor classroom. Staff members at both schools plan to use the outdoor classroom facilities to teach students life science, and sociology lessons. Many students believe that vegetables come from a can, or the store. With the addition of the vegetable gardens and outdoor classrooms, students will learn that vegetables are grown from the ground. Teachers will also use vegetables from the gardens to teach how different cultures prepare food.
- **Revitalizing Neighborhoods** — The AT&T Kansas Chapter worked with the City of Wichita Parks and Recreation Department to build on the revitalization momentum in the Woodland Park neighborhood. The chapter built an Americans with Disabilities Act (ADA) accessible picnic shelter with six picnic tables, refurbished 20 others, and added a grill, ash can and a trash can to the shelter. They planted 20 trees, trimmed low branches on existing park trees and installed three benches along the walking path. One of the biggest rewards has been watching the senior walking program grow due to the benches that allow folks who can't make it the entire way around to rest along the way. Many others seem to enjoy the benches as well, and the picnic shelter is already seeing heavy usage.
- **Refurbishing Parks** — AT&T chapters from Florida to Wisconsin volunteered to look after public parks. To highlight the AT&T Pioneers' 100th anniversary, a Centennial Spark in the Park helped cities across the state of Florida to refurbish 12 parks. More than 500 volunteers from the AT&T Florida Chapter, Employee Resource Groups and local community organizations participated. They planted 100 trees, added park benches, planted bushes and flowers and cleaned and painted park structures such as playground equipment, restrooms and pavilions. The AT&T Wisconsin Chapter installed an ECO Box in ten Wisconsin state parks. These boxes allow park managers to program messages and highlight park features. The chapter also built an information kiosk at Pike Lake State Park, built a walkway from the road to an observation tower and cleared invasive plants at Richard Bong State Recreation Area and stained and painted buildings at Kohler-Andrae State Park.

In addition, the dedication of our employees continues to be recognized nationally. We were one of only a handful of companies to receive the Presidential Volunteer Service Award – Gold Level, through our collaboration with Junior Achievement. This is the highest presidential award given to recognize employee volunteerism.

Read more about how our employees support the military and help out after disaster strikes.

Employee Resource Groups

In 2011, we held our third national Employee Resource Group Conference in Dallas, where more than 900 employees, including 75 officers and members from 11 ERGs, attended the successful two-day event themed "Engage. Align. Achieve." Conference attendees had the opportunity to attend leadership workshops, network with employees from across the country and interact with company leaders.

Champions of the Environment

Across the country, our employees are doing their part to make a positive impact on the environment, and their efforts haven't gone unnoticed. Now in its 17th year, our Champions of the Environment program honors individuals and teams who've made noteworthy environmental contributions in their communities and our company.

Each year, we select five community winners for their efforts to become more environmentally sustainable and five winners for environmental projects undertaken in the workplace. Winning projects this year included helping nonprofits install solar roofing, bringing farms and environmental groups together, organizing sustainable job shadow events and maintaining an e-waste donation and recycling drive. All winning projects receive a \$1,000 donation to the environmental nonprofit of the winner's choice.

¹⁻²Note: The financial equivalent is determined by using \$21.79 per volunteer hour, which is based on the 2011 industry standard from Independent Sector, a leading nonprofit organization that determines the financial equivalent for a variety of volunteer initiatives.



Good Corporate Governance

Issue Summary

Good corporate governance is a necessary foundation for ethical and responsible business practices and is directly related to business success.

Our Position

How we do business is just as important as what we do. Living up to the highest standards of honesty, integrity, and respect is the most important commitment we can make — to each other, our customers, our business partners and our shareholders.

Our Action

Progress Toward 2011 Goals:

Create a virtual employee community, using internal social media tools to discuss ethics and compliance topics of interest.

The ethics and compliance tSpace (internal company blog) is active with several hundred members from across the enterprise. The community shares information on national surveys and research into corporate ethics and posts internal resources and tools employees can use to promote and reward good ethical decisions. The Beacon Award, available through the tSpace community, recognizes employees who have made notable, ethical decisions with a distinctive tSpace "badge" on their individual profile pages.

Introduce Compliance Training for officers that is customized for their leadership of the company, and includes essential information on critical topics (Antitrust, records management, the Fair Labor Standards Act, etc.) and suggestions for ways to enhance their advocacy of compliance and a strong ethical corporate culture.

This training was delivered by video from experts within the company. The Officer Video Training provided not only the basics all employees need to know, but it also emphasized what officers could do to encourage and strengthen an ethical culture within their organizations.

Materiality Assessment Topic: Ethics & integrity

Code of Business Conduct

AT&T's Code of Business Conduct (CoBC) puts our values into action across the entire globe. More than just a set of rules, it is a guide to help us make the right decisions every day.

The CoBC addresses common ethical and compliance issues, covering a range of topics including diversity and non-discrimination, conflicts of interest, customer and employee data privacy and our commitment to the environment. In addition, we maintain an easy-to-use website that provides access to specific policies and more detailed guidance around key CoBC issues. Each employee — from our part-time workers to our chairman — is responsible for reviewing the CoBC and understanding its provisions.

In 2011, we accomplished an approximately **99.6 percent** completion rate on our CoBC training. In addition, we also target compliance training on particular topics to appropriate groups of employees to improve their understanding of our commitments. These training courses include: the Fair Labor Standards Act, records management, sexual harassment, privacy, anti-corruption/anti-bribery and a variety of Environment, Health & Safety courses.

We learn from our CoBC violation reports whether to introduce training or additional communications about a particular area. Our training, which is mostly web-based, involves hypothetical compliance situations and other techniques to get employees fully engaged in the learning process. We are adding video training options for many compliance courses.

In addition, we require documentation of ethical and compliant behavior in our managers' annual appraisals.

Employees who seek guidance or wish to raise a CoBC concern have a variety of available resources:

- A supervisor or anyone in the employee's reporting chain.
- A functional expert in our Legal department, Internal Audit department, Corporate Compliance organization, Human Resources department or Chief Security Office.
- The AT&T Ethics Office.
- For U.S. employees, the AT&T Hotline 1-877-871-COBC (2622), which is staffed by a third-party vendor and allows for anonymous and confidential reporting.
- AT&T's Asset Protection organization.

An employee who seeks advice, raises a concern, or reports misconduct is following the CoBC and doing the right thing. We do not tolerate retaliation against such a person. Allegations of retaliation are investigated and appropriate action taken.

We also have a separate Code of Ethics that applies to all employees, and also to our Board of Directors. The Code of Ethics emphasizes honest and ethical behavior, avoiding conflicts of interest and the importance of SEC filings and related statements that are fair and accurate.

Compliance

We offer many resources to employees who have questions about the laws, regulations and policies affecting our business. In addition to upholding our CoBC and policy website, our Corporate Compliance organization seeks to maintain an open dialogue about compliance issues.

Our Corporate Compliance Program focuses on key compliance risks. The Corporate Compliance organization works with each business unit on an ongoing basis to determine that the proper controls are in place to operate our business with the utmost integrity. The process includes an annual risk assessment reported to the Compliance Oversight Committee and the Audit Committee of the Board, which oversees the Corporate Compliance Program.

To emphasize key policies, the Corporate Compliance organization uses a policy review tool that exposes targeted audiences of employees to key policies by email. This tool retains a record of the employees who reviewed the policy via the tool. In 2011, we applied the tool to several policies including the Suppliers Policy, the Social Media Policy and the Privacy Policy.

Anti-Corruption/Anti-Bribery

We follow ethical business practices throughout the world in our dealings with public officials, other companies and private citizens. We do not seek to influence them, directly, indirectly, through a third party, through the payment of bribes or kickbacks, or any other unethical payment. Such activity erodes our integrity and, in most cases, violates the law. We strive to avoid even the appearance of improper influence. In particular, we are extra vigilant when dealing with government officials.

Human Rights

We try to do business with suppliers, third parties and business partners that enhance our level of service and provide products and services of quality. We seek suppliers who share our commitments to human rights (including labor rights), diversity and ethical and sustainable business practices.

Visit our Frequently Requested Information page for AT&T's Human Rights in Communication Policy.

Political Contributions

We comply with all applicable laws concerning political contributions. Political contributions, where permitted, are an important part of the political process. Visit our Investor Relations website to see our full statement on political contributions.

Executive/Board Compensation

Our Corporate Governance Guidelines cover subjects such as CEO and director compensation. They are published on our website and available in print to any stockholder who requests them. To view them, please visit our Investor Relations website.

Corporate Governance

Visit our Investor Relations page for more information on our corporate governance structure and contact details.

Sustainability Governance

Our commitment to citizenship and sustainability reaches the very highest levels of our company. The Public Policy Committee of the AT&T Board of Directors has oversight of citizenship and sustainability.

Separately, 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 citizenship and sustainability priorities. Each officer represents her/his entire department on the committee so as to reach a broader range of issues and perspectives.

Some of the areas for which the executives on the committee have responsibility include directory (white pages and Yellow Pages) business, human resources, AT&T Labs, IT, data center operations, legal, investor relations, finance, compliance, network planning and engineering, network operations, consumer marketing and devices, public policy, privacy, supply chain, fleet operations, external corporate communications, call center operations, employee communications, corporate real estate, energy management, enterprise/business marketing and sales, public affairs, AT&T Foundation and corporate citizenship and sustainability.

Citizenship & Sustainability Steering Committee

Jeff Bradley, Senior Vice President – Devices

Len Cali, Senior Vice President – Global Public Policy

Gerry Chicoine, Senior Vice President – Audit Services and Chief Compliance Officer

Rick Felts, Senior Vice President – Information Technology Operations

Peggy Garber, Senior Vice President and Assistant General Counsel

Tim Harden, President – Supply Chain and Fleet Operations

Bill Hogg, Senior Vice President – Network Planning and Engineering

Susan A. Johnson, Senior Vice President – Investor Relations

Charlene Lake, Senior Vice President – Public Affairs and Chief Sustainability Officer

Glenn Lurie, President – Emerging Enterprises and Partnerships

Robin G. Macgillivray, Senior Vice President – One AT&T Integration

Roman Pacewicz, Senior Vice President – Marketing and Global Strategy

Krish Prabhu, President – AT&T Labs and Chief Technology Officer

Mark Schleyer, Senior Vice President – Corporate Real Estate

Bill Smith, President – AT&T Network Operations

Larry Solomon, Senior Vice President – Corporate Communications

Debbie Storey, Senior Vice President – Talent Development and Chief Diversity Officer

Henry Arnold, Vice President – Operations

Charlene Lake, our chief sustainability officer, leads our efforts to achieve a wide range of specific, sustainable business objectives — working with the Public Policy Committee of the Board of Directors, the Chairman's office and AT&T's executive team to further integrate sustainable business practices across AT&T and our supply chain.

In addition, we operate a number of expert teams to help drive the initiatives into the business.

AT&T Sustainable Business Practices Expert Team Structure



Good Jobs



Issue Summary

Good jobs are especially valuable in this economy. Wages and compensation, freedom of association and training are important indicators of the health of a company's workforce.

Our Position

Talented, dedicated people are key to our company's success, and we strive to be the industry's employer of choice by investing in our people. Competitive pay and benefits attract and retain a highly qualified workforce.

Our Action

Key Performance Indicators:

In 2011:

- **Health and welfare benefits afforded to 1.2 million employees, retirees and dependents**
- **AT&T's OSHA total recordable occupational injury and illness rate (per 100 employees):** 2.14
- **Percentage of union-represented employees:** 55 percent
- **Percent of employees receiving regular performance and career development reviews:** 100 percent
- **Amount invested in direct employee training development programs:** More than \$280 million
- **Amount invested on tuition reimbursement:** Nearly \$28 million

Materiality Assessment Topics: Compensation, benefits, working hours and wages; Freedom of association; Occupational health and safety; Off-shoring; Outsourcing; Restructuring/downsizing; Talent acquisition and retention

Our jobs are vital to the communities we serve. The vast majority of our employees are U.S.-based, and we have employees in each of the 50 states. Our global presence continues to grow. We now have employees in 56 countries outside the U.S.

As our business changes – most notably shifting from a wireline to a wireless focus – and economic pressures impact our company, we continue to adjust the size of our workforce. This remains an ongoing challenge for our company, as it does for many. As of the end of 2011, we had 256,420 employees. This is compared to 266,590 employees at the end of 2010.

The pressures of the economic downturn and business conditions have required us to make some adjustments in our workforce. While we continue to add jobs in those parts of our business that are growing, we are shedding some jobs in the parts of our business that are declining, particularly wireline.

As was the case in 2010, the reduction of our workforce in 2011 was tied to three primary factors:

- A decline in customer spending driven by economic pressures.
- A continued industry-wide trend of residential customers shifting from wired voice to wireless and broadband service.
- Streamlining our organizational structure.

In 2011, AT&T hiring can be attributed to growth areas such as wireless, video and technology operations.

Benefits

We offer competitive pay and benefits to attract and retain a highly qualified workforce. We provide health coverage, life insurance and disability coverage. In 2011, AT&T afforded health and welfare benefits to nearly 1.2 million employees, retirees and dependents.

AT&T offers some of the most competitive benefits in the industry for our U.S.-based employees:

- In addition to medical, dental, vision, life and disability coverage, AT&T remains committed to helping employees plan for their retirement. Through various vehicles – including defined benefit pension plans and/or 401(k) savings plans with generous matches – employees have the opportunity to save toward retirement at a time when many companies are eliminating pension and savings plans.
- For many employees, we offer flexible spending accounts, health reimbursement accounts, and/or health savings accounts that allow employees to pay for out-of-pocket health care and dependent care costs with funds not subject to federal taxes.
- We offer a broad selection of benefits geared toward certain life events, including adoption, tuition aid, long-term care and the treatment of certain investigational medical conditions not covered by traditional health plans.
- Our employees are also eligible for employee discounts on AT&T-branded products and services, where available.

Union Relationships

With about 55 percent union-represented employees, we have the largest full-time union workforce of any company in America – more than the steel or airline industries and more than the “Big Three” automakers combined.

We've built cooperative relationships with our unions, primarily with the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). We work diligently with our unions to create competitive contracts that provide good wages and benefits for our employees.

AT&T has more than 32 union contracts, so the company is generally bargaining with one union or another at any given time. Recent agreements are proof that, even in tough economic times and in the midst of major changes in the marketplace and the telecommunications industry, the company and unions can work together to maintain good union jobs with wages and benefits that are among the best in the country.

Health & Safety

Our goal is to provide a safe and healthy workplace for all employees – it's an essential aspect of our Environment, Health and Safety (EH&S) policy. We work diligently to protect our employees through the prevention of occupational injuries, illnesses and workplace incidents.

We provide job-specific EH&S training to all employees based on established guidelines and record successfully completed courses in each employee's training record.

In the event an accident does occur, it is our policy to respond swiftly and effectively to protect our employees, company assets, neighboring communities and the environment. We require employees to report all alleged work-related injuries, illnesses and accidents. We investigate such incidents and look for opportunities to implement process improvements. For U.S. operations in 2011, AT&T's OSHA total recordable occupational injury and illness rate was 2.14 per 100 employees. This rate is lower than the most recent average published by the Bureau of Labor Statistics for the telecommunications industry, which is 2.20 (for 2010).

Training & Career Development

We help our people grow and follow their desired career paths. In 2011, we invested more than \$280 million in employee learning and professional development programs, not including the money spent for travel and work-time allotted for training. Our unmatched success in learning and development was recognized in 2011 by Chief Learning Officer Magazine when AT&T was named the No. 1 overall company for learning and development in corporate America. In addition, we spent nearly \$28 million on tuition reimbursement. During the year, 100 percent of employees have performance reviews and receive feedback on results and demonstrated leadership. Career discussions are conducted with employees focusing on short-term and long-term planning.

Talent Development Programs

We encourage management and non-management employees to be the strongest contributors and leaders through job-based training, tuition aid, and various training and development programs. Some examples include:

- **AT&T University** — Our flagship innovation and talent development epicenter, AT&T University helps us accelerate growth, foster innovation and develop leadership capabilities at all management levels. It was established in 2008. From 2010 on, nearly 100,000 managers have participated annually in live, virtual & web development sessions.
- **AT&T Connect to Success** — This mentoring program is designed to connect select managers in committed mentoring relationships and foster leadership training opportunities for all, including women and people of color.
- **AT&T Self-Development Resource Center** — This virtual resource center supports all employees in developing strategies and learning skills to remain outstanding performers.
- **Career Movement** — Management and non-management employees can nominate themselves for job openings throughout the company, providing hiring managers with diverse, qualified job candidates.
- **Continuing Skills Training** — At AT&T, comprehensive training is offered across the globe. Thousands of courses are available to employees, including those tailored for our consumer call center and retail sales, business call center and direct sales, network engineering and direct sales and network. More than 33,000 course completions occurred every day during 2011.
- **Tuition Reimbursement Program** — Financial assistance is provided to management and non-management employees pursuing academic degrees that benefit both the employee and the company. In 2011, AT&T's tuition program assisted more than 10,600 employees; 43 percent were women and 55 percent were people of color.
- **Social Media Reverse Mentoring Program** — This program began in 2010 to connect officers and senior leaders with social media-savvy first or second Level managers. These teams engage in social networking conversations and explore how AT&T might improve senior level knowledge of social media, while encouraging adoption of these collaboration tools.

U.S. Armed Services Personnel

For more than 85 years, AT&T has remained dedicated to supporting active military personnel, their families and military veterans. Learn more about AT&T military support.

International Highlights



Issue Summary

In the global economy, communities are increasingly interconnected and interdependent. As companies expand across the globe, company innovation and resources can help address social and environmental challenges.

Our Position

AT&T is proud to invest in communities around the world. We understand the importance of giving back to the communities in which we live and work.

Our Action

Materiality Assessment Topics: Giving & philanthropy; Disaster response

In 2011, we continued to support programs and projects that are making a meaningful impact in communities.

Disaster Relief

Since 1998, Télécoms Sans Frontières (TSF) has been a leading international nonprofit organization specializing in emergency telecommunications and new technologies. AT&T is a long-term supporter of TSF.

In emergencies, rapid communications are essential for saving lives. The top priority for TSF is to reach the affected area and set up communication facilities within the first few hours following an emergency. During an emergency, TSF provides assistance to the victims by opening telephone centers wherever survivors have found shelter and offering a free phone call to every family.

Crucially, TSF experts establish telecom centers for emergency responders. With Internet access, non-governmental organizations (NGOs), United Nations agencies and local authorities can communicate right at the heart of a crisis and work more efficiently to help victims.

In 2011 emergencies, TSF teams were deployed to such places as Libya, El Salvador, Kenya, Thailand, Japan and Turkey.

From 2003 through the end of 2011, AT&T and the AT&T Foundation gave \$645,000 to TSF.

Jean-François Cazenave, president and co-founder of TSF, emphasized the importance of AT&T's support in 2011:

"2011 will be remembered for a number of tragic calamities across the globe and for tremendous challenges. Thanks to the solid support of AT&T and other organizations, TSF was at the forefront of these major events, bringing telecommunications solutions to the heart of the affected zones for people in urgent need of assistance and for those who help them day after day. TSF was able to successfully deal with seven emergencies in 2011, providing direct assistance to tens of thousands of affected families around the world."

Aidmatrix's programs are a collection of technologies, consulting, training and support designed to empower organizations to deliver humanitarian relief more efficiently. AT&T has been a supporter of Aidmatrix since 2009. When an earthquake and tsunami struck Japan in the early hours of March 11, 2011, the Aidmatrix team was immediately called to action. With the financial support of AT&T, Aidmatrix was able to immediately get to the work of creating infrastructure, coordinating relief and implementing building programs in affected areas so that donors can easily offer products and match nonprofit needs.

President & CEO of Aidmatrix and former Governor of Wisconsin Scott McCallum said:

"I hope you'll be as proud as we are of the significant impact that was achieved in responding to such a logically challenging disaster event."

Fulfilling the Potential of a Generation of Talent

With the current economic downturn in the United Kingdom (UK), one million 16-24 year olds are now unemployed. The Prince's Trust works to support the development of workplace skills among youth. AT&T has supported The Prince's Trust for the last six years, contributing nearly \$300,000 — enough to help 110 young people launch their own businesses.

AT&T is a member of the Technology Leadership Group that enables The Prince's Trust to provide vital funding and guidance to unemployed young people that helps them take control of their future and to create their own employment.

Martina Milburn, chief executive of The Prince's Trust, said:

"We are really proud to have AT&T as a supporter of The Prince's Trust. Together we are making the most enormous difference to the lives of young people across the UK."

Supporting Economic Empowerment for Women

The Institute for Economic Empowerment of Women (IEEW) created the PEACE THROUGH BUSINESS® program in 2007 to educate women, strengthen their economic empowerment and leadership development and help build stable democracies. This program provides entrepreneurial education to women business owners in Afghanistan and Rwanda as a means to enable them to develop and to advance their businesses and gain financial independence.

In 2011, our employees and volunteers provided support for the initiative and guidance for its students in order to allow these women to accomplish their entrepreneurial goals. One focus of the program is to provide technology instruction on topics such as utilizing the Internet and mobile technologies to maximize operational efficiency and promote their businesses.

Since the program began, IEEW has directly trained 214 women in Rwanda and Afghanistan through its PEACE THROUGH BUSINESS® program. To date, 110 students have traveled to the United States for leadership development training, sharing these newly-learned skills with women in their local communities upon return to their home countries.

Supporting Communities Across Continents – A Selection of Projects Supported

Project HOPE – Health Opportunities for People Everywhere – works in 30 countries throughout the world to build the capacity of health professionals, improve facilities, and establish health management systems, donate medical supplies and volunteer medical services. AT&T continued to support Project HOPE in 2011.

In India, we assisted with two projects:

- The Parikrma Humanity Foundation's Circle of Life program supports 36 low-income high school students in India. The program ensures that the students have access to a comprehensive educational program, as well as nutrition and healthcare resources.
- Shantidhara's Loni Children's Home mission provides educational opportunities for children who are physically challenged (generally, from the effects of polio). The project was supported through the development of a computer lab for students with disabilities, allowing them to obtain skills necessary to join the workforce.

ONE DROP aims to fight poverty by providing access to water and raising awareness of actions necessary to make safe water accessible to all, in sufficient quantities. We supported a water management program in El Salvador that improves the health and quality of life of low income families.



Philanthropy

Issue Summary

Community investing not only benefits the community, but the company as well.

Our Position

AT&T is committed to advancing education, strengthening communities, and improving lives. AT&T and the AT&T Foundation support programs and projects that create learning opportunities, promote academic and economic achievement, and address community needs. These investments not only strengthen communities, but our company as well.

Our Action

Key Performance Indicator:

Amount of corporate, employee & foundation giving: \$115 million

Progress Toward 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.

- In 2011, AT&T conducted program evaluations of 76 grant recipients.
- 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.

2012 Goal:

Invest \$250 million planned over five years to drive innovation in education, support effective local programs and create collective impact through collaboration with AT&T business units, national partners, employees and customers to ensure that more students who are at-risk of dropping out graduate from high school prepared for college and career.

Materiality Assessment Topics: Education; Giving and philanthropy

In 2011, we contributed more than **\$115 million** through corporate, employee and AT&T Foundation giving programs.

Priority	Arts & Culture	Civic & Community	Education	Health & Welfare	
Total (Millions)	\$9.5	\$20.4	\$46	\$39.1	\$115

Read more about AT&T Aspire, our primary philanthropic focus.

Supplier Diversity



Issue Summary

A diverse supply chain exposes companies to a range of perspectives, skills and ideas that enhances business success.

Our Position

Diverse businesses bring unique skills and fresh ideas and they play a vital role in delivering the services, value and innovation necessary to serve our customers. By respecting and including different viewpoints, we are better able to serve our customers, employees and communities.

We are committed to promoting, increasing and improving the overall participation of minority-, women- and disabled veteran-owned business enterprises (as well as small business enterprises) in purchasing their materials and services. We also encourage subcontracting opportunities for minority-, women- and disabled veteran-owned businesses by requiring Supplier Diversity Participation Plans from prime suppliers.

Our Action

Key Performance Indicator:

Spend with minority, women and disabled veterans business enterprises: \$12 billion

AT&T 2011 Supplier Diversity National Results

AT&T Supplier Diversity Corporate Goal	2011 Supplier Diversity Spend	2011 Supplier Diversity % of Total Spend	Diversity Spend YoY Increase
MBE: 15%	\$8.7 Billion	16.7%	
WBE: 5%	\$3.2 Billion	6.1%	% Diverse Spend Increase Over 2010
DVBE: 1.5%	\$176 Million	.34%	
Corp. Goal: 21.5%	\$12.04 Billion	23%	35% YoY Increase

Progress Toward 2011 Goal:

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

In 2011, we spent \$12 billion on minority-, women- and disabled veteran-owned business enterprises. This represents 23 percent of our total spend.

2012 Goal:

Maintain our spend with diverse suppliers and continue to increase diverse suppliers' participation. Take learning from CA pilot of Operation Hand Salute to bring to scale a national program focused on Disabled Veteran Businesses.

Materiality Assessment Topic: Supplier diversity

In 2011, we spent \$12 billion with minority-, women- and disabled veteran-owned business enterprises. This represents 23 percent of our total spend.

We are 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 17 companies qualify at this level.

We have also established several supplier diversity mentoring and protégé programs.

Operation Hand Salute

Operation Hand Salute matches participants with mentors and connects them with industry experts, community leaders and AT&T executives. In May 2011, we concluded the first Operation Hand Salute program, and based on its success, AT&T Global Supplier Diversity is expanding the program nationally.

AT&T Prime Supplier Program

The Prime Supplier Program is one of the most essential AT&T Supplier Diversity programs. Since 1989, AT&T's Prime Supplier Program has helped our prime suppliers increase the utilization of diverse businesses in our supply chain through subcontracting and value-added reseller arrangements. Our prime suppliers are vital to the success of AT&T Supplier Diversity. The AT&T Prime Supplier Program has helped our prime suppliers establish their own supplier diversity program and develop an annual plan outlining how their company will provide better business solutions by working with diverse businesses.

Meet the Prime Matchmaker Events

These events target key suppliers in emerging markets to engage in one-on-one interviews with qualified diverse suppliers to discuss contract opportunities.

Supporting Education: AT&T Aspire



Issue Summary

More than one million high school students (one out of four), and nearly 40 percent of African-American, Hispanic, and Native American students, fail to graduate with their class. Dropouts from the Class of 2010 alone will cost the nation more than \$337 billion in lost wages over the course of their lifetimes.¹

¹Civic Enterprises, Everyone Graduates Center at Johns Hopkins University, America's Promise Alliance, *Building a Grad Nation*

Our Position

Investing in a well-educated workforce may be the single most important thing we can do to help the United States remain the leader in a digital, global economy. Education has been our priority for over a century and will continue to be our philanthropic focus. We are driven to help students succeed – in school, in the workforce and in life.

Our Action

Key Performance Indicators:

Amount of corporate, employee and foundation giving: \$115 million

Priority	Arts & Culture	Civic & Community	Education	Health & Welfare	
TOTAL (Millions)	\$9.5	\$20.4	\$46	\$39.1	\$115

Number of students provided with Job Shadow opportunities (in collaboration with Junior Achievement [JA]): Nearly 94,000 as of December 2011 and 100,000 as of March 2012.

Amount donated in High School Success Grants to school districts and educational programs with proven track records of success: \$29 million four-year commitment from 2008

Status of commissioned research completed by Civic Enterprises and John Bridgeland about the nation's dropout crisis:

Release "On Track for Success: The Use of Early Warning Indicator and Intervention Systems to Build and Grad Nation" and "Building a Grad Nation 2010 – 2011 Update"

Progress Toward 2011 Goals:

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

- In 2011, AT&T conducted program evaluations of 76 grant recipients.
- 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.

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

In 2011, we exceeded our goal by providing job shadow opportunities for a cumulative total of nearly 94,000 students by year-end 2011.

2012 Goal:

Support projects to promote the use of mobile technology to enhance teaching and learning.

Materiality Assessment Topics: Education; Giving & philanthropy

In 2008, we launched AT&T Aspire, the largest education initiative in AT&T's history, specifically focused on high school retention and workforce readiness. In 2011, we met our initial four-year **\$100 million commitment** to the program, which laid the groundwork for an expanded **\$250 million commitment** planned over five years, announced in 2012.

In the last 4 years, we have provided support to more than 1,000 national and community organizations including school districts, higher education institutions, and education-serving non-profits.

Most significantly, we have impacted more than 1 million students across all 50 states.

AT&T's commitment and investment supports the achievement of the national graduation rate goal of 90 percent by 2020 through the Grad Nation movement. Progress is being made through the collective efforts of the Grad Nation campaign. Since 2002, the country as a whole has raised the graduation rate from 72.6 percent to 75.5. In the same period, rates have also improved in 40 out of 50 states.

In 2011, Aspire focused on:

1. Advancing Understanding

- **Underwriting of national research:** In order to continue to understand the high school dropout crisis and possible solutions, we continued to fund landmark research. Released in November 2011, *On Track for Success: The Use of Early Warning Indicator and Intervention Systems to Build a Grad Nation* provides a comprehensive view on early warning systems. Written by Civic Enterprises and the Everyone Graduates Center at Johns Hopkins University, *On Track for Success* reviews the latest research, shares emerging best practices from the field, and provides policy recommendations.

In 2011, along with the Alliance for Excellent Education, Civic Enterprises and the Data Quality Campaign, we released *Education as a Data-Driven Enterprise: A Primer for Leaders in Business, Philanthropy and Education*. This white paper highlights data challenges in education and the role that business and philanthropy can play.

In 2010, America's Promise Alliance launched its most ambitious campaign ever — Grad Nation — to end the high school dropout crisis and prepare young people for college and the 21st century workforce. We were proud to fund the *Building a Grad Nation 2010-2011 Update* as part of our support for the Grad Nation Campaign. The report highlighted the continued decrease in the number of "dropout factory" high schools at a rate of progress approximately three times faster than the previous period.

- **Data Quality Campaign (DQC):** DQC is a national collaborative effort to increase availability and use of high-quality education data to improve student achievement. In 2011, we contributed **\$500,000** to help the DQC build data capacity at the school district level.
- **Get Schooled:** Get Schooled is a national initiative co-developed by Viacom and the Bill & Melinda Gates Foundation that connects, inspires, and mobilizes people to find effective solutions to the problems facing America's education system. The Get Schooled Tour and Challenge went into ten communities around the country in 2010 and, using both on-the-ground events and a strong digital presence, directly motivated students, teachers and parents to make a commitment to improving education. The 2011 Get Schooled Summer Text Challenge engaged over **350,000 young people**.

2. More of What Works

- **Communities In Schools:** Communities In Schools works to build a community of support for children by embedding resources they need within their schools. In order to increase the number of school-based site coordinators who help the most students from at-risk communities get the resources they need to stay in school and succeed, we invested **\$2 million** over the last two years. Our funding placed coordinators at **26 sites** across the country.
- **High School Success Grants:** So many organizations are already doing great things to address the dropout crisis. In 2008, The AT&T High School Success Special Grants Program was launched as part of Aspire to support these organizations and **172 schools and nonprofit organizations** were selected to receive funding, totaling more than **\$29 million**, that supported high school retention programs for students at risk of dropping out. In 2011, 66 multi-year

grantees received their final year of funding. Examples of grantee success include:

- The graduation rate for 12th graders served by Jobs for America's Graduates (JAG) at Ballou Senior High School in Washington, D.C. was **100 percent** for the 2009-2010 school year.
- For the third consecutive year, Sci Academy in New Orleans, La. was recognized as the highest performing high school in the Recovery School District. Across several subject areas, the percent of Sci Academy scholars attaining proficiency was twice that of the district as a whole.
- At Mercy Home in Chicago, Ill., **83 percent** of youth who started out the year behind in reading improved over the course of the year by an average of 1.8 years.
- At East Side Union High School in San Jose, Calif., the average GPA for participating students went up by **105 percent**.

- **BE READY with Boys & Girls Clubs of America (BCGA):** BCGA's BE GREAT: Graduate program identifies vulnerable high school students and facilitates their graduation through proven mentorship. The BE READY curriculum focuses on three primary factors that contribute to an adolescent's smooth transition to high school: social confidence, time management and high school preparedness. In 2011, we gave \$500,000 to support this program, bringing our total support to **\$1 million**.

3. *Youth and Family Engagement*

- **"My Idea":** The "My Idea" initiative was launched with America's Promise Alliance to empower and encourage young people to develop and carry out programs that keep their peers in school. In 2011, **98 total youth-developed projects** were completed including 33 year-long national projects and 65 smaller local projects in ten targeted communities as part of the **\$1 million** initiative.
- **Family Engagement for High School Success Program:** Through a **\$2 million** contribution, we worked with United Way Worldwide on the Family Engagement for High School Success Program, designed to strengthen local United Way and other nonprofit-led programs to engage parents and other adult caregivers with schools to increase the effectiveness of their children's education. In 2011, a toolkit was created and distributed highlighting the successes, strategies, and lessons learned to help communities implement effective family engagement approaches.

4. *Career Exploration*

- **AT&T/Junior Achievement (JA) Worldwide Job Shadow Initiative:** Through Job Shadow, our employees donate their time to team up with students, helping them learn about careers and understand the education and skills they will need to succeed on the job. **Our employees have volunteered nearly 34,000 times** for Job Shadow, dedicating more than **270,000 volunteer hours** to help students learn. Since the AT&T/JA Worldwide Job Shadow Initiative started in 2008, we held events in nearly 212 cities and met our goal of reaching **100,000 students** in March 2012.
- **Roadtrip Nation Experience:** Roadtrip Nation's innovative career exploration programming helps students think big about their career options. We provided funding for a new online interactive curriculum that facilitates self-discovery, inspiring students to take the educational steps required to identify and achieve their career goals.
- **Girl Scouts IMAGINE: Your STEM Future:** In October 2011, we launched a new initiative with Girl Scouts that provides young women with curriculum exploring a variety of career options in the science, technology, engineering and math (STEM) fields. The IMAGINE curriculum pairs high school girls with AT&T employees and other volunteers to participate in interactive activities designed to help students imagine a STEM career.

The organizations we work with include:

- Alliance for Excellent Education
- America's Promise Alliance
- Boys & Girls Clubs of America
- Civic Enterprises
- Communities in Schools

- Data Quality Campaign
- Everyone Graduates Center at Johns Hopkins University
- Get Schooled
- Girl Scouts
- Junior Achievement
- Roadtrip Nation
- United Way

Through Aspire, AT&T and the AT&T Foundation will continue to work together with educators, parents, organizations and government to be a catalyst for change on this issue.

To learn more about our AT&T Aspire initiative, visit
www.att.com/education-news, and see our
Aspire By the Numbers handout.

Supporting the Troops

Issue Summary

Active military members, veterans and their families sacrifice for our country and often confront unique challenges during periods of deployment and in their return to civilian life.

Our Position

For almost 100 years, we've been dedicated to supporting active military personnel, their families and veterans through charitable contributions, event and program sponsorships, hiring military veterans and maintaining policies that support reservists when they are called to active duty.

Our Action

2012 Goal:

Raise awareness and provide resources for military families, focusing on opportunities for military children.

Materiality Assessment Topics: Employee diversity; Employee engagement; Giving & philanthropy; Supplier diversity; Volunteerism

Veteran Recruitment & Supply Chain Contracts

In March 2011, 10 companies jointly pledged to hire 100,000 veterans and former active duty military personnel by the end of 2020. We are proud to be one of them.

In May 2011, the first class of participants graduated from the Operation Hand Salute protégé program. Designed to help Disabled Veteran Businesses develop the tools and expertise to win large corporate contracts, the program matched participants with mentors and connected them with industry experts and community leaders, including AT&T executives. Program participation also allowed participants to earn TL 9000 certification – an internationally recognized quality system requirement for suppliers to telecommunications companies.

In July 2011, the company launched the Military Skills Translator with the Direct Employers Association. The translator enables veterans to use their current Military Occupation Code/Military Occupation Specialty to find civilian jobs at AT&T.

Additionally, our military career site assists veterans and transitioning military service members in their transition to the civilian workforce.

Wartime Communications

We help ensure that soldiers can call home when deployed. To date, AT&T has built more than 100 calling centers in Iraq, Kuwait and Afghanistan and has donated prepaid calling cards with an estimated retail value of more than \$9 million to military personnel.

Cell Phones for Soldiers

AT&T wireless store locations nationwide are drop-off sites for Cell Phones for Soldiers, a nonprofit organization that helps American soldiers stationed overseas call home. The organization collects donated cellphones and sells them to ReCellular, a Michigan-based company that buys and sells used phones. Since 2008, Cell Phones for Soldiers has used the payment it receives from ReCellular to buy 600,000 AT&T prepaid phone cards to send to soldiers.

AT&T Employee Efforts

The AT&T Veterans, one of our Employee Resource Groups (ERGs), has more than 3,000 members within the company. The Veterans ERG develops relationships with the local Employer Support of the Guard and the Reserve (ESGR) to provide community support for our veterans being called into service and for the many employees who have family members currently serving. Our employees also support the military and their families through scholarship funds and donations to military organizations through the Employee Annual Giving Campaign and the Employee Matching Gift program.

AT&T Pioneers

In observance of Memorial Day, AT&T Pioneers — a volunteer organization comprised of AT&T employees and retirees — launched “Operation: Serve Our Troops,” holding events in 27 states and 88 cities. The initiative collected non-perishable goods that can be used by military support groups and the USO, at centers in airports, on military bases and in care packages sent to troop overseas. AT&T Pioneers also supported Cell Phones for Soldiers by collecting wireless cell phones for recycling. On Valentine’s Day, Pioneers teamed up to keep active duty military personnel connected with loved ones by providing 30,000 service men and women with a call home and a special thank you from an employee. In addition, the Pioneers distributed 35,000 calling cards to active military soldiers.

Learn more at www.att.com/troopsupport.



Telecommuting

Issue Summary

In today's busy world, finding a balance between work and personal life can be a challenge. Telecommuting can help some employees achieve a productive and rewarding work/life balance. It can also have economic and environmental benefits.

Our Position

AT&T supports a comprehensive telecommuting program with arrangements for our employees for whom it makes the most sense.

Our Action

Materiality Assessment Topic: Work/life balance

At the end of 2011, AT&T counted more than 17,000 employees as approved telecommuters around the globe. In addition, the company has provided mobile and remote access technologies to more than 130,000 employees that allow them to work from a variety of locations. Distributed teams are working together using web meetings, conference calls, and other "virtual presence" technologies. Employees have the tools they need to work effectively from virtually anywhere, including a home office.

Better Productivity & Work/Life Balance

Ninety-two percent of telecommuters indicate that telecommuting helps them achieve a healthy work-life balance, and 63 percent report they are able to work a flexible schedule on their telecommute days, according to an August 2010 telecommuting survey, which included more than 11,000 employees and their supervisors who participate in the company's telecommuting program.

With an average round-trip commute time per employee of 54 minutes, employees instead can use the time they would have spent commuting as personal or family time. As indicated by 94 percent of respondents, this also represented time that was given back to the company as additional productive time.

The survey also concluded that productivity increases, often dramatically, by enabling employees to perform work away from their central job locations. It indicated that 98 percent of supervisors "agree" or "strongly agree" that their employees are productive when working from their home office. Supervisors also "agree" or "strongly agree" that their telecommuters are effective at communicating (98 percent), collaborating (96 percent), managing their time (97 percent) and meeting their goals (98 percent).

Our telecommuting program has tangible benefits for telecommuters and for our company. In 2011 we realized:

- **17 percent** lower absentee rate for telecommuters.
- **72 percent** lower turnover rate for telecommuters.
- **\$6,500** potential cost reduction for every telecommuter who gives up his or her workstation.

Environmental Benefits

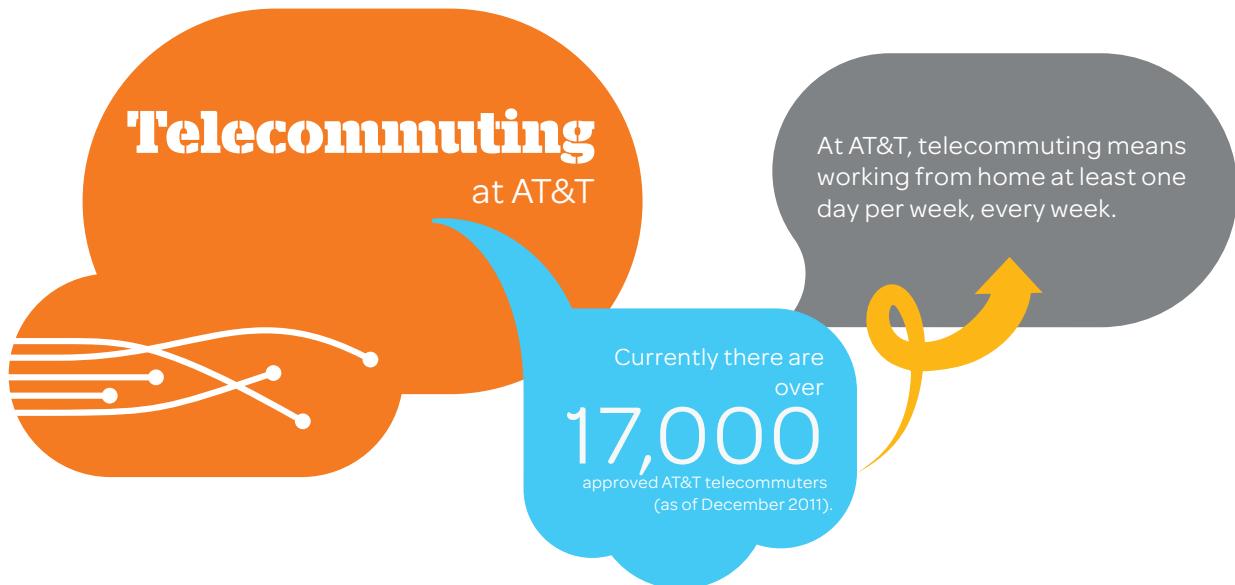
The AT&T telecommuting program is also delivering reductions in travel based greenhouse gas emissions. The telecommuter population avoids 175 million commute miles per year, with annual fuel savings of approximately 8.7 million gallons and a net reduction of 76,273 metric tons of CO₂-equivalents (CO₂e) emissions per year. When calculating these numbers, we accounted for the "rebound effect," which means taking into account trips (e.g., errands, transporting kids to and from school, etc.) that would otherwise be included in the daily commute.

tPlace

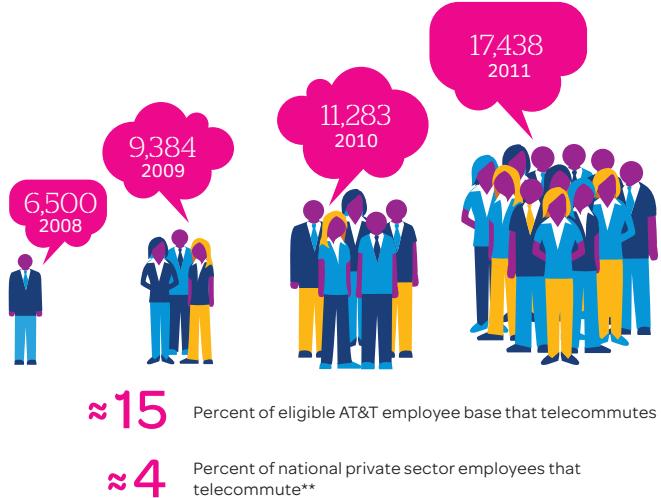
In addition to our telecommuting program, we offer flexible workspaces. In June 2010, we opened our first-ever tPlace Flexible Workspace in Richardson, Texas. Since then, we have opened three additional tPlace locations in Atlanta, Ga., and New Haven, Conn., with four more slated for 2012.

These new on-demand workplace hubs provide AT&T managers access to an office environment that is closer in proximity to their clients, appointments and homes. Leveraging our network and technology, tPlace is comprised of a variety of work settings that allow individuals and teams to collaborate both on premises and virtually, as they need it.

We offer a variety of innovative solutions to facilitate telework, including remote access, and conferencing and collaborating solutions such as AT&T Connect®. These technologies can help reduce travel and increase productivity by enabling employees to communicate and collaborate virtually anywhere, from their laptops or mobile phones. Learn more about these telework products and services.



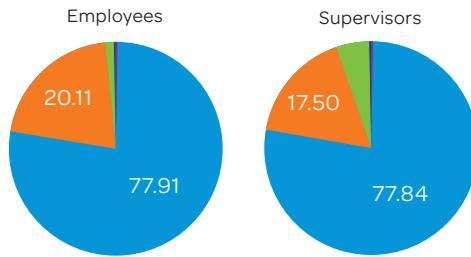
AT&T Telecommuters



Benefits of Telecommuting*

17	Percent lower absentee rate for telecommuters
72	Percent lower turnover rate for telecommuters
\$6.5K	Potential cost reduction for every telecommuter who gives up his or her AT&T workstation

2010 Productivity Questionnaire



Annual Environmental Impact*

175M	Miles of commuting avoided
8.7M	Gallons of gas saved
76K	Metric tons of greenhouse gas emissions avoided
15K	Cars equivalently kept off the road

*Source: 2010 AT&T calculations

**Source: TechCast

Strongly Agree **Agree** **Neutral** **Disagree** **Strongly Disagree**

95 Percent of employees agree/strongly agree that they are productive when they work from home

98 Percent of supervisors agree/strongly agree that their employees are productive when they work from home

Workforce Diversity



Issue Summary

A diverse workforce reflects society's makeup and is a foundation for good business.

Our Position

We believe that our success begins with our people, and a diverse and inclusive workforce benefits our business, employees, customers, investors and communities. With a diverse workforce, we can better understand the different needs of our customers and can deliver products and services that enable them to Rethink Possible.

Our Action

Key Performance Indicators:

Total workforce: 39 percent women; 39 percent people of color

Total management: 39 percent women; 31 percent people of color

Progress Toward 2011 Goal:

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

- In 2011, people of color comprised 39 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 2011, 47 percent were people of color, further strengthening our representation in this area.
- In 2011, women comprised 39 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 2011, 34 percent were women.

Materiality Assessment Topics: Employee diversity

Our people are the foundation of our company's success. That's why we invest so much to ensure they have opportunities to learn and grow, as well as an inclusive environment so they know how they contribute to the company's success.

Visit AT&T's Diversity Management website at www.att.com/diversity.

Workforce Inclusion

We have long been a leader in providing an inclusive work environment and offering performance-based rewards.

Today, AT&T's 50-state workforce is 39 percent female and 39 percent people of color. Women are 39 percent of AT&T's managers, which compares to 36 percent nationally. Thirty-one percent of AT&T's managers are people of color, which compares nationally to 22 percent of managers, professionals and related occupations, according to the U.S. Bureau of Labor Statistics.

- Since 1988, hundreds of recent college graduates hired have successfully completed AT&T's Leadership Development Program; 42 percent of the participants are women and 47 percent are people of color.
- AT&T employs the best people from all backgrounds and perspectives to provide products and services that meet our customers' needs. We take pride in selecting and retaining the best and the brightest employees to meet the needs of our business. It is our excellent network of employees that gives us the leading edge in our industry. The retention rate for all women in 2011 was 86 percent, while the retention rate for people of color was 87 percent.

Accessibility

We believe it is critical that our employees and members of the community are connected with their world, including those who have disabilities. All employees have access to the resources and tools they need to do their jobs. The Career Opportuni-

ties for Students with Disabilities works with us to enhance our programs to recruit college graduates with disabilities. We also worked together with Alorica to form AloriCares, which provided veterans with disabilities with an opportunity to earn a good wage and regain independence while providing excellent customer care for our business customers.

Supporting and Reaching Our Diverse Customers

As the 2010 Census showed us, our customers are becoming more diverse. We understand diverse customers and actively market to them. It is essential to conduct business in the preferred language of our customers where feasible and offer culturally-relevant products and services. We are very proud of the fact that 3,180 representatives at 31 call centers and 738 company-owned and agent stores with nearly 6,000 sales representatives provide service to more than 8.1 million wireline and wireless contacts in languages other than English.

But our marketing and advertising goes beyond the languages we use to communicate with customers, especially when working with African American, Latino, LGBT, military and disability groups. We seek to respect cultural and other nuances in our communications. We also strive to ensure that general-market advertisements are inclusive and embrace diversity, reinforcing positive perceptions and effectively reaching audiences of all cultures and backgrounds.



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.

Alternative Energy

Issue Summary

The transition away from non-renewable, dirty sources of energy is critical for our nation's future prosperity. At the same time, this needs to be done in a manner that takes into account the economic and financial challenges of doing so. Renewable energy can reduce greenhouse gas (GHG) emissions and diminish air pollution. It can also help minimize the United States' dependence on foreign sources of fuel.

Our Position

We strive to minimize our environmental impact and dependency on fossil fuels through the purchase or commission of alternative energy sources. When costs are comparable, we seek renewable energy sources over fossil fuels.

Our Action

Key Performance Indicators:

Alternative Energy (annual solar production): 3,182,923 kilowatt hours (kWh)

NEW: Alternative Energy Capacity (solar and fuel cell): 3,888 kilowatts (kW)

Progress Toward 2011 Goal:

Expand by a minimum of 5 megawatts (MW) of additional installations

Due to longer than anticipated permitting, construction and installation timelines, some projects that were committed to in 2011 will become operational in 2012. We have re-established our goal of adding 5 MW of alternative energy from fuel cell and solar production against our 2011 capacity baseline of 3,888 KW. To better measure our progress, we have added a new KPI in 2011 that tracks our combined solar and fuel cell capacity (MW).

2012 Goal:

Expand by a minimum of 5 MW of additional installations

Materiality Assessment Topic: Company energy use

Solar

By the end of 2011, we had contracted five solar systems and have plans to expand installations in 2012. All the current systems are in New Jersey or California as a combined result of both our business needs and regulatory and financing structures in those states.

- The 240 kW Trenton, N.J. system, installed in 2011, will produce 288,500 kWh of electricity per year.
- The 545 kW Mojave, Calif. system, also installed in 2011, will produce more than 1 million kWh per year.
- The solar system on AT&T's San Ramon, Calif. campus generates 1.6 million kWh annually.
- The solar system on AT&T's Secaucus, N.J. site generates 1 million kWh per year.
- One of our data centers in San Diego, Calif., runs off of a 262 kW system that produced 477,000 kWh in 2011.

In total, annual solar power production from these installations is more than 3.1 million kWh. Due to various challenges – including financing – we postponed some of the additional installations we were looking to bring online in 2011. Despite these challenges, we continue our push to expand our solar production. We contracted for eight additional systems at five sites in New Jersey to be installed in 2012 and 2013.

Fuel Cells

Fuel cell technology produces clean and reliable onsite power. We worked with Bloom Energy to install 7.5 MW of Bloom Energy fuel cells at 11 of our facilities in California. This will avoid emitting approximately 250 million pounds of carbon dioxide, equivalent to removing more than 3,700 cars from the road.

All systems were online by the end of June 2012. They produce 62 million kWh per year, enough to power more than 5,331 homes annually.

Wind

We also continue our involvement with Austin Energy's GreenChoice renewable energy program through which we purchase wind power for 10 percent of our electricity consumption in all AT&T facilities in Austin, Texas. This effort will help us avoid 7.2 million kWh of fossil fuel-generated electricity each year.

Cell Phone Recycling



Issue Summary

Out of the 2.25 million tons of TVs, cell phones, and computer products that can be recycled, **only 18 percent are collected for recycling and 82 percent are disposed of, primarily in landfills**, according to the U.S. Environmental Protection Agency (EPA). For cell phones alone this number is lower – around 10 percent.

Our Position

AT&T and its customers can play an important role in addressing this issue by adopting programs that are accessible, thus making recycling easier for everyone.

Our Action

Key Performance Indicators:

Number of cell phones reused or recycled in 2011: Approximately 3 million

Pounds of cell phone batteries and accessories recycled in 2011: 1.7 million

Progress Toward 2011 Goal:

In cooperation with original equipment manufacturer (OEM) device suppliers, the following goals were met for new handset models in the AT&T mobility portfolio:

- 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 portfolios.
- Develop/design a free “eco awareness” device application to create customer awareness of sustainability.

2012 Goal:

Develop and launch a consumer engagement based ‘eco-rating’ system with a corresponding scorecard for AT&T wireless handset devices sold at retail. Beginning in the 2nd half (3Q) of 2012, all new AT&T Branded devices added to the post paid portfolio would be evaluated against the eco-rating system.

Materiality Assessment Topics: Customer products recycling; Life cycle assessment; Packaging

Recycling at End of Cell Phone Life Cycle

In 2011, AT&T collected approximately 3 million cell phones for reuse and recycling and 1.7 million pounds of batteries and accessories.

There are several ways customers can recycle their old phones. Customers can:

- Deposit their phones at drop-off bins in all of our retail locations.
- Pick up free, prepaid mailing envelopes in stores and online — postage-paid mailing labels are available at att.com/recycle.
- In 2012, we are launching a trade-in program for our customers.

We also work with the Cell Phones for Soldiers program. Learn more about how our cell phone recycling programs benefit U.S. troops.

This past year we unveiled a new video that demonstrates the typical life cycle of more than 5 billion cell phones in existence today. This video tracks a cell phone's life – from creation, to use, to the ways suppliers recycle parts of used cell phones to bring new life to the next generation of devices.

Changes at the Front-End of the Cell Phone Life Cycle

We're also taking steps on the front end of the cell phone life cycle to help ensure the products we're selling and their packaging have more environmentally sustainable characteristics than their previous versions. In 2010, we announced environmental goals associated with the manufacturing of new wireless devices sold by AT&T, required to be met by the end of 2011.

In cooperation with original equipment manufacturer (OEM) device suppliers, the following goals were met for new handset models in the AT&T mobility portfolio:

- 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 of models 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 our current box size by 20 percent across the majority of our handset portfolio.
- Develop/design a free "eco awareness" device application to create customer awareness of sustainability.

In 2011, AT&T customers saw the beginning of the transition of AT&T-branded accessory packaging to a new plastic that is comprised of up to 30 percent plant-based materials. The plastic is sourced from ethanol harvested from natural sugarcane and will be used in most device cases and power accessories. The sugarcane used in this plant plastic is a rapidly-renewable agricultural crop and replaces nearly a third of the fossil fuels traditionally used.

Moreover, we plan to launch a rating system in 2012 that consumers can use to evaluate identified environmental characteristics of handsets in our portfolio. It will be an interactive "nutrition-label" of sorts for handsets that will engage our consumers and help them make choices based on certain environmental criteria AT&T has established for its device manufacturers.

Data Center Initiatives



Issue Summary

Data centers host Information and Communications Technology (ICT) systems and associated equipment. These facilities make modern communications and business operations possible, but they also use energy and water to maintain optimum conditions for the equipment inside.

Our Position

Our data centers serve as the “nerve centers” for AT&T’s reliable services and network. Having large amounts of equipment in one facility requires that we maintain certain conditions in the rooms, such as temperature and humidity levels. We’re actively working to reduce the energy and water used to maintain these conditions.

Our Action

Progress Toward 2011 Goals:

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 1.8 million kWh.**

In 2011 we:

- Completed more than 4,500 projects to reduce energy consumption equivalent to an annualized \$42 million.
- AT&T Labs retired 4,547 pieces of equipment reducing power usage on average about 20 amps per unit or about 4,000 watts per unit. The Labs also had its windows tinted and raised temperature settings in its buildings to 75 degrees. The Labs additionally installed motion detectors to turn lights on only when human presence is detected, and also increased the usage of LED lights where possible. However, even with these changes, the additional power consumption did not translate to the desired goal of decreasing its overall power consumption because the AT&T Labs grew by about one third. Today, the AT&T Labs continues its strong commitment and effort to operate more efficiently to counteract any inefficiencies in power consumption.
- We achieved power efficiency improvements of IT equipment by at least 14 percent per unit which fell short of our aggressive goal of 17 percent. Mobility and cloud services platforms grew more than expected in 2011 and were blended into the Enterprise Data Centers as part of our AT&T One Operations strategies. Shared resources amongst the Cloud, Mobility and traditional Enterprise IT platforms made it difficult to track individual platform contribution. It should be noted that due to our efforts to virtualize and consolidate servers, our hardware needs did not increase as much as we forecasted, increasing only 16 percent compared to the planned 20 percent.
- The energy optimization practices of ITO have resulted in energy avoidance of approximately 2.0 million kWh.

As we look at next generation data centers, we will consider incorporating alternate power sources and sustainable opportunities into the planning process.

Sustainability has been added as one the variables we consider in the planning process for next generation data centers. This includes efforts to incorporate power sources such as solar and fuel cells. Additional considerations include sustainable design and LEED qualifying solutions that affect water, energy and waste, i.e. economization, reduced impervious surfaces and natural low maintenance landscaping.

Materiality Assessment Topic: Company energy use

We operate many data centers. In 2011, we changed our company definition of data centers, which increased the number of data centers that we count. Our technology centers are now defined as either technical spaces (data centers) or transport spaces (circuit offices). We operate data centers for several uses:

- Enterprise Data Centers (EDCs) host computer equipment and technology of our core operations.
- Internet Data Centers (IDCs) host data and Internet service for our customers.
- Video Hub Offices (VHOs) host data and Internet service for our U-verse customers.
- Voice Messaging Centers (VMCs) host voicemail and data services for internet and external customers.
- National Technology Centers (NTCs) host data and Internet service for our wireless customers.

As of year-end 2011, we maintain 30 EDCs, 43 IDCs (international and domestic), 61 VHOs, 109 VMCs and 14 NTCs to support our worldwide internal IT services and customer data needs.

Facility-Related Efforts

Improving the energy use of data centers represents a constant challenge and opportunity for our business. We are committed to pursuing energy efficiency at these facilities in order to provide a productive and efficient space for our ICT equipment. In 2011, we realized energy savings of **18 million kWh*** from projects that optimized facility operations at our data centers. This is the equivalent of the electricity use of 1,548 homes, according to the EPA Equivalencies Calculator.

Common projects included retrofitting computer rooms' air conditioner fan motors and air conditioning chillers with Variable Frequency Drives (VFD). VFDs provide more efficient use of energy by automatically adjusting the rate of air flow to match the system demand, which means air is not blowing at full capacity unless necessary.

*These savings numbers are also included in the total facilities-related savings.

Here are just a few examples of the types of projects we identified and/or implemented in 2011:

Mesa Internet data center chiller #4 VFD retrofit:

A new VFD will be installed on the Trane 750-ton chiller at a cost of \$89,459. The estimated annual savings is expected to be 478,645 kWh.

Mesa Internet data center water-side economizer:

Economizers use outdoor air to replace or supplement mechanical cooling. AT&T is exploring water-side economizers which maximize evaporative cooling capacity (learn more from ENERGY STAR®). A water-side economizer at an AT&T Internet Data Center will be re-commissioned at a cost of \$49,000. The estimated annual savings is expected to be 860,958 kWh.

ICT Equipment-Related Efforts

In addition to energy reductions in our facilities, we continue to focus on driving efficiency in the ICT equipment (servers, storage, network etc.) inside the building. Specifically, we focus on compression and virtualization of our equipment. Efforts to move new and existing physical services to virtual machines yielded annualized energy savings of 21.9 million kWh in 2011, equal to the electricity use of 1,883 homes annually, according to the EPA Equivalencies Calculator.

Our Progress

As demand for virtualization has increased, so has the use of data center equipment. In 2011, our overall IT equipment energy growth increased by seven percent. Yet, our efforts with the buildings that house the IT equipment allowed us to realize a two percent decrease in energy demand, helping to offset overall energy use. We will continue efforts to operate both buildings and equipment more efficiently, with a focus in 2012 on increasing server and storage utilization through technical refresh and consolidation.

Learn more about the potential economic & environmental benefits from virtualization technology at www.att.com/communicationseconomy.



Engaging Our Supply Chain

Issue Summary

In order for a company to fully understand its economic, environmental and social impact, it needs to understand the impact of its supply chain.

Our Position

We believe it is important to understand more about the social and environmental performance of our suppliers and expect our suppliers to share our commitment to citizenship and sustainability.

Our Action

Progress Toward 2011 Goal:

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

AT&T exceeded its goal, with 60 percent of our spend being with suppliers who track GHG emissions or had plans to do so by 2012.

2012 Goal:

By the end of 2015, majority of spend with strategic suppliers will be with those who track greenhouse gas (GHG) emissions and have specific GHG goals.

Materiality Assessment Topics: Supplier standards; Supplier performance

Getting Smart About Our Supply Chain

AT&T Supplier Survey

Since 2009, we have conducted an annual supplier citizenship and sustainability self-assessment survey aimed at helping us gauge the level of awareness and maturity of these issues within our major suppliers' cultures and operations. These suppliers account for most of our procurement expenditures and we incorporate their information into our overall supplier performance measurement process.

- **What does the AT&T Supplier Citizenship and Sustainability survey ask?** It includes questions on energy efficiency, environmental protection, health and safety, labor rights, ethics, confidentiality, product stewardship, alternative energy, GHG emissions and water usage. This information helps 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 GHG emissions and are setting reduction goals, which means they are aware of risks associated with GHG emissions. There is also work being 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.

Carbon Disclosure Project Supply Chain Survey

We are working with the Carbon Disclosure Project (CDP) Supply Chain initiative to further track and report our suppliers' GHG emissions in a standard format. Each year we send the survey to suppliers who represent approximately 80 percent of our total spend.

Results

According to data from the CDP and AT&T surveys, about 60 percent of our procurement expenditures are with suppliers who track and report their emissions, or have plans to do so by 2012. Improving the carbon footprint of our supply chain is an ongoing objective.

Conflict Minerals

Use of minerals from the conflict zones of the Democratic Republic of Congo and surrounding areas is an important human rights issue that requires increased transparency in our supply chain. AT&T is a member of the Global Electronics Sustainability Initiative (GeSI), and also has signed on with the Private-Public Alliance (PPA) for Responsible Trade with the U.S. State Department. These organizations are developing standard processes to address issues relating to conflict minerals.

C&S Principles of Conduct

We outline our expectations in our Citizenship & Sustainability Principles of Conduct for Suppliers guidelines, which cover topics including sustainable business practices, diversity, ethics and labor rights. These principles are published online and have been widely viewed since the 2008 launching of this document.

Strategic Supplier Sustainability Scorecard

AT&T measures the performance of its strategic suppliers on their adherence to sustainable business practices. Areas of focus include the environment, health, safety, energy efficiency, greenhouse gas emissions, hazardous substances, labor and water.

Collaborating with Suppliers

Energy Efficiency

We are working with our major network suppliers to establish goals to improve the efficiencies of next-generation network equipment. We have collaborated with the Alliance for Telecommunications Industry Solutions (ATIS) in publishing a Telecomcommunications 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. Looking into the future, this should enable AT&T to buy more energy-efficient equipment resulting in a more efficient network.

Packaging

AT&T worked with our main accessories distributor, TESSCO, to introduce a new plastic comprised of up to 30 percent plant-based materials in the packaging for our branded accessories, which includes most devices and chargers. The plant material is sourced from ethanol harvested from natural sugarcane and allows us to replace nearly a third of the fossil fuels traditionally used to make accessory packaging. TESSCO helped us in product research and implementation.

Suppliers Sustainability Awards

The AT&T Supplier Sustainability Awards were established to honor the suppliers that made outstanding contributions to our sustainability efforts. In 2011, we honored four suppliers that helped us advance our sustainability commitment in the areas of energy efficiency, alternative energy, environment and packaging. The winners by category were:

- **SunEdison** (Alternative Energy) — SunEdison enabled us expand our solar energy program from an initial pilot project to a national program. They designed custom solar systems best suited to the unique solar potential at each AT&T site.
- **Summit Energy** (Energy Efficiency) — Summit Energy has advised us on our energy use since 2007. They have supported us in achieving energy cost savings, reducing energy consumption, improving reliability and more.
- **Battery Solutions, Inc.** (Environment) — Battery Solutions Inc. provides us with battery recycling services and since 2011 has participated in more than 2,000 of our battery recycling projects, collecting 56,574 pounds of batteries.
- **TESSCO** (Packaging) — TESSCO, which is described above, helped us introduce the new product packaging plastic (also described above) that contains up to 30 percent plant-based raw material.

Supplier Diversity

Read more about AT&T's long history of embracing diversity in our supply chain.



Environmental Compliance

Issue Summary

Protecting our current natural resources – and complying with laws that work to do so – is critical to ensuring that these resources will be around for future generations.

Our Position

We are committed to complying with all applicable environmental, health and safety laws and regulations, and to maintaining and improving management systems throughout the company to meet our compliance obligations.

Our Action

Key Performance Indicator:

Tons of waste managed by the AT&T Resource Recovery center (universal, hazardous, exempt and special, as well as non-hazardous waste): 12,500

Percent of such waste recycled: more than 63 percent

Materiality Assessment Topic: Hazardous waste reduction

We follow the most stringent environmental compliance laws applicable to our operations. When conducting operations abroad, we abide by U.S. environmental compliance laws if they are more rigorous than the laws in the country where we are conducting business. Our operating companies had no significant environmental compliance-related enforcement actions (defined as those that have resulted in sanctions equal to or exceeding \$100,000) in 2011.

Greenhouse Gas Emissions



Issue Summary

The ability to measure and understand greenhouse gas (GHG) emissions is an important piece of a company's efforts to manage its environmental impact and to illuminate associated business threats and opportunities.

Our Position

We're committed to measuring and understanding our GHG emissions and taking steps to manage them.

Our Action

Key Performance Indicator:

Alternative-fuel vehicles in service: At EOY 2011, AT&T had 5,114 alternative-fuel vehicles in service. This included 3,469 compressed natural gas (CNG) vehicles, 1,617 hybrids, three all-electric vehicles and 25 extended range electric vehicles.

Progress Toward 2011 Goals:

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).

AT&T exceeded its goal, with 60 percent of our spend being with suppliers who track GHG emissions or had plans to do so by 2012.

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

We reduced the electricity consumption of our company relative to data growth on our network by 16.5 percent in 2011 as compared with year 2010.

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

- As of year-end 2011, AT&T has deployed more than 3,400 CNG vehicles, with over 2,100 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 1,600 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 the end of 2013.
- AT&T has also deployed three all-electric vehicles (AEVs) — a Smith Newton cargo truck in St. Louis, Missouri and two Ford Transit Connect Electric vans in Dallas, Texas, and Los Angeles, Calif. — and 25 extended range electric vehicles (EREVs), Chevrolet Volts, located in nine states nationwide.

2012 Goals:

Reduce our Scope 1 emissions 20 percent by 2020, using a 2008 Scope 1 baseline of 1,172,476 mttons CO₂-e.¹

By the end of 2015, majority of spend with strategic suppliers will be with those who track greenhouse gas (GHG) emissions and have specific GHG goals.

Reduce the electricity consumption of our company relative to data growth on our network by 60 percent as compared with year 2014 (baseline of 2008).

Replace retiring passenger vehicles with alternative-fuel models and deploy up to 8,000 compressed natural gas (CNG) service vehicles through 2014.

Materiality Assessment Topics: Company GHG emissions; Company energy use; Supplier performance

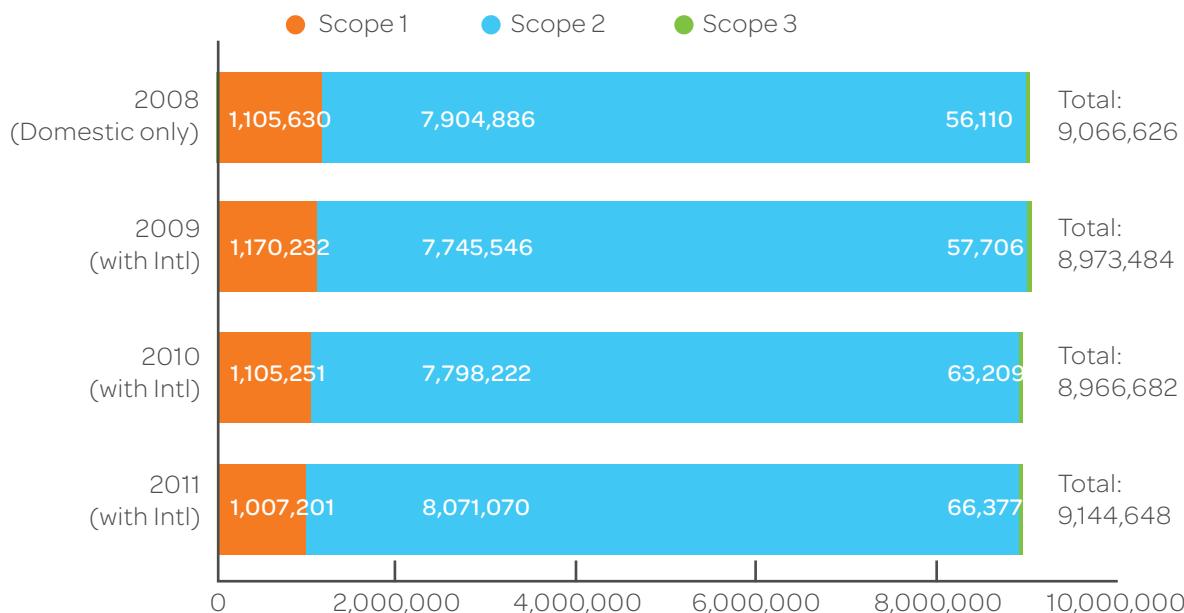
We've been measuring and disclosing our GHG emissions since 2008. These are our results for 2011.

Performance

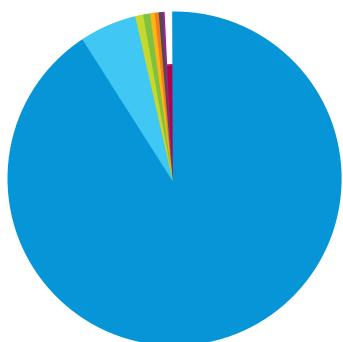
For our 2011 Greenhouse Gas inventory, we obtained independent assurance of our Scope 1, 2 and 3 (business travel) emissions from Ernst & Young. Their statement can be found in this Independent Accountant's Report.

Our GHG emissions increased slightly in 2011 compared to 2010, with a slight increase in our Scope 2 emissions and a slight reduction in Scope 1 emissions.

AT&T GHG Emissions by Scope (CO₂-e)

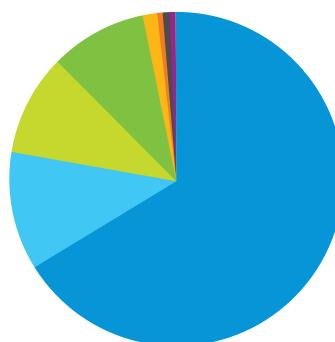


Total 2011 Emissions by Source



- Electric Power 88.09%
- Ground Fleet 7.34%
- Engine 1.24%
- Natural Gas 1.04%
- Refrigerant 1.01%
- Air Travel 0.58%
- Steam 0.17%
- Rental Car 0.15%
- Flight Ops 0.15%
- Portable Generators 0.10%
- Number 2 Fuel Oil 0.10%
- Propane 0.04%

Scope 1 2011 GHG Emissions by Source



- Ground Fleet 66.7%
- Engine 11.2%
- Natural Gas 9.4%
- Refrigerant 9.1%
- FlightOps 1.4%
- Number 2 Fuel Oil 0.9%
- Portable Generators 0.9%
- Propane 0.4%

Direct emissions account for 11 percent of our total GHG emissions. These emissions were down slightly in 2011 compared to 2010. Almost 67 percent of our direct emissions come from our fleet. Our commitment to operate a more efficient fleet specifically led to an almost 3 percent reduction of fleet GHG emissions compared to 2010. Much of this progress has been a result of fuel efficiency gained from our adoption of **5,114 alternative-fuel vehicles** by year-end 2011 and operational efficiency. This is part of AT&T's commitment to deploy approximately 15,000 alternative-fuel vehicles through 2018. Read more about our transportation initiatives.

Another large component of our direct emissions – **more than 11 percent** – came from the stationary engines and portable generators that provide back-up power for AT&T. These generators are an important component of AT&T's Network Disaster Recovery (NDR) organization, which works to keep wireless and wired communications flowing when disaster strikes. Generators also provide support for field operations where power is not available.

We have a goal to reduce our Scope 1 emissions 20 percent by 2020, using a 2008 Scope 1 baseline of 1,172,476mtons CO2-e.²

Scope 2 (Indirect Emissions)

Our scope 2 emissions account for **more than 88 percent** of our total GHG emissions. These come from purchased electricity and steam. Due to increased demand on the network, we saw more than a 3 percent increase in these emissions over 2010.

Normalizing our electricity use to the data carried on our network, we did see a 16.5 percent decrease from 2010 in kilowatt hours per terabyte of data carried on our network.

Also, we set a goal in 2011 to reduce the electricity consumption of our company relative to data growth on our network by 60 percent as compared with year 2014 (baseline of 2008).

Read about our energy management efforts.

Scope 3 (Other emissions)

We continue to measure our business-related travel in our scope 3 emissions. To address these GHG emissions, AT&T more than doubled its internal deployment of Telepresence, going from 50 rooms in 2010 to more than 130 rooms by the end of 2011. The company has realized savings of more than \$13.9 million in travel dollars and more than 8,261 metric tons of CO2 equivalent emissions avoided in 2011.

We are aware of the publication of the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) standard and are exploring how to apply it to our business. To that end, we are working with the Carbon Disclosure Project (CDP) Supply Chain Initiative to measure the emissions from our top suppliers. Each year we send the survey to suppliers who represent approximately 80 percent of our total spend. We know that as of year-end 2011, 60 percent of our spending was with suppliers who track GHG emissions or had plans to do so by 2012. We've set a goal that by the end of 2015, the majority of our spending with strategic suppliers will be with those who track GHG emissions and have specific GHG goals. Read more about our efforts to engage our supply chain.

For additional detail about AT&T's GHG emissions, please see our Methodology and Process Detail document.

^{1,2}In 2011, we set an absolute Scope 1 GHG emissions reduction goal to reduce Scope 1 emissions 14 percent by 2014 using a 2008 baseline. When we sat down to identify our progress toward this goal at the end of 2011, we realized that improvements made in the calculation methodology and underlying source data for three of our emission sources – refrigerants, engines and portable generators – partially inflated reductions over our baseline year. In an effort to both accurately report our current year GHG emissions inventory and to measure Scope 1 goal progress made through our emissions reductions activities, we have decided to provide both a current year GHG emissions inventory and a separate baseline for performance against our goal (consistent with GHG Protocol best practices). In order to calculate our 2008 performance baseline, we will use the 2011 values (see Performance Section below for refrigerants, engines, and portable generators as constants for the duration of the goal period (2008-2020). This will allow us to better track changes in emissions due to our activities versus those attributable to reporting improvements. Ultimately, our yearly inventory will reflect our best available data and reporting practices. As always, we seek to further reduce emissions and improve the quality of the reporting associated with them.

Industry & Government Problem Solving



Issue Summary

Environmental and social sustainability challenges are complex, and working with industry peers and governmental interests in appropriate ways to address these issues can be a valuable tool.

Our Position

We see the benefit of combining resources and coordinating efforts with our industry peers and governmental interests in appropriate ways to address persistent social and environmental challenges where there is a good match between our expertise and talent and the interests of our customers and shareholders.

Our Action

Materiality Assessment Topics: Products that enable social and environmental benefit; Relationship with government

We work with industries, governments, non-profits and academia on goals such as expanding access to technology — particularly educational technology — for low-income populations, upgrading to a more energy-efficiency power supply and achieving sustainability through information communications technology solutions.

Collaborating to Expand Access to Technology

One Economy

One Economy is a global nonprofit that works with low-income people around the world so they can access the power of technology. One Economy has been able to accomplish this goal by offering affordable wireless hardware and wireless network installations, giving jobs to youth to teach community members about technology, and offering these communities information and resources to further access technology. We were proud to continue our work with them in 2011.

AT&T's work with One Economy and low-income housing providers brings technology packages (including broadband Internet access) to 50,000 low-income families. Since 2006, AT&T and the AT&T Foundation have pledged more than **\$37 million** in grants and contributions to One Economy to help bring broadband to low-income communities. This is one of the largest philanthropically-funded broadband access initiatives in the country.

AccessAll is our signature initiative with One Economy. AccessAll provides a comprehensive set of technology solutions to low-income households across the nation. It aims not only to provide broadband solutions to low-income communities, but also to spur a culture of use where individuals and communities leverage technology to improve socioeconomic outcomes.

We are also proud to support innovative programs like Wireless Digital Connectors, which educates young people to develop and disseminate mobile content while raising awareness of the relevance of wireless broadband technologies and services among low-income communities.

Working Together for Energy-Efficiency Solutions

Updating the Country's Power Supply

Smart grid technology has the potential to cut domestic carbon emissions from generating electricity by as much as 14 percent by 2020, saving \$15 billion to \$35 billion in energy and fuel costs.¹ This decrease will reduce the country's reliance on fossil fuels, including imported oil, contributing to our energy independence. Smart grid technologies hold the potential to help integrate renewable energy sources like wind and solar power into our electricity supply mix. They will also help to facilitate the widespread adoption of electric vehicles. Learn more about the benefits of smart grid.

We support a consensus-based approach to developing smart grid standards. Standards for smart grid equipment and devices should be based on an open network-layer standard in order to build economies of scale, promote interoperability (when diverse systems function together) and reduce the risk of technology becoming outdated. These measures will help

ensure that different types of network technologies can be employed efficiently, while also making the benefits of smart grid technology widely available.

In 2011, we continued working to accelerate smart grid deployment and help put the U.S. on a path toward a more energy-efficient economy. We engaged with various standards bodies and working groups to address interoperability standards for smart meters — a crucial component of the smart grid — so that they can communicate with in-home devices using unlicensed radio spectrum. For example, we worked with ZigBee Smart Energy groups, various Smart Grid Interoperability Program Priority Action Plans and working groups during 2011.

We also engaged with several different state public utility commissions on issues relating to the privacy and security of consumer smart-grid data. In order for smart-grid technologies to achieve their full potential, consumers must be confident that their energy usage data is secure and available only to those entities with which they have chosen to share it. We are committed to supporting consumer smart grid privacy and have been working with state commissions to identify effective, common-sense strategies to accomplish it. We have also been working with a group of other stakeholders in the smart grid arena to create a self-regulatory regime that will protect consumers' smart grid privacy on a nationwide basis.

¹ *Smart2020: United States Report Addendum, Global e-Sustainability Initiative, 2008.*

The Green Grid

We continued our work with The Green Grid, a global consortium dedicated to advancing energy efficiency in data centers and business computing ecosystems. As a contributing leader, we serve on the End User Advisory Council and several technical and liaison subcommittees and serve as vice chair of the Data Center Design Guide subcommittee. The End User Advisory Council is chartered to:

- Serve as an advisory body to The Green Grid's board of directors by providing input and guidance on the general direction of the consortium's strategies.
- Actively participate in The Green Grid's technical committee activities.
- Help guide and shape the desired outcome of published materials, processes and recommendations from The Green Grid as one unified voice of the end-user community.
- Drive greater awareness of The Green Grid within the broad community of data center end users.

Alliance for Telecommunication Industry Solutions (ATIS)

We continued our work as a member and chairman of the Board of Directors of the Alliance for Telecommunication Industry Solutions (ATIS), the North American telecommunications standards development organization. We initiated and now chair the Telecommunications Energy Efficiency (TEE) committee, which developed a methodology for measuring and reporting the energy efficiency of telecommunications equipment. This methodology is being applied to new energy efficiency measurement standards by equipment types. The TEE has developed and published individual standards for servers and transport, router and Ethernet switch products, power plant rectifiers and a technical report for measuring facility energy efficiency. In 2011, the TEE published an energy efficiency standard for the measurement and reporting of Radio Base Station Metrics. The American National Standards Institute has approved these standards and AT&T has incorporated the energy efficiency reporting requirements in Network Equipment Power, Grounding, Environmental and Physical Design requirements.

Save Energy Now LEADER® Initiative

We were among more than 30 companies to join the U.S. Department of Energy's Save Energy Now LEADER® initiative. The initiative is an ambitious national public-private plan aimed at driving significant energy intensity and carbon emission reductions across the U.S. industrial sector. Program partners pledge to reduce their energy intensity by 25 percent or more by 2019. Since joining the program in 2009, AT&T has already reduced its energy intensity by 17 percent, and almost 17 percent year over year in 2010 and 2011, respectively.

Pursuing Sustainability Through ICT Solutions

AT&T Sustainability Advisory Council

In 2009, AT&T announced the establishment of the AT&T Business Sustainability Advisory Council to better quantify the environmental benefits of our products and services.

The council's defined mission includes a commitment to demonstrating the power of information communications and technology (ICT) in minimizing environmental impact and developing credible measurement methods for communicating the

environmental impact of various solutions that aid in reducing greenhouse gas emissions.

In 2011, the AT&T Business Advisory Council held our twice annual meetings via Telepresence®. It delivered a white paper published with the Carbon Disclosure Project that explored the environmental and economic benefits of cloud computing. We also rolled out the AT&T Carbon Emissions Calculator tool. This tool helps businesses calculate the greenhouse gas emission savings, financial cost savings and productivity and collaboration gains from using travel substitution technology.

By arming companies with this information, the Council aims to help businesses make smarter sustainability choices and investments and better prepare for potential environmental regulation.

Reducing the Need for Business Travel

Reducing the need for business travel can have beneficial effects on quality of life, financial bottom-lines and the environment. We provide our customers with a variety of technology solutions to help reduce travel and improve the potential for their employees to work virtually anywhere and anytime. One of our travel-substitution technology customers is the General Services Administration (GSA). The GSA awarded us a contract in late 2010, which led to fifteen Telepresence® locations being activated during 2011. One room is located in each of the 11 regional GSA locations. Four others were activated in Washington, DC. In combination, the 15 rooms provide capacity for more than 100 participants.² These facilities have the potential to increase the efficiency and reduce the travel-related carbon footprint of GSA, as well as other federal agencies that have the opportunity to use them.

Telepresence® continues to see customer acceptance and continued growth from 1,281 meeting rooms in 2009 to more than 3,000 meeting rooms at the end of 2011. Our users held over 18 million minutes of meetings on immersive Telepresence® systems in 2011. And the impact is not limited to customers within the United States. More than one third of the endpoints connected to the AT&T Business Exchange are outside the United States, and we now support over 75 countries with the expanded offerings.

To promote the global ability to reduce travel though Telepresence®, we reached inter-provider agreements with other service providers. This enables immersive teleconferences with customers of BT and, most recently, Orange Business Services.

We also practice what we preach and extensively use Telepresence® as a tool to improve our business efficiency while reducing travel. We targeted the installation of more than 50 internal Telepresence® rooms in 2011, growing internal deployment to more than 190 rooms spanning more than 20 countries. In 2011, our company collectively logged more than 2.9 million minutes of Telepresence® meeting hours. Over that same period, we realized more than \$13.8 million in travel dollars saved and more than 8,200 metric tons of CO₂ emissions averted.

Learn more about our telecommuting solutions.

² GSA Telepresence® Locations, General Services Administration, 2012.

Global e-Sustainability Initiative (GeSI)

We actively participate in the Global e-Sustainability Initiative (GeSI), an effort to foster open cooperation across international boundaries and promote technologies that foster sustainable development. GeSI brings together leading ICT companies — including telecommunications service providers and manufacturers as well as industry associations — and non-governmental organizations committed to achieving sustainability objectives through innovative technology.

In 2011, the Energy Efficiency Inter-Operator Collaboration Group (EE-IOCG) became a part of GeSI as the Energy Efficiency Working group (EEWG). We participated in the EEWG, a group of telecommunications companies that coordinate various organizations that are working to set efficiency standards for the industry.

Digital Energy Solutions Campaign (DESC)

As a member of DESC — a coalition of technology companies and environmental non-governmental organizations (NGOs) working to educate policymakers about the role of ICT in the shift to a low-carbon economy — we're collaborating on public policies that encourage government, businesses, utility companies and communities to use ICT to address energy challenges. Our ultimate goal is to use technology to improve energy efficiency while decreasing GHG emissions – all while promoting a strong economy.

DESC members include CISCO, Dell, Hewlett-Packard, Infineon, Intel and Texas Instruments. DESC also works with organizations such as The Climate Group, the World Wildlife Fund and the Alliance to Save Energy.

AT&T Consulting Solutions

In addition to our technology products, AT&T Consulting Solutions provides a broad spectrum of services to business, federal and GEM customers. These services focus on planning, architecting and integrating complex technologies, helping customers better leverage technology in their business operations.

We bring expertise in developing solutions for many of our largest clients in the areas of advanced infrastructure, convergence and contact centers, data centers, security, and unified communications and collaboration. We also bring expertise in transforming computing infrastructure to a "world class" highly-effective environment through our IT Service Management practice. This can lead to reduced operating costs, use of less energy and water, the production of less waste and reduced carbon emissions.

Find out more about AT&T Consulting Solutions.



Managing Energy, Improving Efficiency

Issue Summary

Networks carry the voice, data and video content that enhance modern communication. Delivering this content, however, requires energy.

Our Position

As a global communications company, we connect millions of people every day. The more voice, data and video content we deliver, the more capacity – and power – is required to run the network. Effective energy management is critical to the competitiveness of our business and the reliability of our service to customers.

Our Action

Key Performance Indicator:

Intensity of data carried on our network in 2011: 347 kWh/terabyte

Progress Toward 2011 Goals:

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

We reduced the electricity consumption of our company relative to data growth on our network by 16.5 percent in 2011 as compared with year 2010.

One hundred percent of all Corporate Real Estate management employees will have energy goals in their annual performance review scorecards linked to building managers' performance.

One hundred percent of all Corporate Real Estate building management employees had energy goals in their annual performance review scorecards linked to their performance.

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 1.8 million kWh.**
- We completed over 4,500 projects to reduce energy consumption equivalent to an annualized \$42 million.
- In 2011, AT&T Labs retired 4,547 pieces of equipment reducing power usage on average about 20 amps per unit or about 4,000 watts per unit. The Labs also had its windows tinted and raised temperature settings in its buildings to 75 degrees. The Labs additionally installed motion detectors to turn lights on only when human presence is detected and also increased the usage of LED lights where possible. However, even with these changes, the additional power consumption did not translate to the desired goal of decreasing its overall power consumption because the AT&T Labs grew by about one third. Today, the AT&T Labs continues its strong commitment, and efforts to operate more efficiently to counteract any inefficiencies in power consumption.
- We achieved power efficiency improvements of IT equipment by at least 14 percent per unit, which fell short of our

aggressive goal of 17 percent. Mobility and cloud services platforms grew more than expected in 2011 and were blended into the Enterprise Data Centers as part of our AT&T One Operations strategies. Shared resources amongst the Cloud, Mobility and traditional Enterprise IT platforms made it difficult to track individual platform contribution. It should be noted that due to our efforts to virtualize and consolidate servers, our hardware needs did not increase as much as we forecasted, increasing only 16 percent compared to the planned 20 percent.

- In 2011, the energy optimization practices of ITO have resulted in energy avoidance of approximately 2.0M kilowatt hours.

2012 Goals:

Reduce the electricity consumption of our company relative to data growth on our network by 60 percent by 2014 (baseline of 2008).

By end of 2012, Top 500 Retail Stores will have Energy Champions and Score Cards (in addition to the Top 1,000 operational facilities).

Materiality Assessment Topics: Company energy use; Energy management

To address the link between increased voice data and video content demand and increased power to run the network, we have developed a company-wide, comprehensive energy management program.

We're taking active steps to run a more efficient network and explore alternative energy options.

Energy Metric

In 2008, we established an intensity metric to measure our electricity usage as compared to our network traffic growth. We did this to show progress in our efficiency efforts at a time when heavier network demands are driving higher electricity use. Here is our progress to date:

Intensity Metric	2008	2009	2010	2011
kWh/terabyte	654	498	415	347
YOY Change		-24%	-17%	-16.5%

Looking ahead, we have set a goal to achieve an intensity metric of 262 kWh for each terabyte of traffic that flows over our network by 2014, which represents a 60 percent decrease compared to our 2008 baseline. If we meet this aggressive goal, we will be carrying almost **three times as much data for each kWh of electricity we use** in 2014 compared to 2008. This goal becomes increasingly ambitious when you consider that wireless data traffic on AT&T's network has grown more than 20,000 percent between 2007 and 2011.

The methodology for calculating our intensity metric was developed to allow long-term tracking of efficiency. Since different companies' networks are configured differently and carry traffic in different ways, it is exceedingly difficult to compare one network to another. We believe that the critical measure is relative performance of a network over time, using a consistent methodology. Doing so, we have achieved efficiency gains of 24 percent, 17 percent and almost 17 percent, respectively, in the three years since we established this measurement.

How do we calculate our metric?

There are two components to the Intensity Metric: electricity consumption and network traffic.

1. The **electricity** value is calculated by aggregating all directly-billed electricity data from U.S. operations.
2. The **network traffic** value is calculated by gathering data (or estimations when actual measurements are not available) from all network layers, including our global backbone as well as our U-Verse television distribution network and mobility network. Specifically, it includes:
 - Traffic carried on all AT&T's global networks, including estimates of private line usage, both local and long-haul.
 - All packet data traffic (Ethernet, frame, ATM and IP, including 103.2 million Mobility subscribers).

- Voice network traffic (TDM, IP, Mobility).
- Consumer broadband distribution network serving 16.4 million broadband subscribers.
- U-verse® video distribution network serving 3.8 million consumers using an efficient multicast based IP network design.¹

Our network traffic calculation is a comprehensive measurement, and we took extreme care to ensure that traffic was only counted once to prevent inaccuracies in traffic volume. Since a network has many points at which traffic can be counted, it is analogous to counting cars on a toll road. One way of counting cars could be to say that we'll count the cars each time they pass through a toll booth. The challenge with this method is that there could be several toll booths on the trip depending on the duration and route. AT&T employed a different methodology, counting each car once, regardless of how many toll booths it traversed on its route. Also, where actual traffic measurements were not available, AT&T took a disciplined and conservative approach in estimating such traffic, ensuring it was not counted elsewhere. For 2012, to be reported in Spring, 2013, AT&T plans to expand the base of traffic included in the network traffic calculations, adding in additional data for new Ethernet services plus estimated traffic for metro wavelength services, as well as adjusting U-verse® video consumption figures based on updated usage studies. Additionally, AT&T plans to incorporate estimates of electricity consumption for leased facilities where electricity usage is part of the rent.

¹ U-verse® utilizes an efficient multicast based IP network design that allows for very efficient data traffic management, but a large number of network elements are still required to distribute and route the traffic.

Internal Energy Management Structure

Energy Policy

Starting at the top, AT&T has an Energy Policy that is signed by our Chairman and CEO Randall Stephenson. It states that "as a global communications leader, effective energy management is critical to the competitiveness of our business and the reliability of our service to customers." The policy outlines AT&T's commitment to "developing in our offices and labs new technologies and approaches to energy use" and calls for a comprehensive energy strategy with clear goals, metrics and management systems.

Energy Council

The policy also outlines the formation of the cross-functional Energy Council, which comprises key executives representing all business units that directly consume energy in their operations or that design, develop, or specify energy-consuming equipment. In accordance with the policy, the Energy Council regularly provides information to the Citizenship and Sustainability Steering Council, which ultimately reports to the Board.

Energy Team & Champions

Dedicated full-time to energy management, AT&T has an energy director who oversees AT&T's company-wide efforts across all business units. He leads AT&T's Energy Council as well as a dedicated eleven-member Energy Team which also works full-time to oversee thousands of energy projects, analyze and collect data and track progress and goals. Working with the Energy Team are 22 regional energy leads who work with 213 Energy Champions. These Champions are largely real estate managers and network operators that are on the ground and implementing energy management efforts. They are also held accountable for their performance and expected to achieve progress.

Tracking Energy Management

As the foundation of our energy management tracking program, we centrally process all of our utility invoices and extract the energy consumption data from the invoices to manage the program. This energy information is available to all of the internal network operators and real estate managers — who we call the Energy Champions. This accessibility and transparency drives accountability. The Energy Team is also able to benchmark performance, set expectations and see trends over time.

In addition to collecting data from invoices, we perform audits at our largest 1,000 facilities at least every 18 months.

Using the data from the database, we have entered more than 1,350 unique properties — including our top 1,000 facilities — in the ENERGY STAR® Portfolio Manager.

Energy Scorecard

To promote accountability and drive results, we use an Energy Scorecard to benchmark the energy performance at each of our 1,000 largest energy-consuming facilities. The Scorecard reports energy management at each of these facilities, and we use this information to set benchmarks and goals for each facility. In addition, Scorecards report on projects and initiatives undertaken by the Energy Champions. The Scorecards are published monthly to all Energy Champions for them to see clearly how their energy use is trending.

Quarterly, the Energy Team — headed by the Energy Director — reviews performances and gives each real estate manager a score for her or his efforts, determined by not only by savings results, but also by the types of initiatives attempted and training undertaken. In 2011, scores improved by 4.5 percent compared to 2010. The results have been incorporated into the annual performance objectives for real estate managers.

Integrated Energy Dashboard

Making energy data accessible and clear to energy managers across the company is essential to keeping on top of its management. In 2011, our Energy Team partnered with a leading technology provider to implement a centralized, user-centered energy management media platform. When fully deployed, the Integrated Energy Dashboard (IED) platform and associated tools and systems will deliver energy program information in an intelligent and interactive manner, helping us improve reliability and support multiple energy-related goals throughout the AT&T organization.

Training Employees

Equipping our energy managers with the proper tools and knowledge is critical to pushing progress. Nearly 100 percent of our Energy Champions are ENERGY STAR® certified through an internal ENERGY STAR® online training course that is available to them at any time.

Communicating Our Progress

We routinely share information on energy performance across our entire real estate operations through newsletters, e-mail campaigns, meetings, and video conferencing. Quarterly, we publish an energy newsletter that highlights the biggest and best energy efficiency initiatives underway and is available to our nearly 260,000 employees.

We have also created an energy progress database accessible to employees inside the company. This database includes all past, present and potential future energy projects. This database facilitates the sharing of best practices, and creates a spirit of healthy competition across the company, which promotes progressive and effective energy management practices.

Network Initiatives

In 2011, we built on several initiatives targeted at improving our network energy use.

Cell Sites

In 2011, we continued to implement several energy saving solutions in our wireless network. As part of our ongoing multi-year initiative to reduce energy consumption and site maintenance, we replaced tower light controllers and incandescent bulbs with LEDs. In 2011, we replaced tower light controllers and bulbs at 1,181 sites. The project will be concluded in 2013. The target for 2012 is to complete an additional 1,370 sites. For 2013, we plan to complete standardization of AT&T's tower lighting system portfolio. Our average annualized energy savings from these projects is **1,898,550 kWh**.

Central Office Switches

Central offices house equipment, including switches that provide dial tones and allow users to originate and receive communications via the network. In 2011, we assessed our central office switch network for efficiency opportunities including the complete removal of switches to save electricity and heating, ventilation and cooling (HVAC).

We divide our Central Office switch efficiency efforts into two categories — replacement and optimization. In 2011, we replaced 12 legacy switches with eight newer, more efficient switches as part of our work to modernize and consolidate the network. We also completed 28 switch optimizations, efficiently sizing them to conserve energy, as part of a multi-year goal, with 245 additional switches targeted for the coming years. These continued central office switch network efficiency actions resulted in an annual electricity reduction of **35 million kWh**.

Equipment Use

In addition to more focused projects, we are actively continuing to retire, rearrange, remove, reuse, redeploy, reconfigure and recycle old network equipment, such as transport or power equipment, separate from the switch. Our Lights Out program is a business practice that continuously reduces building electrical load by decommissioning network equipment components that are no longer required, have reduced need or are obsolete.

Facility Initiatives

Buildings in the United States are responsible for 39 percent of CO₂ emissions and 40 percent of energy consumption every year. Energy efficiency efforts can reduce emissions and save money.

The scope of our corporate real estate portfolio is extensive. We operate more than 65,000 properties in more than 60 countries. We also manage 55,000 cellular tower sites in the U.S.

In 2011 we implemented **more than 4,500 projects** that totaled an annualized savings of **\$42 million**. Four projects included in this effort are as follows:

- Motion Sensor Replacement in Central Office space — \$3.9 million annual savings.
- Premium Efficiency Motor Upgrades — \$1.8 million annual savings.
- Airflow Remediation in Data Centers — \$1.4 million annual savings.
- Retro Commissioning — \$2.2 million annual savings.

Real Estate Reduction

By using space more wisely, we are able to reduce the amount of energy used to power it. In 2011, we vacated space at 236 facilities, or 4.1 million square feet of space. This portfolio reduction will help us conserve 23 million kWh of electricity each year, which is equivalent to the electricity use of approximately 1,978 households, according to the EPA GHG Equivalencies Calculator.

Energy Saving Software

IE's NightWatchman is an energy-saving software product that turns off company desktop and laptop PCs that are connected to the internal network each night. We have deployed the software across our U.S. operations to power down over 166,000 retail and non-retail computers at night for an estimated annual savings of over 44 million kWh – equivalent to the electricity needed to power almost 3,800 U.S. homes for a year.

Cell Sites

In addition to the network-related initiatives with our cell sites, we're continuing to implement energy-reduction strategies for the structures that support them. This includes locking thermostats to keep temperature settings at optimum levels and installing technologies on the cooling equipment that will help cycle the equipment on and off, reducing run time and peak demand. In addition, we are equipping light switches with an occupancy sensor that automatically turns off office lights if no one is in the space. We are also testing small wind- and solar-powered technologies for use at our remote cell sites.

Total Savings

We estimate that the 4,519 projects we implemented resulted in approximately 409 million kWh annualized energy savings in 2011. This is equivalent to 282,453 metric tons of CO₂-e, which is itself equivalent to the annual emissions of 55,383 passenger vehicles and the electricity used to power 35,219 houses annually, according to the EPA GHG Equivalencies Calculator.

These measurements build on the recurring annual energy savings from previous years:

	2009 (Annualized kWh)	2010 (Annualized kWh)	2011 (Annualized kWh)
Cooling & Heating	20,810,904	199,864,127	353,309,786
Lighting	12,557,270	225,984,399	43,483,314
Building & Envelope & Management Systems	2,651,029	17,990,111	12,822,475
MISC	27,980,797	N/A ²	N/A ³
TOTAL	64,000,000	443,838,637	409,615,575

^{2,3} In 2010, we improved our tracking system and were better able to pinpoint savings under these three categories.

Facility Audit Program

Through our facility audit program, we look for facility upgrades that enable substantial energy efficiency improvements. The primary focus is to upgrade our HVAC and lighting systems. In 2011, we expanded these audits to include the top 1,000 energy-consuming sites. In 2010, we completed audits at 477 of the largest 500 energy consuming sites. In 2011, we completed audits at an additional 374 sites within the largest 1,000 energy consuming sites.

ENERGY STAR®

We value our partnership with U.S. EPA's ENERGY STAR® program and actively call on their resources to enrich our energy management program. We have entered more than 1,350 unique properties in the ENERGY STAR® Portfolio Manager. This includes our top 1,000 facilities. By the end of 2011, we had earned ENERGY STAR® labels for 17 buildings.

Paperless Billing



Issue Summary

The paper use associated with the billing process can have negative environmental impacts, from sourcing issues to paper waste.

Our Position

Paperless billing can reduce pollution and unnecessary use of resources associated with the paper billing process, making it more efficient for our customers and improving our bottom line.

Our Action

Key Performance Indicator:

Approximate total number of paperless-billed customers by year-end 2011: 17.2 million

Materiality Assessment Topic: Paper consumption

We actively encourage our customers to sign up for paperless billing service at att.com/gopaperless. In 2011, we released a video showing the life cycle of a bill and highlighting the benefits of switching to paperless billing.

In 2011, 2.8 million additional customers opted to receive only an electronic bill, bringing the total number of customers going paperless to about 17.2 million by the end of 2011. Our goal is to continue to grow the number of customers using this service.

When we issue paper bills, we have a comprehensive paper policy guiding our paper sourcing.

Telephone Directories



Issue Summary

Telephone directories provide important information to many consumers who either prefer paper directories or don't have access to electronic ones. At the same time, directories can have adverse environmental impacts. These impacts can be reduced through responsible paper sourcing, recycling and opt-out programs.

Our Position

We actively work to reduce the environmental impacts of our paper sourcing, production, and distribution, and we promote the recycling of all directories published by AT&T.

Our Action

Materiality Assessment Topic: Paper consumption

YP Real Yellow Pages

Responsible Sourcing

Our telephone directory paper is made mainly from residual sawdust and scraps from lumber production processes and, depending on market availability, post consumer recycled paper. We require our suppliers to practice renewable, sustainable resource management in the sourcing of wood fiber used in making our paper.

Recycling

YP Real Yellow Pages from AT&T are recyclable. Recycled phone books can be made into useful products, such as home insulation, bathroom tissue, cereal boxes, roofing shingles, animal bedding, and, of course, new phone books. To find out where to recycle outdated phone books, customers in many communities can call the AT&T Project ReDirectory toll free telephone number, 1-800-953-4400, which is listed on the directory cover.

Managing Directories

Some consumers may wish to customize the number of directories they receive on an annual basis or order additional directories. These consumers may call 1-866-329-7118 or visit www.att.com/mydirectories. Other consumers may visit www.YellowPagesOptOut.com to stop delivery of directories published by AT&T or other publishers.

We monitor the quantity of directories we print in order to avoid excess production.

Electronic Directories

We provide electronic alternatives, such as YP.com, RealPagesLive.com and The Real Yellow Pages app that is compatible with the iPad™, further reducing the total number of printed directories. AT&T Interactive is developing new online and mobile search applications intended to make consumers' lives easier, while helping businesses grow.

Residential White Pages Consumer Choice Program

Usage statistics indicate consumers use residential White Pages listings less often than our other directories. Several factors explain the lower usage of the residential White Pages, including increased reliance on wireless devices for communicating with family and friends. Wireless numbers are not included in the White Pages unless otherwise requested or purchased by a customer.

That's why in 2011, AT&T increased the number of markets from 51 to 64 in which we print a limited number of White Page residential telephone directories and only distribute the directories to those customers requesting them.

As part of the Residential White Pages Consumer Choice Program, AT&T works to make communities aware of several AT&T-provided options available to meet their needs for residential White Pages listings. Complete electronic images of AT&T's more than 1,000 directories, including residential listings, may be viewed online at RealPagesLive.com or by using The Real Yellow Pages app for iPad™ users. Residential White Pages listings and other useful search information are also available at YP.com. Consumers seeking a free printed copy of their local residential White Pages only need to call 1-866-329-7118 or visit www.att.com/mydirectories.

Transportation Initiatives



Issue Summary

Finding cleaner, more efficient methods of powering our vehicles is important for this country's economy, security and environment. The challenges of transitioning away from petroleum are many – from infrastructure to cost, but they are crucial to solve. Globally, transportation accounts for more than a quarter of carbon emissions, according to the EPA.

Our Position

With one of the largest commercial fleets in the U.S., we know we need to be part of the solution.

AT&T operates more than 70,300 vehicles and 21,800 "wheeled equipment units," which include portable power units and utility trailers used for transporting supplies and equipment.

Additionally, our wireless fleet management solutions for commercial truck and van fleets can lead to reduced idle time, better management of miles driven per day, improved route planning, and reduced travel time and costs.

Our Action

Key Performance Indicators:

Alternative fuel vehicles in service: At EOY 2011, AT&T had 5,114 alternative fuel vehicles in service. This included 3,469 compressed natural gas (CNG) vehicles, 1,617 hybrids, three all-electric vehicles and 25 extended range electric vehicles.

Total gallons of gasoline replaced: In 2011, our deployment of CNG vehicles helped us avoid the purchase of 2.5 million gallons of unleaded gasoline that year.

Progress Toward 2011 Goals:

Continue progress to replace eligible retiring passenger vehicles with alternative fuel vehicles and deploy up to 8,000 compressed natural gas (CNG) service vehicles by the end of 2013.

- As of year-end 2011, AT&T has deployed more than 3,400 CNG vehicles, with over 2,100 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 1,600 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 the end of 2013.
- AT&T has also deployed three all-electric vehicles (AEVs) — a Smith Newton cargo truck in St. Louis, Missouri and two Ford Transit Connect Electric vans in Dallas, Texas, and Los Angeles, Calif. — and 25 extended range electric vehicles (EREVs), Chevrolet Volts, located in nine states nationwide.

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

AT&T did not undertake this conversion as originally planned in 2011.

2012 Goals:

Replace retiring passenger vehicles with alternative-fuel models and deploy up to 8,000 compressed natural gas (CNG) service vehicles through 2014.

We plan to use B20 bio-diesel fuel on the Fan Zone Tour in 2012.

Materiality Assessment Topics: Transportation initiatives; Company greenhouse gas (GHG) emissions; Products that enable social and environmental benefit

Investing in Alternative-Fuel Technologies

In 2009, we made a commitment to invest up to \$565 million to deploy approximately 15,000 alternative-fuel vehicles (AFVs) over a 10-year period through 2018.

In a 2009 report, the Center for Automotive Research (CAR) estimated that the planned alternative fuel vehicle commitment would:

- Create or save — on average — approximately 1,000 jobs per year over the first five years of the initiative.
- Save 49 million gallons of gasoline.
- Reduce carbon emissions by 211,000 metric tons over the 10-year deployment period — the equivalent to removing the emissions from more than 38,600 traditional passenger vehicles for a year.

By the end of 2011, we had deployed 5,114 AFVs, including 3,469 CNG vehicles and 1,617 hybrid electric vehicles. AT&T has also deployed three all-electric vehicles (AEVs) — a Smith Newton cargo truck in St. Louis, Missouri, and a total of two Ford Transit Connect Electric vans in Dallas, Texas, and Los Angeles, Calif. — and 25 extended range electric vehicles (EREVs), Chevy Volts, deployed to nine states nationwide. The Smith Newton truck located in St. Louis is the world's largest electric, battery-powered truck and was the first commercial all-electric truck to achieve new vehicle emissions certification in California.

Compressed Natural Gas (CNG) vehicles

AT&T expects to spend an estimated \$350 million to purchase up to 8,000 CNG vehicles through the end of 2013.

- AT&T's CNG vehicles are manufactured by U.S. automakers and many are converted to run on CNG purchased by domestic suppliers.
- CNG vehicles emit approximately 25 percent less emissions than those powered by traditional gasoline engines.
- The CNG vehicles will be used to provide and maintain communications services for AT&T customers. At year-end 2011, AT&T deployed more than 3,400 CNG vehicles, with more than 2,100 of those vehicles in California.

We also opened our first private CNG refueling station. It is located in the Los Angeles area and serves more than 150 AT&T service and passenger vehicles.

The 3,469 CNG vehicles in service at EOY11 will allow AT&T to avoid the purchase of more than 2.5 million gallons of unleaded gasoline in 2012 and each subsequent year they are in use.

Alternative-Fuel Model Passenger Cars

AT&T expects to spend approximately \$215 million over a 10-year period through 2018 to replace passenger cars with alternative fuel models.

- AT&T expects to replace more than 7,000 passenger cars through 2018.
- These vehicles are expected to offer a 39 percent improvement in fuel economy and to reduce GHG emissions by 29 percent in comparison with traditional gasoline-powered vehicles.
- AT&T currently operates more than 1,600 hybrid-electric passenger vehicles across the country.

In 2012, we plan to continue our commitment to alternative fuels with the deployment of additional alternative fuel vehicles.

Daily Fleet Management

Optimizing our fleet operations is also a crucial component to making real changes. We use best practices to efficiently manage our fleet every day, and we continue to explore new ways to reduce fuel use and drive fewer miles.

We:

- Encourage our drivers to avoid fast acceleration and hard braking, to keep tires properly inflated by checking them frequently and to reduce the weight of loads carried.
- Equipped more than 50,000 of our technician vehicles with GPS capabilities. Use of this technology has provided

increased visibility into business operations and allowed us to uncover opportunities to improve efficiency and reduce costs.

- Developed an idling reduction policy. Excessive and unnecessary idling wastes fuel, adversely affecting the environment and the company's bottom line.

Fleet Management Solutions

AT&T is one of the largest U.S. wireless providers of fleet management solutions for commercial truck and van fleets.

A study showed that congestion in metropolitan areas in 2009 caused urban Americans to travel 4.8 billion hours more and to purchase an extra 3.9 billion gallons of fuel for a congestion cost of \$115 billion.

Smarter transportation tackles these inefficiencies by reducing fuel consumption through automated route planning, increased vehicle efficiency through the reduction of idle time, better management of miles driven, adherence of speed rules and monitoring of vehicle acceleration, and other strategies.

The resulting efficiency gains can deliver fleet-wide performance improvements that can lead to reduced energy waste and GHG emissions.

Along with our business alliance members, we offer many vehicle-based solutions that combine the latest advances in GPS, wireless and Web technologies to make mobile workforce and fleet management a more affordable reality. These solutions can lead to reduced idle time, better management of miles driven per day, improved route planning, and reduced travel time and costs.

AT&T's technician vehicles are equipped with similar solutions. For our company, these products provide:

- Better management of miles driven per day by technicians.
- Improved processes in place for vehicle returns to work centers.
- Improved inventory management.
- Reduced travel time and costs with real-time dispatching.

¹ 2010 Urban Mobility Report, TTI.

Waste Management



Issue Summary

Business operations produce waste, which can be minimized on the front end by increasing operational efficiency and on the back end through recycling and responsible disposal.

Our Position

From the buildings we occupy to the phones we sell, we seek to minimize waste in our operations.

Our Action

Key Performance Indicators:

Pounds of network "scrap" materials kept out of landfills: 50.1 million

Tons of waste managed by the AT&T Resource Recovery center (universal, hazardous, exempt and special, as well as non-hazardous waste): 12,500

Percent of such waste recycled: More than 63 percent

Number of computers, monitors, servers and other equipment that were donated, recycled or reused: 77,000

Number of cell phones reused or recycled: 3 million

Pounds of cell phone batteries and accessories recycled: 1.7 million

Materiality Assessment Topics: Consumer products recycling; Hazardous waste reduction; Network equipment recycling; Non-hazardous waste reduction

We are committed to reducing the waste byproducts of our operations and to handle the waste we produce responsibly.

Solid Waste & Recycling

Our office recycling efforts are now in more than 650 facilities and have resulted in recycling more than 20 million pounds of office grade paper. Additionally, we manage a program to reclaim network resources, such as copper telecommunications wire and central office equipment. The AT&T Supply Chain Investment Recovery group works across the company to reuse, sell and recycle materials. The group sent less than six percent of the materials it received to the landfill. The Investment Recovery group oversees six strategically located warehouses that handle recycling for a majority of the 50 states.

In 2011, we kept more than 50.1 million pounds of these materials from landfills, including:

- Copper and copper cable: 21.8 million pounds.
- Steel: 9 million pounds.
- Lead: 2.2 million pounds.
- Plastic: 2.6 million pounds.
- Aluminum: 738,000 pounds.

The pounds of material declined in 2011 because of changes in how we processed some of this material through our Investment Recovery warehouses. For instance, cardboard and other low- or no-value materials no longer ship through our central system. They are now being recycled locally to reduce transportation expenses.

Declines can also be attributed to economical and technological influences. The deployment of fiber over copper is one such technological advancement that contributes to the reduction in total weight processed. The volume of e-waste recycled is also on the decline due to lease rolls replacing owned assets.

We continue to strive to recycle 90 percent or better of all the material we handle through the reclamation processes. Also, we're working to make the most efficient use of our resources, companywide reducing the amount of scrap we produce.

In 2011, our investment recovery program continued to expand its expertise to assist international groups, wireless and other AT&T entities. We expect this initiative to continue to grow in 2012.

E-Waste

E-waste is an issue of growing importance, and we are committed to handling e-waste appropriately. In 2011, we collected more than 77,000 computers, monitors and servers for donation, reuse and recycling. This included:

- Roughly 15,000 desktop computers.
- More than 35,000 monitors.
- More than 8,100 laptop computers.

Read more about our cell phone and wireless devices recycling and packaging waste reduction efforts.

Regulated Waste

AT&T processes much of its regulated waste (including universal, hazardous, exempt and special waste) through the AT&T Resource Recovery Center. (This does not include normal refuse handled by solid waste vendors or municipal waste disposal, but does include water removed and managed from underground vaults.) In 2011, **more than 63 percent** of the waste processed by the Resource Recovery Center – 7,837 tons out of a total of about 12,500 tons – was recycled.

Print 360

In 2011, the AT&T Print360 team commenced two successful pilots at 12 locations, changing computer print default settings from simplex (single-sided) to duplex (double-sided). Due to the success of the pilots, the AT&T Print 360 team launched an enterprise-wide rollout of standardized duplex printing in February 2012. Duplex printing positions us to conserve more than 44,000 trees, saving more than \$2 million in annual paper expenses.

Water Management



Issue Summary

Water is essential to life. It is a foundational resource for environmental and social sustainability and economic prosperity. Reducing water use and managing this resource wisely is critical.

Our Position

We have a responsibility to actively manage and reduce our water use where possible.

Our Action

Key Performance Indicator:

Gallons of water used for domestic operations: 3.4 billion

Materiality Assessment Topic: Water usage

In 2010, we established our Water Scorecard to raise the visibility of our water use at our top 125 water-consuming facilities, which represent 50 percent of our water consumption. The Scorecard replicated the structure of our successful Energy Scorecard, which has helped us realize meaningful reductions in our energy use. Our 2011 water footprint held steady from 2010 at 3.4 billion gallons of water companywide.

Cooling towers are a big source of our water use. These towers assist with chilling the air in some of our large facilities by using evaporation to cool the water that feeds air chillers. They are often the most energy efficient cooling solution, because removing heat from water through evaporation is more efficient than mechanically removing it from air.

Using this as a foundation, in 2011 we:

- Began the development of a set of practical tools that can be used by our facility managers to increase water efficiency related to our use of mechanical cooling.
- Continued to evaluate cooling tower water-efficiency technology at several sites.

Two big ideas shape our thinking on water management: the “energy-water nexus” and “water stress.” First, we use the fact that water and energy are so closely related to expand our thinking about how to increase usage efficiency for both. We also use 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 will use this information to further prioritize our efforts and investment.



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.

Accessibility



Issue Summary

People have a variety of communications needs, and the information and communications technology industry plays an important role in providing accessible products and services for these needs.

Our Position

For us, accessibility is more than a word. It's a commitment to help all our customers and employees communicate everywhere they live and work by offering a range of innovative and accessible products and services to meet a variety of disability and age-related needs.

Our Action

Materiality Assessment Topics: Inclusivity—Access & Aging; Innovation

We provide products and services that meet a variety of needs. For example, iPhone™ lets people who are deaf or hard of hearing or who have speech loss type out their communications using our Text Accessibility Plan (TAP) for the iPhone™, with unlimited text messaging, Web browsing and easy access to e-mail. AT&T Mobile Accessibility Lite provides our customers who are blind with a suite of applications that make Android phones easier to use without vision.

Universal Design Policy

As a leader in the field of technology access, we embrace Universal Design. We encourage application developers and handset manufacturers to consider the needs of seniors and customers with disabilities when designing products and services by following Universal Design Principles. We made our Universal Design methodology available on our website, hoping to increase the number of innovative and accessible products and services.

AT&T's Advisory Panel on Access & Aging

We stay close to the needs of customers with disabilities thanks to our Advisory Panel on Access & Aging (AAPAA). Comprised of national leaders in assistive technology, aging and cross-disability issues, AAPAA provides disability-related advice and counsel to our subsidiaries, affiliates and leadership teams. This expert panel meets regularly with business unit leaders from across the company (from AT&T Labs to Marketing to Diversity) and provides on-going input on accessibility efforts. Read more about AAPAA.

Innovation

We are proud to have been recognized for our efforts to use innovation as a way to "rethink possible" for people with disabilities' communication access. The United States Business Leadership Network recognized our efforts to utilize innovative products that provide access to people with disabilities. The Global Initiative for Inclusive ICTs (G3ict) highlighted many of AT&T efforts in a white paper titled "Accessibility, Innovation and Sustainability at AT&T."

Customer Call Centers

We operate dedicated customer care centers to assist people with disabilities, including the National Center for Customers with Disabilities for AT&T Mobility and, for our landline customers, the AT&T Sales and Service Centers for Disability and Aging.

These centers can arrange for an alternate billing format, such as Braille or large print, and can advise customers with hearing, vision, mobility and/or speech disabilities about equipment, accessories, features and calling plans.

We now have centers dedicated to serving the Disability and Aging markets across our entire wireline footprint. Additionally, we now provide a Click-To-Chat option for customers who can hear and for those who cannot.

Workforce Inclusion

We provide our employees with the resources and tools they need to do their job. We have an established relationship with Career Opportunities for Students with Disabilities and have enhanced our programs to recruit college graduates with disabilities. We also worked together with Alorica to form AloriCares, which provided veterans with disabilities an opportunity to earn a good wage and regain independence, while working to provide excellent customer care for our business customers.

Industry & Government Problem Solving



Issue Summary

Environmental and social sustainability challenges are complex, and working with industry peers and governmental interests in appropriate ways to address these issues can be a valuable tool.

Our Position

We see the benefit of combining resources and coordinating efforts with our industry peers and governmental interests in appropriate ways to address persistent social and environmental challenges where there is a good match between our expertise and talent and the interests of our customers and shareholders.

Our Action

Materiality Assessment Topics: Products that enable social and environmental benefit; Relationship with government

We work with industries, governments, non-profits and academia on goals such as expanding access to technology — particularly educational technology — for low-income populations, upgrading to a more energy-efficiency power supply and achieving sustainability through information communications technology solutions.

Collaborating to Expand Access to Technology

One Economy

One Economy is a global nonprofit that works with low-income people around the world so they can access the power of technology. One Economy has been able to accomplish this goal by offering affordable wireless hardware and wireless network installations, giving jobs to youth to teach community members about technology, and offering these communities information and resources to further access technology. We were proud to continue our work with them in 2011.

AT&T's work with One Economy and low-income housing providers brings technology packages (including broadband Internet access) to 50,000 low-income families. Since 2006, AT&T and the AT&T Foundation have pledged more than **\$37 million** in grants and contributions to One Economy to help bring broadband to low-income communities. This is one of the largest philanthropically-funded broadband access initiatives in the country.

AccessAll is our signature initiative with One Economy. AccessAll provides a comprehensive set of technology solutions to low-income households across the nation. It aims not only to provide broadband solutions to low-income communities, but also to spur a culture of use where individuals and communities leverage technology to improve socioeconomic outcomes.

We are also proud to support innovative programs like Wireless Digital Connectors, which educates young people to develop and disseminate mobile content while raising awareness of the relevance of wireless broadband technologies and services among low-income communities.

Working Together for Energy-Efficiency Solutions

Updating the Country's Power Supply

Smart grid technology has the potential to cut domestic carbon emissions from generating electricity by as much as 14 percent by 2020, saving \$15 billion to \$35 billion in energy and fuel costs.¹ This decrease will reduce the country's reliance on fossil fuels, including imported oil, contributing to our energy independence. Smart grid technologies hold the potential to help integrate renewable energy sources like wind and solar power into our electricity supply mix. They will also help to facilitate the widespread adoption of electric vehicles. Learn more about the benefits of smart grid.

We support a consensus-based approach to developing smart grid standards. Standards for smart grid equipment and devices should be based on an open network-layer standard in order to build economies of scale, promote interoperability (when diverse systems function together) and reduce the risk of technology becoming outdated. These measures will help

ensure that different types of network technologies can be employed efficiently, while also making the benefits of smart grid technology widely available.

In 2011, we continued working to accelerate smart grid deployment and help put the U.S. on a path toward a more energy-efficient economy. We engaged with various standards bodies and working groups to address interoperability standards for smart meters — a crucial component of the smart grid — so that they can communicate with in-home devices using unlicensed radio spectrum. For example, we worked with ZigBee Smart Energy groups, various Smart Grid Interoperability Program Priority Action Plans and working groups during 2011.

We also engaged with several different state public utility commissions on issues relating to the privacy and security of consumer smart-grid data. In order for smart-grid technologies to achieve their full potential, consumers must be confident that their energy usage data is secure and available only to those entities with which they have chosen to share it. We are committed to supporting consumer smart grid privacy and have been working with state commissions to identify effective, common-sense strategies to accomplish it. We have also been working with a group of other stakeholders in the smart grid arena to create a self-regulatory regime that will protect consumers' smart grid privacy on a nationwide basis.

¹ *Smart2020: United States Report Addendum, Global e-Sustainability Initiative, 2008.*

The Green Grid

We continued our work with The Green Grid, a global consortium dedicated to advancing energy efficiency in data centers and business computing ecosystems. As a contributing leader, we serve on the End User Advisory Council and several technical and liaison subcommittees and serve as vice chair of the Data Center Design Guide subcommittee. The End User Advisory Council is chartered to:

- Serve as an advisory body to The Green Grid's board of directors by providing input and guidance on the general direction of the consortium's strategies.
- Actively participate in The Green Grid's technical committee activities.
- Help guide and shape the desired outcome of published materials, processes and recommendations from The Green Grid as one unified voice of the end-user community.
- Drive greater awareness of The Green Grid within the broad community of data center end users.

Alliance for Telecommunication Industry Solutions (ATIS)

We continued our work as a member and chairman of the Board of Directors of the Alliance for Telecommunication Industry Solutions (ATIS), the North American telecommunications standards development organization. We initiated and now chair the Telecommunications Energy Efficiency (TEE) committee, which developed a methodology for measuring and reporting the energy efficiency of telecommunications equipment. This methodology is being applied to new energy efficiency measurement standards by equipment types. The TEE has developed and published individual standards for servers and transport, router and Ethernet switch products, power plant rectifiers and a technical report for measuring facility energy efficiency. In 2011, the TEE published an energy efficiency standard for the measurement and reporting of Radio Base Station Metrics. The American National Standards Institute has approved these standards and AT&T has incorporated the energy efficiency reporting requirements in Network Equipment Power, Grounding, Environmental and Physical Design requirements.

Save Energy Now LEADER® Initiative

We were among more than 30 companies to join the U.S. Department of Energy's Save Energy Now LEADER® initiative. The initiative is an ambitious national public-private plan aimed at driving significant energy intensity and carbon emission reductions across the U.S. industrial sector. Program partners pledge to reduce their energy intensity by 25 percent or more by 2019. Since joining the program in 2009, AT&T has already reduced its energy intensity by 17 percent, and almost 17 percent year over year in 2010 and 2011, respectively.

Pursuing Sustainability Through ICT Solutions

AT&T Sustainability Advisory Council

In 2009, AT&T announced the establishment of the AT&T Business Sustainability Advisory Council to better quantify the environmental benefits of our products and services.

The council's defined mission includes a commitment to demonstrating the power of information communications and technology (ICT) in minimizing environmental impact and developing credible measurement methods for communicating the

environmental impact of various solutions that aid in reducing greenhouse gas emissions.

In 2011, the AT&T Business Advisory Council held our twice annual meetings via Telepresence®. It delivered a white paper published with the Carbon Disclosure Project that explored the environmental and economic benefits of cloud computing. We also rolled out the AT&T Carbon Emissions Calculator tool. This tool helps businesses calculate the greenhouse gas emission savings, financial cost savings and productivity and collaboration gains from using travel substitution technology.

By arming companies with this information, the Council aims to help businesses make smarter sustainability choices and investments and better prepare for potential environmental regulation.

Reducing the Need for Business Travel

Reducing the need for business travel can have beneficial effects on quality of life, financial bottom-lines and the environment. We provide our customers with a variety of technology solutions to help reduce travel and improve the potential for their employees to work virtually anywhere and anytime. One of our travel-substitution technology customers is the General Services Administration (GSA). The GSA awarded us a contract in late 2010, which led to fifteen Telepresence® locations being activated during 2011. One room is located in each of the 11 regional GSA locations. Four others were activated in Washington, DC. In combination, the 15 rooms provide capacity for more than 100 participants.² These facilities have the potential to increase the efficiency and reduce the travel-related carbon footprint of GSA, as well as other federal agencies that have the opportunity to use them.

Telepresence® continues to see customer acceptance and continued growth from 1,281 meeting rooms in 2009 to more than 3,000 meeting rooms at the end of 2011. Our users held over 18 million minutes of meetings on immersive Telepresence® systems in 2011. And the impact is not limited to customers within the United States. More than one third of the endpoints connected to the AT&T Business Exchange are outside the United States, and we now support over 75 countries with the expanded offerings.

To promote the global ability to reduce travel though Telepresence®, we reached inter-provider agreements with other service providers. This enables immersive teleconferences with customers of BT and, most recently, Orange Business Services.

We also practice what we preach and extensively use Telepresence® as a tool to improve our business efficiency while reducing travel. We targeted the installation of more than 50 internal Telepresence® rooms in 2011, growing internal deployment to more than 190 rooms spanning more than 20 countries. In 2011, our company collectively logged more than 2.9 million minutes of Telepresence® meeting hours. Over that same period, we realized more than \$13.8 million in travel dollars saved and more than 8,200 metric tons of CO₂ emissions averted.

Learn more about our telecommuting solutions.

² GSA Telepresence® Locations, General Services Administration, 2012.

Global e-Sustainability Initiative (GeSI)

We actively participate in the Global e-Sustainability Initiative (GeSI), an effort to foster open cooperation across international boundaries and promote technologies that foster sustainable development. GeSI brings together leading ICT companies — including telecommunications service providers and manufacturers as well as industry associations — and non-governmental organizations committed to achieving sustainability objectives through innovative technology.

In 2011, the Energy Efficiency Inter-Operator Collaboration Group (EE-IOCG) became a part of GeSI as the Energy Efficiency Working group (EEWG). We participated in the EEWG, a group of telecommunications companies that coordinate various organizations that are working to set efficiency standards for the industry.

Digital Energy Solutions Campaign (DESC)

As a member of DESC — a coalition of technology companies and environmental non-governmental organizations (NGOs) working to educate policymakers about the role of ICT in the shift to a low-carbon economy — we're collaborating on public policies that encourage government, businesses, utility companies and communities to use ICT to address energy challenges. Our ultimate goal is to use technology to improve energy efficiency while decreasing GHG emissions – all while promoting a strong economy.

DESC members include CISCO, Dell, Hewlett-Packard, Infineon, Intel and Texas Instruments. DESC also works with organizations such as The Climate Group, the World Wildlife Fund and the Alliance to Save Energy.

AT&T Consulting Solutions

In addition to our technology products, AT&T Consulting Solutions provides a broad spectrum of services to business, federal and GEM customers. These services focus on planning, architecting and integrating complex technologies, helping customers better leverage technology in their business operations.

We bring expertise in developing solutions for many of our largest clients in the areas of advanced infrastructure, convergence and contact centers, data centers, security, and unified communications and collaboration. We also bring expertise in transforming computing infrastructure to a "world class" highly-effective environment through our IT Service Management practice. This can lead to reduced operating costs, use of less energy and water, the production of less waste and reduced carbon emissions.

Find out more about AT&T Consulting Solutions.

Innovation



Issue Summary

The biggest challenges of tomorrow will be tackled by the greatest innovations of today.

Our Position

Innovation is part of everything we do. We're proud of our rich history of innovation and are committed to continually delivering technology that transforms how people connect, play, work and live. Tomorrow's innovations will rely on the continuing evolution of information and how it is communicated.

Our Action

Key Performance Indicator:

Average number of patents received per day: More than 2

Materiality Assessment Topics: *Innovation; Intellectual property rights*

Innovating for Today & Tomorrow

With a heritage that has produced eight Nobel Prizes, we're a global leader in bringing new technologies that have a significant impact on lives throughout the world.

To ensure we are prepared to meet the challenges of tomorrow, we're focused on encouraging collaboration through a more open network. We're building on our strengths as a technology leader to foster a culture of innovation that spreads to all corners of the company.

We've developed four key initiatives that dramatically increase the velocity of innovation by:

- Harnessing the collective minds of our employees.
- More efficiently collaborating with third parties.
- Reducing the time required to bring new ideas to market.
- Applying the expertise of our research organization.

The speed at which these programs move to our customers can have a dramatic impact on lives, such as the development of our mHealth platform, and mobility-driven ideas that could transform health care.

Fast Pitches

Each year, we connect with hundreds of companies in a "fast pitch" atmosphere to meet with developers and entrepreneurs with great ideas. These meetings include high-level executives who make quick decisions and drive projects to the right people. We quickly determine if there's an opportunity to collaborate. If so, we work hands-on with our collaborators to accelerate their projects.

AT&T Foundries

We established the AT&T Foundry to drive new ideas to reality in highly-focused "sprints" that can provide new products and services for our customers at three times the time typically required.

The Innovation Pipeline (TIP)

Additionally, we believe that we have the world's largest corporate crowdsourcing site to unearth new and innovative ideas from our employees. We built The Innovation Pipeline (TIP), a crowdsourcing and collaboration tool, to tap the collective imagination of our employees. Ideas grow, get refined and enhanced – and the best ideas get turned into real products, applications and services for our customers.

AT&T Labs

We apply the expertise and unique research capabilities of some of the world's best scientists, researchers and engineers at AT&T Labs to maintain a strong focus on driving new innovations in networking, applications and data management.

For more on AT&T's innovation programs, visit att.com/innovation. Read Senior Executive Vice President – AT&T Technology and Network Operations John Donovan's blog at www.attinnovationspace.com.

Celebrating Innovation & Collaboration

Each year, we internally recognize the accomplishments of employees in the technical community by bestowing AT&T Fellows Honors and Science and Technology Medals. These medals honor individuals for their sustained, outstanding and unique contributions to the company and the world through their technical and scientific achievements.

Additionally, our researchers are recognized for demonstrating outstanding proficiency in their field.

2011 Fellows

Edward Amoroso – for a distinguished career in pioneering contributions and innovations in the architecture design and development of information security.

Theodore Johnson – for outstanding contributions in database and data stream processing systems.

Mikkel Thorup – for outstanding innovation in algorithms, including advanced hashing and sampling techniques applied to AT&T's Internet traffic analysis and speech services.

ACM Fellows

Howard J. Karloff – for contributions to the design and analysis of algorithms.

Divesh Srivastava – for contributions to query processing in data management systems.

IEEE Fellows

Mazin Gilbert – for contributions in speech recognition, speech synthesis and spoken language understanding.

Chuck Kalmanek – for leadership in advancing architecture, design and management of communications networks and services.

Additional Awards

Alicia Abella was appointed to the Presidential Advisory Commission on Educational Excellence for Hispanics for being a leader in the nation's efforts to encourage minorities and women to pursue careers in science, technology, engineering and math, commonly known as STEM fields.

Mary Fernandez received the 2011 Outstanding Technical Achievement Industry award from HENAAC/Great Minds in STEM, a non-profit organization that focuses on educational awareness of careers in science, technology, engineering and math.

Mikkel Thorup was one of five authors who were awarded the David P. Robbins prize for his paper that solved a 150-year-old question, "How far can a stack of identical blocks hang over the edge of a table?"

Network Reliability



Issue Summary

Global communications networks have revolutionized the way we live, work and play. Increased access to and adoption of mobile Internet services has the potential to help us transition to a more efficient economy. The proliferation of advanced smartphones allows more Americans to connect with family and friends, surf the Web and watch and share videos while on the go. This explosion in mobile Internet has also led to unprecedented increases in wireless data traffic.

Our Position

Combating wireless network congestion is a challenge that we and our industry peers face every day as customer demand continues to skyrocket. Data traffic on our wireless network grew **20,000 percent** in the past five years (2007-2011). It is critical that we stay ahead of this demand. The raw material needed to support all that traffic is a scarce resource – wireless spectrum.

AT&T and the industry as a whole needs new spectrum to meet customer demand. The government must have new auctions and allow the free market system to work so additional spectrum can be obtained. As the FCC itself has acknowledged, *"If we don't act, the costs of not addressing the spectrum crunch – dropped connections, congested airwaves, lousy service and rising prices for data – will get higher every day."*

Our Action

Materiality Assessment Topics: Customer satisfaction; Network reliability

Within current spectrum constraints, we continue to invest in and enhance our network to drive service improvements. In 2011, we invested more than \$20 billion in our wireline and wireless networks. Overall, they are performing very well. However, while we're doing everything we reasonably can to stay ahead of customer demand, rapid mobile Internet growth coupled with limited spectrum availability is a challenge facing the entire industry.

- In 2011, we invested \$20 billion in our wireline and wireless networks and completed more than 150,000 wireless network improvements. We built 1,400 new cell sites, hung 80,000 new antennas, added 30,000 carriers, installed 200 Distributed Antenna Systems (DAS) and added 700,000 square miles of mobile Internet coverage.
- We launched 4G LTE – a more efficient mobile broadband technology that operates 30-40 percent more spectrally efficient than HSPA+ – and covered 74M POPs in 26 markets in 2011. We plan to be "largely complete" with our LTE rollout by yearend 2013.
- We're providing alternate mobile broadband access points with our Wi-Fi network – the nation's largest with nearly 30,000 hotspots, including locations in all 50 states.
- AT&T is an industry leader in alternative capacity techniques, such as deploying Self-Optimizing Networks to manage parameters in real time, but these measures are not sufficient to solve the impending spectrum crunch.

In 2012, we plan to invest about \$20 billion in our networks with a focus on wireless, including more 4G LTE deployment. We will roll out distributed antenna systems in key venues across the United States and add even more AT&T Wi-Fi hotspots.

Promoting Safety



Issue Summary

Companies have an important role to play in helping our customers use our services and products in the manner that works best for themselves and their families.

Our Position

We are dedicated to empowering our customers to use our products and services in a safe and responsible manner.

Our Action

2012 Goal:

Gauge consumer awareness of No Texting While Driving campaign and of the dangers of texting while driving by developing and issuing a survey during 1Q12, which will inform a goal for progress in 2013.

Materiality Assessment Topics: **Online risks and safety; Product safety**

Texting While Driving

AT&T is committed to educating wireless customers about the risks of texting while driving.

Several initiatives comprise our anti-texting-while-driving campaign, "It Can Wait." Originally introduced in 2009, the program aims to educate millions of wireless users, our employees, and the general public – particularly teens – about the dangers of texting while driving.

- **Advertising/PSAs:** Through a new public awareness campaign across traditional and digital media, we remind consumers to not text and drive.
- **Online Resources:** Our online resource center features downloadable tools and tips for parents, and others, on this issue, along with pledges, posters, educational guides, fact sheets, links to the Public Service Announcements (PSAs), and print advertisements for the campaign.
- **AT&T Employees:** Our AT&T Insider features employee stories on texting while driving and preventive tips. We also developed an employee pledge widget with giveaway incentives to spur pledges and we introduced "Texting & Driving...It Can Wait" on tSpace, to encourage discussion. The It Can Wait "Friends and Family" page is an employee-led initiative encouraging others to take the pledge.
- **Online Pledges:** Across the AT&T Facebook, It Can Wait "Friends and Family", AT&T Connect For Good and our internal dedicated community pages, wireless users show their commitment to the cause by taking the pledge against texting while driving and share the message with their friends. Nearly 85,000 fans have taken the pledge as of December 2011.
- **Teen Advisory Council:** Tapping into our employee base, we created an ongoing focus group, the Teen Advisory Council. In 2011, the Council was comprised of six students — all children of AT&T employees from across the country — to spread the word amongst their peers and effectively reach young drivers.
- **Stakeholders:** Working with AT&T's Public Affairs and External Affairs teams, we created an educational package to use with key stakeholders, promoting the issue via schools, government agencies, departments of transportation and many other organizations with a vested interest in putting an end to texting behind the wheel.
- **Third-Party Support:** External organizations such as the Cellular Telecommunications Industry Association (CTIA-The Wireless Association), the National Safety Council, the National Organizations for Youth Safety (NOYS) and Family, Career and Community Leaders of America (FCCLA) work with us on this matter. In fact, in 2011 AT&T committed a four-year series of contributions totaling \$1 million to help educate the public and spread the word about its "Texting & Driving...It Can Wait" initiative." This builds on our 2010 contributions of \$250,000 to nonprofit youth safety organizations to support the cause.

- **Documentary:** A collection of families and individuals negatively impacted by texting and driving lent their voices to a powerful 10-minute documentary, which we launched in advance of New Year's Eve to warn consumers about the "new drinking and driving" — texting behind the wheel. Through existing relationships, we seeded the documentary with tens of thousands of schools, third-party safety and educational organizations, government officials, attorneys general offices, key legislators, and many more across the country. The documentary received 100,000 views in the first day after its launch and, three weeks into the launch, it surpassed one million views.

- **Customers:** Screen clings for dozens of ATT devices feature "don't-text-and-drive" reminders, and we worked with several manufacturers to integrate that messaging into user guides and handset boxes. Though catalogs, in-store signage, bills, e-mails, opt-in-text messages and newsletters customers are informed about the campaign.

Additionally, we revised our wireless and motor vehicle policies to expressly prohibit employees from texting and driving while on the job, and we incorporated a section on the dangers of texting while driving in our defensive driving classes for those who drive on the job.

Ultimately, our goal is to generate a change in the thinking and behavior of all wireless users. Our message is simple: When it comes to texting and driving, it can wait.

Find out more at www.att.com/itcanwait.

AT&T Smart Controls

To provide customers with easy access to safety information and helpful tools to better manage their wireless, internet and TV experience, AT&T launched AT&T Smart Controls in 2011.

AT&T Smart Controls provides one-click access to safety and control tools, articles, expert resources, and more — all designed to help customers and parents better manage the technology they use every day. The site allows viewers to easily locate content management tools for specific AT&T services, such as the AT&T Data Calculator, AT&T *Services, AT&T Smart Limits for Wireless™, AT&T Internet Parental Controls, AT&T U-verse® TV Parental Controls and more.

The site also features discussion forums where visitors can chat about topics and share information with others, including timely articles and educational resources on subjects such as identity theft, social networking safety, and Wi-Fi security tips. There are also links to third-party experts, including government agencies, credit reporting bureaus, and more.

AT&T Smart Limits

AT&T Smart Limits for Wireless™ is an online service that enables customers to provide their children with the freedom and security of a cell phone, while setting sensible boundaries for its use. The service costs \$4.99 a month per line. Features include the ability to:

- Block incoming and outgoing calls and text messages by specifying blocked numbers.
- Restrict times of day the phone can be used for messaging, browsing, and outbound calling.
- Set limits for the number of text and instant messages allowed per billing cycle.
- Choose a dollar limit for downloadable purchases (ringtones, games and more).
- Select the amount of web browsing/data usage allowed per billing cycle.
- Restrict access to inappropriate content with content filters.

AT&T FamilyMap

AT&T FamilyMap is a convenient tool that lets customers see the location of family members on a map from a computer or AT&T wireless phone. Families can customize their mapping experience by assigning a name and photo to each device within their account, and can also label places they visit frequently, such as "Home" or "Soccer Field."

Users may locate any phone with which a billing relationship is established — for example, phones that are part of the same wireless account. More than 60 percent of AT&T wireless customers are part of a family plan or multiple line account, so this application is ideal for today's on-the-go families.

In keeping with AT&T's industry-leading stance on privacy, AT&T FamilyMap includes tools that give the primary account owner control in managing privacy preferences. All users on the account receive a text message when their phones first become locatable through AT&T FamilyMap, and those users will receive periodic reminders that their phones can be located. Alternatively, the account owner has the option of notifying a phone every time location information is requested. Additionally, an account owner receives notification when location information for a phone not already being tracked is requested through the application, and he or she can then choose whether to allow the request.

The service is compatible with AT&T postpaid mobile phones.

Working with Other Organizations to Educate and Empower Consumers

Supporting industry initiatives and user education programs is a critical component of AT&T's overall efforts to help inform and educate our customers about online safety and digital literacy. Our goal is to provide consumers with the information they need before they make their technology choices, as well as during and after the sales process.

We work with several organizations that promote online safety education and awareness, including the Family Online Safety Institute, Common Sense Media, Enough is Enough, iKeepSafe, ConnectSafely and the National Cyber Security Alliance. Through these alliances, AT&T supports a myriad of programs that promote awareness of online safety issues, as well as resources and tools to help consumers who seek more information. We also participate in and host community summits, panels, and educational events that help consumers of all ages learn how to safely and efficiently manage technology.

In 2011, AT&T also joined forces with Common Sense Media in a first-of-its-kind agreement to bring parents safety tools and "family-friendly" content rankings for mobile applications, videos, games, and more – to manage mobile content in a way that's best for families. With new research indicating that more than half of all children have access to smartphones or tablet devices at home, the agreement continued AT&T's tradition of helping parents stay educated on important safety tips and information.

AT&T also has joined with the CTIA—The Wireless Association in an industry-wide mobile applications rating initiative in which AT&T and other CTIA members will apply a new standard, age-appropriate ratings system managed by the Entertainment Software Ratings Board (ESRB) to help enable safer use of mobile applications. AT&T's participation and forthcoming implementation underscores its commitment to providing families with the tools they need to manage their wireless experience. More information [here](#).

Another highlight of our efforts is a program known as WirelessED, a collaborative effort with the national consumer advocacy organization, Consumer Action, that addresses consumer confusion on wireless devices and services. The program consists of informational brochures and a website to educate consumers on issues like using mobile devices, roaming, and mobile data. Since the launch, materials have been developed in five languages and distributed to thousands of consumers.

AT&T also provides programs targeted at senior consumers. One of the most popular is a "coaching" program through which AT&T sales volunteers provide one-on-one coaching sessions for seniors to help them learn how to use their wireless devices more safely and efficiently. Developed by OASIS, one of the senior organizations AT&T supports, this program is now available throughout the country with groups like the National Center and Caucus on Black Aged and several local AARP chapters.

AT&T and OASIS have also held Spanish-language coaching sessions and, most recently, helped seniors learn how to safely explore social networking sites so they can better stay connected to friends, family, activities and resources.

AT&T is also a member of the National Partnership for Safe Computing, which helps educate constituents in congressional districts by working with interested members of Congress. AT&T works with the Partnership to assist elected officials with outreach, through support in community forums and special briefings, as well as providing educational materials for consumers. Learn more about the National Partnership for Safe Computing.

Law Enforcement

AT&T is committed to working cooperatively with local, state, and federal law enforcement in their efforts to protect children online. AT&T supports law enforcement in its pursuit of child predators and online child pornography and has been an active partner of the National Center for Missing and Exploited Children (NCMEC).

Protecting Privacy



Issue Summary

The privacy and protection of customers' personal information is a critical and sensitive issue.

Our Position

We take customer privacy very seriously. Our privacy commitments are fundamental to the way we do business every day.

Our Action

Materiality Assessment Topic: Customer privacy and data security

The following applies to everyone who has a relationship with AT&T — including customers and website visitors:

- We will protect your privacy and keep your personal information safe. We use powerful encryption and other security safeguards to protect customer data.
- We will not sell your personal information to anyone, for any purpose. Period.
- We will fully disclose our privacy policy in plain language and make our policies easily accessible to you.
- We will notify you of revisions to our privacy policy, in advance. No surprises.
- You have choices about how AT&T uses your information for marketing purposes. Customers are in control.
- We're listening. You can send us questions or feedback on our privacy policies.

The Ponemon Institute has named AT&T as one of the 20 most trusted companies on privacy for 2011.

For more information about the AT&T privacy policy, visit www.att.com/privacy. Videos that feature AT&T employees explaining various aspects of our approach to privacy can be found on this site.

Tackling Environmental & Social Challenges with Technology



Issue Summary

Information and Communication Technology (ICT) solutions — comprising hardware, software, and broadband technologies — have the ability to enable people and businesses to make more energy-efficient choices and reduce environmental impact and costs by:

- **Moving** work to people rather than people to work.
- **Connecting** rather than traveling.
- **Managing** business remotely and in real time.
- **Improving** transportation and distribution systems.

According to the Global e-Sustainability Initiative (GeSI) Smart 2020 report, ICT-enabled solutions could cut annual CO2 emissions in the U.S. up to 22 percent in year 2020 from current projections. This translates to a gross energy and fuel cost savings ranging from \$140 billion to \$240 billion annually.

Our Position

ICT technology has great potential to enable others to operate more sustainably. As a provider of these products and services, AT&T is committed to not only deploying them but also to educating businesses and consumers about the potential savings — both environmental and economic — that they could achieve.

Our Action

Progress Toward 2011 Goals:

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

We developed carbon emission measurement models, to predict and document the positive outcomes that result from using AT&T solutions for “travel replacement,” including video conferencing and telecommuting. The models were created to mirror GeSI showed sustainability benefits, travel dollars saved, and productivity enhancements achieved.

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

We sponsored the Carbon Disclosure Project's study, “Cloud Computing: The IT Solution for the 21st Century.” Conducted by Verdantix, the study found that “Cloud computing could deliver to large US companies energy savings of \$12.3 billion every year by 2020 and a reduction of 85.7 million metric tons of carbon annually. That’s equivalent to almost 200 million barrels of oil, or enough to power 5.7 million cars for a year.” Cloud computing can:

- Help avoid costly up-front capital investments in infrastructure.
- Improve time-to-market, as a new server can be created or brought online in minutes.
- Ensure greater flexibility as the Cloud allows firms to pay for excess capacity only when they need it.
- Avoid the continual maintenance of excess capacity needed to handle spikes and improve automation that helps drive process efficiencies.

2012 Goal:

Identify connection opportunities that drive efficiency and sustainability for customers in the healthcare, tracking, transportation and home energy sectors.

Materiality Assessment Topic: Products that enable social & environmental benefit

We are deploying a variety of products and services that enable the users to operate more sustainably and save money. In addition, we are working with third party groups and our customers to help quantify those benefits.

ICT Solutions

Telepresence®

AT&T Telepresence Solution® is a high-definition videoconferencing service that gives you a virtual, face-to-face meeting experience without the expense and productivity drains of travel. Telepresence® allows you to meet with people across the globe as if they were in the same room with you.

Since introducing its AT&T Telepresence Solution® in 2008, AT&T's own use of the technology has been skyrocketing. AT&T more than doubled its internal deployment in 2010 from 50 rooms to more than 130 rooms. The company has realized savings of more than \$13.9 million in travel dollars and more than 8,261 metric tons of CO₂ equivalent emissions avoided in 2011¹. AT&T has hosted innovative customer forums, accelerated marketing campaigns, expedited HR processes and reduced executive travel all through the use of Telepresence®.

An AT&T-sponsored study by the Carbon Disclosure Project and Verdantix found that by 2020, U.S. businesses with revenues of more than \$1 billion can collectively achieve financial benefits of almost \$15 billion by substituting Telepresence® for some business travel and can cut nearly 4.6 million metric tons of CO₂.²

Learn more at www.att.com/telepresence.

¹Carbon calculations were derived by Cisco's IBSG, which uses the TRX Airline Carbon Emissions Calculator for impact of air travel avoidance, along with a standard calculation for the impact of ground transportation avoided to and from the meeting and airport, less the impact of energy usage for the Telepresence® application and carbon start up and disposal. Note: Ground transportation to and from the Telepresence® location and airport were assumed equivalent to participants' normal daily commutes, and thus, offset each other.

Cloud Computing

At its simplest, cloud computing is a hard drive on the Net where you can keep data or application for easy or shared access. Using the cloud means you don't need to store anything on your hardware devices. In 2011, AT&T worked again with the Carbon Disclosure Project to release a study, Cloud Computing: The IT Solution for the 21st Century, conducted by independent analyst research firm, Verdantix. It found that by 2020, large U.S. companies² that use cloud computing can achieve annual energy savings of \$12.3 billion and annual carbon reductions equivalent to 200 million barrels of oil, or enough to power 5.7 million cars for one year.³

AT&T provides a range of utility- and cloud-based solutions that give businesses greater flexibility, speed and control over their IT infrastructure and enables them to better match capacity with application demand. With end-to-end services — including AT&T Synaptic Hosting, AT&T Platform as a Service, AT&T Synaptic Storage as a Service and AT&T Synaptic Compute as a Service — AT&T Hosting and Cloud Services help companies operate more efficiently and respond to fluctuating or hard-to-predict needs. Learn about AT&T's cloud service solutions.

²Represents the 2,653 firms generating revenues of more than \$1 billion in the U.S.

³Based on Bureau of Transportation Statistics average mpg, Federal Highway Administration average annual mileage and the Energy Information Agency gallons of gasoline per barrel of oil.

Fleet Management

Smarter transportation tackles these inefficiencies by reducing fuel consumption through automated route planning and increased vehicle efficiency through the reduction of idle time, better managing miles driven, adhering to speed rules, monitoring of vehicle acceleration and other strategies. The resulting efficiency gains can deliver fleet-wide performance improvements that can lead to reduced energy waste and greenhouse gas (GHG) emissions. AT&T is one of the largest U.S. wireless providers of fleet management solutions for commercial truck and van fleets. Learn more about Transportation Management offerings.

Data Center Efficiency

By 2020, data centers could surpass the airline industry in GHG emissions, according to a data center study released in 2009 by the U.S. Environmental Protection Agency. AT&T helps businesses build and operate their IT infrastructure more efficiently — helping them to lower the cost of doing IT business. Current trends toward the adoption of hosted services (e.g., outsourcing and cloud computing), server and storage virtualization, and low-energy cooling as a means to replace less-efficient data centers and application services have great potential to increase IT and data center efficiency.

Learn more about Smarter Data Centers.

Telecommuting

Telecommuting, which is defined as working from a home office, is one of the most promising opportunities for businesses to cut carbon emissions and it offers a variety of benefits for both companies and employees. It can improve:

- Job retention by improving a company's attractiveness to prospective employees.
- Access to non-traditional workers by eliminating distance and commuting as barriers to employment.
- Work-life balance.
- Real estate efficiency.

Learn more about Telecommuting.

Teleworking

Teleworking, the ability to work virtually, is also a vital component in preparing our nation to respond to unexpected events that prevent workers from reaching their traditional office environment, such as natural disasters, outbreaks of disease or terrorist incidents.

Following an emergency, many organizations, such as large retailers, beverage makers, insurance companies, telecommunications carriers and others, undertake tremendous efforts to mobilize into the affected geographic areas to establish remote assistance centers that serve the public and their employees. Using their teleworking or telecommuting programs, these organizations can often establish a sufficient operation to serve the public and help to restore the area to normal as quickly as possible.

Smart Grid

The Smart Grid provides the potential for real-time access to electric data by the people who need it most. Smart energy grids allow for two-way communication between the energy provider and sensing, monitoring and measuring end points on the electric grid, including meters at the home or business.

Smart energy grids help:

- Enable energy providers to read meters remotely without sending technicians.
- Provide energy providers with the ability to remotely connect, disconnect and reconnect service for customers (e.g., moving homes or non-payment/reinstatement), thereby reducing emissions and saving time and money related to rolling a truck.
- Offer faster and easier outage identification and response, or to correct problems before they lead to outages.
- Give customers real-time usage information and adjust their energy use accordingly, potentially saving customers money, allowing the grid to reduce usage during peak times and possibly reducing the number of new power plants that must be built.
- Provide energy providers with the ability to effectively integrate alternative and sustainable energy resources into their networks, potentially saving money and reducing carbon emissions.

AT&T connects people and data by providing broadband, wireless technology and security features. We're using this same technology to modernize the nation's electric grid. Smart grids depend on two-way communications between virtually all devices producing, distributing and consuming electricity. At the end of 2011, AT&T provided the communications for 13 million smart meters. AT&T has teamed up with several companies to provide this two-way connectivity and innovation.

Smart Electricity Grid:

Petra Solar: AT&T is working with Petra Solar, a tech pioneer that combines solar generation and smart grid technology in a single system. AT&T will offer Petra Solar's innovative technology, which allows energy providers to simultaneously address Renewable Portfolio Standard requirements and invest in a smart grid technology.

Digi: AT&T and Digi are working together to jointly offer Digi X-Grid Solutions, a suite of products and services that can reduce consumers' and businesses' power use and monthly costs with real-time monitoring of thermostats, electronics, meters and more.

SmartSynch Solution®: AT&T and SmartSynch provide energy providers with a cost-effective solution by combining a suite of service plans from AT&T designed specifically for machine to machine (M2M) communications with SmartSynch's smart grid solutions. These technologies are already deployed at more than 100 energy providers throughout North America.

Ice Energy: AT&T provides a network connection for a novel energy storage device based on ice from startup Ice Energy.

Nissan: Nissan's all-electric car, the LEAF, is also hooked up via AT&T.

Current Group: AT&T entered into an agreement to provide communications to Current Group smart grid devices that reduce the amount of electricity inherently lost when stepping down the voltage at substations to the home.

Elster: AT&T announced it is working with Elster to provide communications to their smart grid metering solution.

Learn more about our Smart Grid and Smart Building solutions.

Smart Grid for Water Utilities:

AT&T also teams with companies to provide connectivity for monitoring water use.

As an example, Itron's advanced meter infrastructure (AMI) solution integrates wide-area networking, using AT&T's network with Itron's OpenWay® local-area networking to give utilities two-way communications for access to data from meters throughout their systems.

We're also working with Datamatic, Neptune Technology Group and Badger Meter, Inc.

Quantifying Benefits

Carbon Impact Assessment Tool

In 2011, AT&T launched its AT&T Carbon Impact Assessment Tool, with which business customers can easily calculate the estimated GHG emissions and cost savings of using solutions that replace or reduce business travel and increase productivity and collaboration. AT&T is the first communications provider to offer such a tool for businesses.

AT&T Business Sustainability Advisory Council

The AT&T Business Sustainability Advisory Council — established in 2009 — aims to better quantify the carbon benefits of our products and services and to help businesses make smarter sustainability investments. The Council advises AT&T on identifying the best measurement tools, methodologies, and technology-use that business customers can call on to better quantify the impact of ICT-enabled solutions for greenhouse gas reduction. By arming companies with this information, the Council aims to help businesses make smarter sustainability choices and investments and better prepare for potential environmental regulation.

Collaboration

As an industry, we know we need to better measure the degree to which we can help others increase energy efficiency and reduce CO₂ emissions. This is something we are working to address with industry groups (such as the Green Grid, Energy Efficiency Inter-Operator Collaboration Group (EEIOCG), Alliance for Telecommunication Industry Solutions (ATIS), and others).



About AT&T

AT&T Inc. (NYSE:T) is a premier communications holding company and one of the most honored companies in the world. 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 largest 4G network, AT&T is a leading provider of wireless, Wi-Fi, high speed Internet, voice and cloud-based services. A leader in mobile Internet, AT&T also offers the best wireless coverage worldwide of any U.S. carrier, 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.

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>. This AT&T news release 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 @ATT.

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 2011, as well as our new goals for 2012.

PEOPLE AND COMMUNITIES

Philanthropy

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.

Progress Toward Goal

- In 2011, AT&T conducted program evaluations of **76** grant recipients. 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.

2012 Goal

Invest **\$250 million** planned over 5 years to drive innovation in education, support effective local programs and create collective impact through collaboration with AT&T business units, national partners, employees and customers to ensure that more students who are at-risk of dropping out graduate from high school prepared for college and career.



Community Engagement Service & Giving

2011 Goal

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

Progress Toward Goal

- In 2011, we exceeded our goal by providing job shadow opportunities for a cumulative total of nearly **94,000** students by year-end 2011.
- AT&T achieved its 2011 goal of year over year increases in both the number of in-house counsel participating and the number of attorney hours reported in the AT&T legal department pro bono program. AT&T also successfully met its goal to expand the AT&T Excellence in Pro Bono Award/Scholarship Program to all regions served by the company, including adding additional programs at law schools within regions previously served.

2012 Goal

Continue to increase hours reported and numbers of in-house AT&T attorneys who provide pro bono services; expand involvement in existing AT&T approved legal pro bono programs; and increase selected law firm collaborations with AT&T in-house attorneys to do pro bono work.

NEW: Achieve **55 percent** of current employees participating in annual giving campaign.

OUR DATA

Workforce Diversity

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.

Progress Toward Goal

- In 2011, people of color comprised **39 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 2011, **47 percent** were people of color, further strengthening our representation in this area.
- In 2011, women comprised **39 percent** of AT&T's total workforce. This compares with 47 percent of the high school educated national labor force who are women and 38.2 percent of management occupations that are held by women
- Among all AT&T new hires in 2011, **34 percent** were women.

2012 Goal

Enhance the Employee Resource Group (ERG) leadership positions to provide more experience, development and exposure for our ERG leaders with the goal of more fully leveraging these positions as a robust pipeline for diverse leadership for AT&T.

Supplier Diversity

2011 Goal

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

Progress Toward Goal

Maintain our spend with diverse suppliers and continue to increase diverse supplier's participation. Take learning from CA pilot of Operation Hand Salute to bring to scale a national program focused on Disabled Veteran Businesses.

2012 Goal

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



Ethics and Compliance

2011 Goal

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

Progress Toward Goal

- The ethics and compliance tSpace (internal company blog) is active, with several hundred members from across the enterprise. The community shares information on national surveys and research into corporate ethics and posts internal resources and tools employees can use to promote and reward good ethical decisions. The Beacon Award, available through the tSpace community, recognizes employees who have made notable, ethical decisions with a distinctive tSpace "badge" on their individual profile pages.
- This training was delivered by video from experts within the company. The Officer Video Training provided not only the basics all employees need to know, but it also emphasized what officers could do to encourage and strengthen an ethical culture within their organization.

Military Support

2012 Goal

NEW: Raise awareness and provide resources for military families, focusing on opportunities for military children.

OUR DATA

ENVIRONMENT

Fleet

2011 Goal

- Continue progress to replace eligible retiring passenger vehicles with alternative fuel vehicles and deploy up to **8,000** CNG service vehicles by the end of 2013.
- Replace tractor used for the AT&T Fan Zone Tour with a bio-diesel option.

Progress Toward Goal

- As of year-end 2011, AT&T has deployed more than **3,400** CNG vehicles, with over 2,100 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 **1,600** hybrid-electric passenger vehicles across the country.
- AT&T expects to spend an estimated \$350 million to purchase up to **8,000** CNG vehicles over our five year commitment.
- AT&T has also deployed three all-electric vehicles (AEVs) – a Smith Newton cargo truck in St. Louis, Missouri, two Ford Transit Connect Electric vans in Dallas, Texas and Los Angeles, CA and 25 extended range electric vehicles (EREVs) - Chevrolet Volts located in nine states nationwide.
- AT&T did not undertake this conversion as originally planned in 2011. However, we plan to use B20 bio-diesel fuel on the Fan Zone Tour in 2012.

2012 Goal

- Replace retiring passenger vehicles with alternative-fuel models and deploy up to **8,000** compressed natural gas (CNG) service vehicles through 2014.
- We plan to use B20 bio-diesel fuel on the Fan Zone Tour in 2012.



Energy Consumption

2011 Goal

- Reduce the electricity consumption of our company relative to data growth in our network by 17 percent as compared with year 2010.
- Renewable energy - Expand by a minimum of 5MW of additional installations.
- 100 percent of all Corporate Real Estate management employees (with portfolio or operations responsibilities) will have energy goals in their annual performance review scorecards linked to building managers' performance.

Progress Toward Goal

- We reduced the electricity consumption of our company relative to data growth on our network by **16.5 percent** in 2011 as compared with year 2010.
- Due to longer than anticipated permitting, construction and installation timelines, some projects that were committed to in 2011 will become operational in 2012. We have re-established our goal of adding **5MW** of alternative energy from fuel cell and solar production against our 2011 capacity baseline of 3,888 kW. To better measure our progress, we have added a new KPI that tracks our combined solar and fuel cell capacity (MW).
- **100 percent** of all Corporate Real Estate building management employees had energy goals in their annual performance review scorecards linked to their performance.

2012 Goal

- Reduce the electricity consumption of our company relative to data growth on our network by **60 percent** by 2014 (baseline of 2008).
- Alternative energy - Expand by a minimum of **5MW** of additional installations.

● OUR DATA

2011 Goal

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 1.8million kilowatt hours.

2012 Goal

NEW: By end of 2012, top 500 retail stores to have Energy Champions and ScoreCards (in addition to the top 1,000 operational facilities).

Emissions

2012 Goal

Reduce our Scope 1 emissions 20% by 2020, using a 2008 Scope 1 baseline of 1,172,476.*



*In 2011, we set an absolute Scope 1 GHG emissions reduction goal to reduce Scope 1 emissions 14 percent by 2014 using a 2008 baseline. When we sat down to identify our progress toward this goal at the end of 2011, we realized that improvements made in the calculation methodology and underlying source data for three of our emission sources – refrigerants, engines and portable generators – partially inflated reductions over our baseline year. In an effort to more accurately report the progress made by our emissions reductions activities and avoid an inaccurate representation of our progress, we have established a new 2008 baseline (consistent with GHG Protocol best practices) and will now hold refrigerants and engines/portable generators data steady over the duration of this goal. We will use our 2011 values for these sources, which have been assured by Ernst & Young, as a constant as we track progress for this goal. In our yearly inventory, we will continue to report these sources as we calculate them each year, and we seek to further reduce those emissions and improve the quality of these emission calculations on an ongoing basis.

TECHNOLOGY

Consumer

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

Progress Toward Goal

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

- 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.
- OEM proprietary studies on off grid charging solutions provided AT&T the necessary information for future product development, and we determined that our resources were better used in other areas given that sufficient studies already existed in the industry on this issue.

OUR DATA

2012 Goal

NEW: Identify connection opportunities that drive efficiency and sustainability for customers in the healthcare, tracking, transportation and home energy sectors.

Enterprise

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

Progress Toward Goal

- We developed carbon emission measurement models, to predict and document the positive outcomes that result from using AT&T solutions for "travel replacement," including video conferencing and telecommuting. The models were created to mirror GeSI-showed sustainability benefits, travel dollars saved and productivity enhancements achieved.
- We sponsored the Carbon Disclosure Project's study, "Cloud Computing: The IT Solution for the 21st Century." Conducted by Verdantix, the study found that "Cloud computing could deliver to large US companies energy savings of **\$12.3 billion every year by 2020 and a reduction of 85.7 million metric tons of carbon annually.** That's equivalent to almost 200 million barrels of oil, or enough to power 5.7 million cars for a year." Cloud computing can:
 - Help avoid costly up-front capital investments in infrastructure
 - Improve time-to-market, as a new server can be created or brought online in minutes
 - Ensure greater flexibility as the Cloud allows firms to pay for excess capacity only when they need it
 - Avoid the continual maintenance of excess capacity needed to handle spikes and improve automation that helps drive process efficiencies.

2012 Goal

Develop and launch a consumer engagement based 'eco-rating' system with a corresponding scorecard for AT&T wireless handset devices sold at retail. Beginning in the 2nd half (3Q) of 2012, all new AT&T Branded devices added to the post-paid portfolio would be evaluated against the eco-rating system.



Innovation

2011 Goal

Redesign external C&S website to be more interactive.

Progress Toward Goal

This year, we're improving the way we deliver our sustainability content to make it more interactive and understandable for our users. The new format will feature Issue Briefs that contain detailed information about key topics, as well as a newly designed interactive web-based report. Look for it in June 2012!

Product Stewardship

2012 Goal

NEW: Gauge consumer awareness of No Texting While Driving campaign and of the dangers of texting while driving by developing and issuing a survey during 1Q12, which will inform a goal for progress in 2013.

Social Application

2012 Goal

NEW: Support projects to promote the use of mobile technology to enhance teaching and learning.



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	2011
Giving In Our Communities	\$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 Community Development \$57.1M Education \$42.5M Health and Human Services \$0M Other \$148.2M Grand Total	\$9.5M Arts and Culture \$20.4M Civic and Community \$46M Education \$39.1M Health and Welfare \$115M Grand Total
Amount of corporate, employee & foundation giving				
AT&T Aspire - Dropout Summits	19	84 (cumulative from 2008)	105 (cumulative from 2008)	Summits did not occur in 2011. Final number was 105 summits in all 50 states reaching more than 32,500 stakeholders.
Number of summits convened nationwide to discuss the dropout crisis (in collaboration with America's Promise Alliance)				

OUR DATA

PEOPLE AND COMMUNITIES CONTINUED

PHILANTHROPY	2008	2009	2010	2011
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)	Nearly 94,000 students (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	\$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	Released "On Track for Success: The Use of Early Warning Indicator and Intervention Systems to Build a Grad Nation" and "Building a Grad Nation 2010-2011 Update"

DISASTER RELIEF	2008	2009	2010	2011
Disaster Relief Investment in Network Disaster Recovery program - cumulative	\$500M	\$500M	\$600M	\$600M



PEOPLE AND COMMUNITIES CONTINUED

VOLUNTEERISM / GIVING	2008	2009	2010	2011
Activate Employees to Volunteer Number of hours that AT&T donated through employee & retiree volunteer programs	10.3M	8.5M	9M	More than 6M
Dollar amount associated with volunteerism <small>The financial equivalent based on the 2011 industry standard from nonprofit Independent Sector</small>	\$202.8M	\$176M	More than \$192M	More than \$133M
Employee Giving Amount of yearly employee giving through United Way campaign	More than \$31M	More than \$29M	More than \$31M	More than \$33M
WORKFORCE	2008	2009	2010	2011
Employee Health Care Number of employees, retirees and dependents covered	1.2M	1.2M	1.2M	1.2M
Provide Quality Jobs Percentage of union-represented employees	60%	Approximately 60%	Approximately 58%	55%
Employee Training Amount invested in direct employee training development programs; development reviews <small>Does not include \$ spent for travel and work-time allotted for training</small>	\$244M	\$244M	\$260M	More than \$280M

OUR DATA

PEOPLE AND COMMUNITIES CONTINUED

WORKFORCE	2008	2009	2010	2011
Amount invested on tuition reimbursement	\$25M	\$27M	\$34M	Nearly \$28M
Percent of employees receiving regular performance and career development reviews	100%	100%	100%	100%
Employee Safety AT&T's OSHA total recordable occupational injury and illness rate (per 100 employees)	2.08	2.07	2.2	2.14
Workforce Diversity Total Workforce	Women - 44% People of Color - 39%	Women - 41% People of Color - 38%	Women - 40% People of Color - 38%	Women - 39% People of Color - 39%
Total Management	Women - 41% People of Color - 30%	Women - 40% People of Color - 30%	Women - 40 % People of Color - 31%	Women - 39% People of Color - 31%
SUPPLY CHAIN	2008	2009	2010	2011
Supplier Diversity Spend with minority, women and disabled veterans business enterprises	\$6B	\$6.9B	\$9.2B	\$12B
Supply Chain Survey Number of website hits by suppliers on the Principles of Conduct for Suppliers (since launch)	2,500		4,987	Did not track in 2011



ENVIRONMENT

	2008	2009	2010	2011
Domestic Carbon Footprint Company-wide greenhouse gas (GHG) emissions (metric tons CO ₂ -equivalent)	9,066,626	8,931,090	8,925,724	9,066,558
Domestic and International Carbon Footprint		8,973,484	8,966,682	9,144,648
Water Footprint Gallons of water used for domestic operations			3.4B	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	5,114 total: 3,469 CNG 1,617 Hybrid 3 All-Electric 25 Extended Range Electric
Total gallons of gasoline replaced			1 million gallons of unleaded gasoline in 2010 (by deploying 2,472 CNG vehicles)	2.5 million gallons of unleaded gasoline in 2012 and each additional year they are in use
Energy Intensity Intensity of data carried on our network (kWh / Terabyte)	654	498	415	344
Percent reduction in kWh / Terabyte (year over year)		24%	17%	17%

OUR DATA

ENVIRONMENT CONTINUED

	2008	2009	2010	2011
Alternative Energy Solar production (annual kWh)	1,634,393	1,626,221	2,849,896	3,182,923
New: Alternative Energy Solar + fuel cell capacity (KW)				3,888.0
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)	50.1M
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	12,500
Percent of regulated waste recycled (universal, hazardous, exempt and special, as well as non-hazardous waste)			70%	More than 63%
E-Waste Number of computers, monitors, servers and other equipment that were donated, recycled or reused	Almost 68,000	63,000	96,000	77,000



ENVIRONMENT CONTINUED

	2008	2009	2010	2011
Cell Phone and Accessory Recycling Pounds of cell phone batteries and accessories recycled	4.5M	4.2M	3.7M	3M
Pounds of cell phone batteries and accessories recycled	1.3M	1.8M	1.8M	1.7M
Paperless Billing Approximate total number of paperless-billed customers		12.3M	14.4M	17.2M

TECHNOLOGY

	2008	2009	2010	2011
AT&T Patents Average number received every day	2	2	2	More than 2

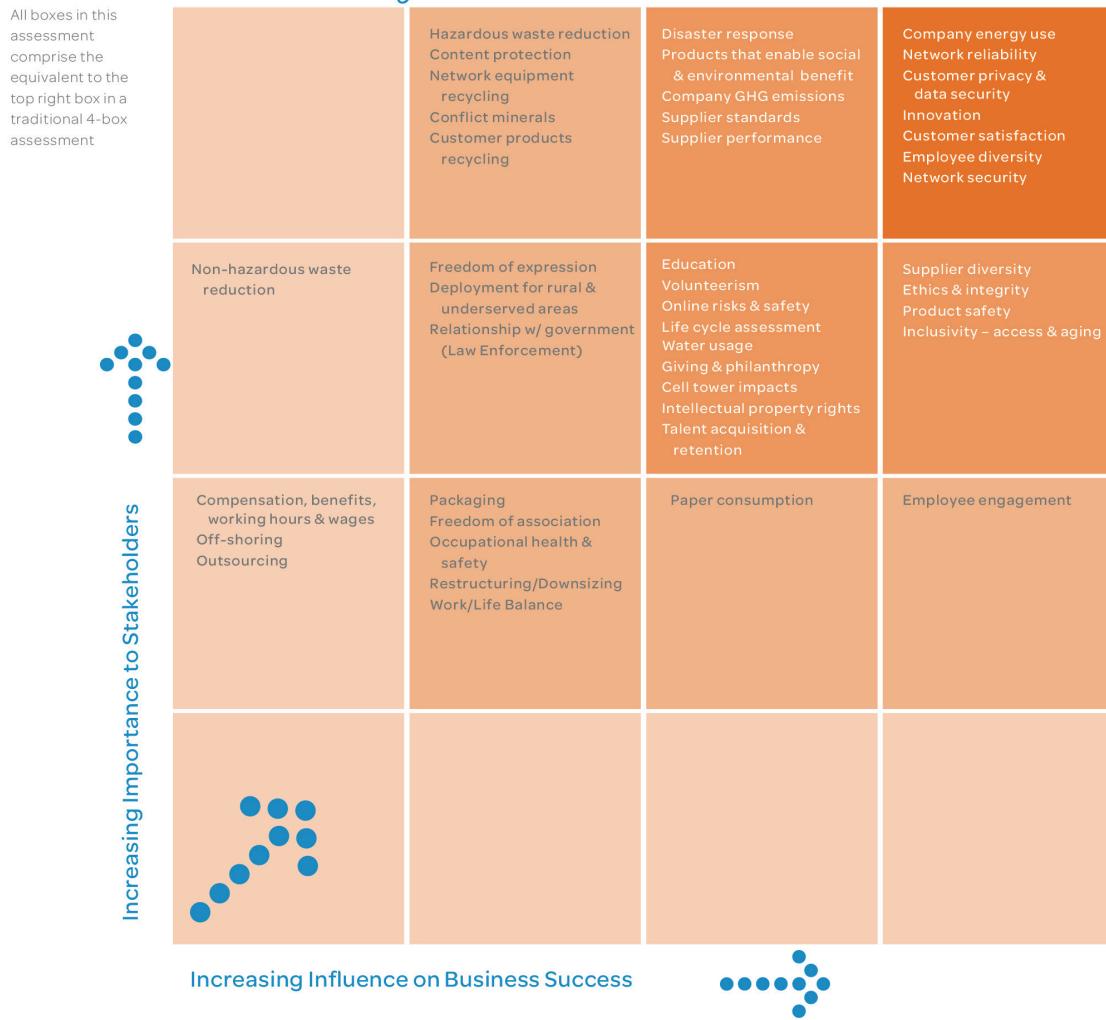
Assessing Our Sustainability-Related Challenges & Opportunities



Working together, business and society have the potential to tackle arguably the greatest challenge of our time – our ability to sustain ourselves at the current or higher level well into the future. This is a daunting task. To do our part, we know we must prioritize which issues are most pressing to our business and which issues present the greatest opportunities for positive impact. We conduct a bi-annual strategic assessment of sustainability challenges and opportunities to our business. In 2010, we conducted our second assessment, culling through more than 200 publicly available sources of information. To augment, we conducted a series of interviews with organizations widely regarded as experts in their respective fields, including Business for Social Responsibility (BSR), World Wildlife Fund (WWF), Saatchi and Saatchi, the Carbon Disclosure Project (CDP), World Resources Institute, the Pacific Institute and the Environmental Defense Fund (EDF). We also solicited informal feedback from AT&T's Consumer Advisory Panel.

Specifically, we assessed external trends in 44 issues that have direct relevance to AT&T's business success. We grouped these issues into eight broad categories: sustainable energy practice; product design and use; waste disposal, recycling and conservation efforts; privacy and security; supply chain stewardship; ethical business operations; employee relationships; and community engagement. For the vast majority of issues, we assessed external trends in three categories: market, social and regulatory. Where appropriate, we also included information on peer companies and competitors. Combined, this gave us a focused "snapshot" of the key trends and the potential impact they may have on the company.

2010 strategic materiality assessment



We continually monitor these issues and in 2011 used them to guide our efforts. Several groups are integral to driving these issues into our business and addressing the related risks and opportunities. The Public Policy and Corporate Reputation Committee of the Board of Directors has oversight over all Citizenship & Sustainability issues. The Chief Sustainability Officer reports to the board committee three times a year to provide updates and receive input on the direction of the sustainability work within AT&T. Separately, 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 Citizenship & Sustainability priorities. The committee meets quarterly to identify priorities, align resources and help further integrate these issues into our business operations. It is headed by the Chief Sustainability Officer, who works with the Chairman's Office, AT&T's Board of Directors and the company's executive management team to further integrate sustainable business practices across the company and its supply chain. We also have more than 20 expert teams that are organized around each sustainability issue that is important to our company. Finally, we have a dedicated sustainability team that addresses these issues on a daily basis and drives progress through the business.

Below we examine some of the most critical sustainability issues we face. We explain how we are addressing them to reduce risk to our business and seize opportunities when available.

Company Energy Use

In 2011, we continued to make strides in managing our overall energy consumption. We saved \$42 million on an annualized basis by implementing 4,500 energy-saving projects. We also saw a 16.5 percent reduction in electricity consumption relative to data growth in our network. At the same time, we have not been able to move as aggressively as we would like to incorporate more alternative energy into our power mix. We have installed solar power and fuel cells and purchased wind energy, but the return on investment does not currently justify a significant investment in alternative energy. As state subsidies for solar and wind are phased out, it makes the return on investment hurdle more difficult to clear. That said, we did commit to additional alternative energy in 2011. By the end of the year, we had contracted five solar systems total that produce 3.1 million kWh annually, and we have installed fuel cells that produce 3.7 MW of power. Given the current financing environment, our focus will continue to be to reduce our overall energy consumption until alternative energy becomes more cost effective. Learn more about how we're managing our energy use and investing in alternative energy.

Customer Privacy & Data Security

Privacy and data security are critical. We take customer privacy and safety very seriously. These commitments are fundamental to how we do business. We have a simple and comprehensive privacy policy that applies to everyone who has a relationship with AT&T. We also were named one of the 20 most trusted companies for privacy in 2011 by the Ponemon Institute. Currently, some potential adopters and existing users of information and communications technology solutions have security concerns. We take great care to make products that we offer, such as cloud computing and smart grid communications, secure. Our cloud services, for example, offer enterprise-grade data security. Learn more about how we're protecting privacy and collaborating to secure the smart grid.

Network Reliability

Global communications networks have revolutionized the way our customers live, work and play. Mobile Internet services, such as on smartphones, can help transition to a cleaner, more efficient economy. As excited as we are about these changes and potential changes, we have been challenged by the explosive growth of data carried across our network. From 2007 to 2011, data traffic on our wireless network grew 20,000 percent. Wireless spectrum supports this traffic, but it is in limited supply. This is a challenge facing our entire industry. It's a market and a reputation challenge for us. We're doing everything we can outside of the spectrum issue to make our networks as reliable as possible. In 2011 we invested more than \$20 billion in our wireline and wireless networks and plan to invest \$20 billion more in 2012. We're focusing on building new cell sites, hanging new antennas, launching 4G LTE in more markets and providing alternative mobile broadband access hotspots. Meeting network demands for our customers is a top priority for our company. Learn more about how our focus on network reliability.

Products That Enable Social & Environmental Benefit

Demand for products that are responsibly manufactured and enable users to operate sustainably is growing. It's a growing market for AT&T. In 2011, we worked with the Carbon Disclosure Project (CDP) to quantify the economic and environmental benefits of broadband and cloud computing. We sponsored, and Verdantix conducted, the CDP study "Cloud Computing: The IT Solution for the 21st Century." It found that large U.S. companies¹ that use cloud computing can achieve annual economy-wide energy savings of \$12.3 billion and annual carbon reductions equivalent to 200 million barrels of oil, or enough to power 5.7 million cars for one year.²

In 2011, we also continued efforts to quantify the benefits of travel substitution technologies. The previous year, we had sponsored a study by CDP and Verdantix, "The Telepresence Revolution," that found that large U.S. firms with revenues of more than \$1 billion could collectively achieve financial benefits of almost \$15 billion by substituting Telepresence® for some business travel and can cut nearly 4.6 million metric tons of CO₂.³ In 2011, we rolled out the AT&T Carbon Emissions Calculator tool, which helps businesses calculate the greenhouse gas emission savings, the financial cost savings and productivity and collaboration gains from using travel substitution technology. Learn more about tackling environmental and social challenges with technology.

¹ Represents the 2,653 firms generating revenues of more than \$1 billion in the U.S.

² Based on Bureau of Transportation Statistics average mpg, Federal Highway Administration average annual mileage and the Energy Information Agency gallons of gasoline per barrel of oil.

³ Carbon calculations were derived by Cisco's IBSG, which uses the TRX Airline Carbon Emissions Calculator for impact of air travel avoidance, along with a standard calculation for the impact of ground transportation avoided to and from the meeting and airport, less the impact of energy usage for the telepresence application and carbon start up and disposal. Note: Ground transportation to and from the Telepresence® location and airport were assumed equivalent to participants' normal daily commutes, and thus, offset each other.

Conflict Minerals

Conflict minerals including tin, tantalum, tungsten and gold have emerged as a reputational risk for manufacturers and service providers. Increasingly, governments, NGOs and many companies are taking steps to ensure that materials contained in mobile devices do not come from mines in the Democratic Republic of the Congo (DRC). We felt it was important not to wait for government to attempt to regulate in this area. We engage our suppliers at least twice per year during Requests for Proposals for new devices. We ask them to acknowledge that they do not knowingly source minerals from the conflict areas of the Congo region. AT&T has closely watched this issue with its membership in the Global e-Sustainability Initiative (GeSI). While it is difficult to determine if metals mined in this region are conflict vs. non-conflict, we are committed to working closely with suppliers and are closely monitoring the 'in-region pilot procurement strategy' created by members of EICC/GeSI Extractives Working Group. Through continued collaboration with suppliers, we're committed to working toward eliminating such metals in manufactured products. We also recently signed an Expression of Intent to support the Public-Private Alliance for Responsible Minerals Trade (PPA) — an alliance set up by the U.S. State Department, USAID, NGOs and company/industry organizations to address conflict minerals concerns. It promotes solutions to encourage those involved in responsible minerals trade in the DRC and the Great Lakes Region of Central Africa. Learn more about how we're engaging our supply chain in this effort.

Inclusivity – Access & Aging

Accessibility is our commitment to help our customers and employees to communicate where they live and work. We offer innovative and accessible products and services to meet a variety of disability and age-related needs. Accessibility needs are growing. For instance, the aging workforce will continue to push the limits of technology to provide increased quality of life. To meet these needs, we've integrated inclusivity and accessibility into all our activities, from product development to marketing to customer service. The Human Factors Group works to adapt technology to people's needs, rather than making people adapt to their technology. We also embrace Universal Design and encourage developers and manufacturers to be inclusive in their designs. Learn more about our focus on inclusivity.

Alternative-Fuel Vehicles

Because we operate a fleet with more than 70,000 vehicles, our fleet is a big opportunity to reduce our greenhouse gas emissions and fuel use. In 2009, we committed to invest up to \$565 million to deploy approximately 15,000 alternative-fuel vehicles (AFVs) over a 10-year period through 2018. By the end of 2011, we had deployed more than 5,000 alternative-fuel vehicles, including nearly 3,500 compressed natural gas vehicles and more than 1,600 hybrid electric vehicles. Our compressed natural gas vehicles will allow us to avoid the purchase of 2.5 million gallons of gasoline in 2012 and each subsequent year they are in service. We plan to continue our purchase of alternative-fuel vehicles in 2012. Learn more about this commitment.

In 2012, we will continue to address these issues and evaluate additional issues that are relevant to our business and our communities. To do this, we will continue to engage our stakeholders to provide guidance on short term and longer term planning. Read our stakeholder engagement principles.

G3 Content Index - GRI Application Level C

Application Level C

Assured by

STANDARD DISCLOSURES PART I: Profile Disclosures

REPORT FULLY ON THE BELOW SELECTION OF PROFILE DISCLOSURES OR PROVIDE A REASON FOR OMISSION

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	Letter from AT&T's Chairman, Chief Executive Officer and President		

2. Organizational Profile

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
2.1	Name of the organization.	Fully	AT&T, Inc.		
2.2	Primary brands, products, and/or services.	Fully	Form 10-K		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Form 10-K		
2.4	Location of organization's headquarters.	Fully	Form 10-K		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Data contained in this report covers the United States unless otherwise noted. However, with AT&T, customers have the freedom to make wireless calls using an internationally enabled phone on all seven continents and in more than 225 countries. We offer wireless data coverage in more countries than any U.S. carrier — with wireless data-roaming in more than 205 countries for laptops, hand-held devices and other data services and mobile broadband services in more than 145 countries. We also offer wireless service on more than 140 cruise ships worldwide.		
2.6	Nature of ownership and legal form.	Fully	Form 10-K		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	With AT&T, customers have the freedom to make wireless calls using an internationally enabled phone on all seven continents and in more than 225 countries. We offer wireless data coverage in more countries than any U.S. carrier — with wireless data-roaming in more than 205 countries for laptops, hand-held devices and other data services and mobile broadband services in more than 145 countries. We also offer wireless service on more than 140 cruise ships worldwide.		
2.8	Scale of the reporting organization.	Fully	Form 10-K		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Form 10-K		
2.10	Awards received in the reporting period.	Fully	www.att.com/csrfaq		

3. Report Parameters

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Jan - Dec 31, 2001		
3.2	Date of most recent previous report (if any).	Fully	Jun-11		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual		
3.4	Contact point for questions regarding the report or its contents.	Fully	kelen.butts@att.com		
3.5	Process for defining report content.	Fully	We conduct a bi-annual strategic assessment of sustainability challenges and opportunities to our business. In 2010, we conducted our second assessment, culling through more than 200 publicly available sources of information. To augment, we conducted a series of interviews with organizations widely regarded as experts in their respective fields, including Business for Social Responsibility (BSR), World Wildlife Fund (WWF), Saatchi and Saatchi, the Carbon Disclosure Project (CDP), World Resources Institute, the Pacific Institute, and the Environmental Defense Fund (EDF). We also solicited informal feedback from AT&T's Consumer Advisory Panel. Specifically, we assessed external trends in 44 issues that have direct relevance to AT&T's business success. We grouped these issues into eight broad categories: sustainable energy practices, product design and use, waste disposal, recycling and conservation efforts, privacy and security, supply chain stewardship, ethical business operations, employee relationships, and community engagement. For the vast majority of issues, we assessed external trends in three categories: market, social and regulatory. Where appropriate, we also included information on peer companies and competitors. Combined, this gave us a focused "snapshot" of the key trends that are relevant to reporting for the company.		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The report covers AT&T Inc. operations, unless otherwise noted. Data primarily covers U.S. operations, except in the cases of GHG emissions and some philanthropic data.		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	content covers U.S. operations. This is the majority of our scope. However, we are working to incorporate international data where appropriate.		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	The data contained in this report is for assets for facilities in which AT&T has an operating interest, unless otherwise noted.		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Not applicable		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	No major changes from previous year		
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	www.att.com/csr		

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
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4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	AT&T Corporate Governance Website		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	AT&T Corporate Governance Website		
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	AT&T Corporate Governance Website		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	AT&T Corporate Governance Website		
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement Principals		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement Principals		

STANDARD DISCLOSURES PART III: Performance Indicators

REPORT FULLY ON 10 CORE OR ADDITIONAL PERFORMANCE INDICATORS - AT LEAST 1 FROM EACH DIMENSION (ECONOMIC, ENVIRONMENTAL SOCIAL)

Economic

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	AT&T 2011 Annual report
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	AT&T Carbon Disclosure Project Investor Survey Response
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Whether the structure of retirement plans are based on defined benefit plans or other types of benefits. – AT&T provides both Defined Benefit Plans and Defined Contribution Plans for employees. The eight responses below relate only to our defined contribution plans. When the retirement plan's liabilities are met by the organization's general resources: the estimated value of those liabilities. AT&T Funds from general resources a trust to provide defined benefits to plan participants. The trust is currently funded at 82% of plan accounting liabilities as of 12/31/11. The unfunded portion is \$10,203,165,000 When the retirement plan's liabilities are met through a fund: the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them. 82% see above response. When the retirement plan's liabilities are met through a fund: the basis on which that estimate has been arrived at. In accordance with rules established by the Financial Accounting Standard Board primarily FASB 158, 106 and 87. When the retirement plan's liabilities are met through a fund: when that estimate was made. 12/31/2011 Whether the pension's liabilities will be fully covered and if not, provide an explanation of the strategy and possible timescale adopted by the employer to work towards full coverage. The Company funds the pension trust at or above the minimum required funding levels. When not fully covered: the percentage of salary contributed by employee or employer. No employee contributions required. The level of participation in retirement plans (e.g. participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact). Substantially all U.S. employees are covered The aggregate totals of plan coverage. The 12/31/11 valuation census data is approximately 606,000 participants of which 226,000 are active employees.
EC4	Significant financial assistance received from government.	Not	

EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not	

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Partially	In 2011, we contributed more than \$115 million through corporate, employee and AT&T Foundation giving programs. Also in 2011, our employees and retirees donated more than six million hours of time to community outreach activities — worth more than \$133 million. (http://www.independentsector.org/programs/research/volunteer_time.html)
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not	

Environmental

Performance Indicator	Description	Reported	Cross-reference/Direct answer
Materials			
EN1	Materials used by weight or volume.	Not	
EN2	Percentage of materials used that are recycled input materials.	Not	
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	Total energy consumption in joules or multiples.: 13,822,886 GJ Total direct energy consumption in joules or multiples by renewable primary source: N/A Total direct energy consumption in joules or multiples by non-renewable primary source: 13,822,886 GJ
EN4	Indirect energy consumption by primary source.	Fully	Total amount of indirect energy used by indirect non-renewable sources and indirect renewable sources in terms of intermediate energy: 51,149,533 GJ The corresponding primary energy consumed in its production: 170,414,205 GJ
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Energy realized from energy efficiency projects: 409,615,575 kWh. Total amount of energy saved in joules or multiples taking into consideration energy saved due to process redesign, conversion and retrofitting of equipment, and changes in personnel behavior: 1,474,616 GJ.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Issue Brief: Tackling Environmental and Social Challenges with Technology
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Issue Brief: Managing Energy
Water			

EN8	Total water withdrawal by source.	Partially	12,870,400
EN8	Water sources significantly affected by withdrawal of water.	Not	
EN10	Percentage and total volume of water recycled and reused.	Not	
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not	
EN13	Habitats protected or restored.	Not	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Corporate Accounting and Reporting Standard (Revised Edition) - Direct Measurement (metered data), site specific data, estimations. Total greenhouse gas emissions as the sum of direct and indirect emissions in tonnes of CO2 equivalent: 9078271 mtons CO2e
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	The sum of indirect GHG emissions identified in tonnes of CO2 equivalent: 66,377 mtons CO2e
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Issue Brief: Managing Energy
EN19	Emissions of ozone-depleting substances by weight.	Not	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not	
EN21	Total water discharge by quality and destination.	Not	
EN22	Total weight of waste by type and disposal method.	Not	
EN23	Total number and volume of significant spills.	Not	
EN24	terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Issue Brief: Tackling Environmental and Social Challenges with Technology
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Issue Brief: Environmental Compliance
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	
Overall			
EN30	Total environmental protection expenditures and investments by type.	Not	
Social: Labor Practices and Decent Work			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Employment			
LA1	Total workforce by employment type, employment contract, and region.	Partially	Total workforce as of 12/31/11 was 256,420 Total Management workforce as of 12/31/11 was 112,535 and Nonmanagement was 143,885
LA2	Total number and rate of employee turnover by age group, gender, and region.	Not	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Generally speaking, full-time, part-time, and temporary employees enjoy identical benefits, although there are limited exceptions in terms of both coverage eligibility and employee contributions.
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Total employees covered by a collective bargaining agreement: 54.7%
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Custom and Practice Changes - 30-60 days depending on contract Surplus (Layoff Notifications) - 90 days Technology changes - 90 days
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Not	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Not	
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	All contracts address safety and health issues related to bargained-for employees
Training and education			
LA10	Average hours of training per year per employee by employee category.	Fully	On average, each employee received 34 hours of training.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	We have over 22,000 courses that employees can enroll in to upgrade their skills.
LA12	Percentage of employees receiving regular performance and career development reviews.	Partially	Percent of employees receiving regular performance and career development reviews: 100 percent.
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	The percentage of employees in the gender category (male/female) - 39 percent men, 61 percent women The percentage of employees in minority groups - 39 percent of AT&T's workforce are people of color The percentage of employees by age group - proprietary The percentage of individuals within the organization's governance bodies in the gender category - 25 percent female 75 percent male The percentage of individuals within the organization's governance bodies in minority groups - 25 percent The percentage of individuals within the organization's governance bodies by age group (under 30; 30-50; over 50) 100 percent over 50
LA14	Ratio of basic salary of men to women by employee category.	Not	
Social: Human Rights			
Performance Indicator	Description	Reported	Cross-reference/Direct answer

Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not	
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Not	
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not	
Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not	
Forced and compulsory labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Not	
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	In 2011, we accomplished an approximately 99.6 percent completion rate on our Code of Business Conduct training. This includes human rights issues.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	
Social: Society			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not	
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Not	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	In 2011, we accomplished an approximately 99.6 percent completion rate on our Code of Business Conduct training. This includes anti-corruption policies and procedures.
SO4	Actions taken in response to incidents of corruption.	Fully	Issue Brief: Good Corporate Governance
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Partially	AT&T Political contributions page
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not	
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not	
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not	
Social: Product Responsibility			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not	
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not	
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not	
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not	
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not	

