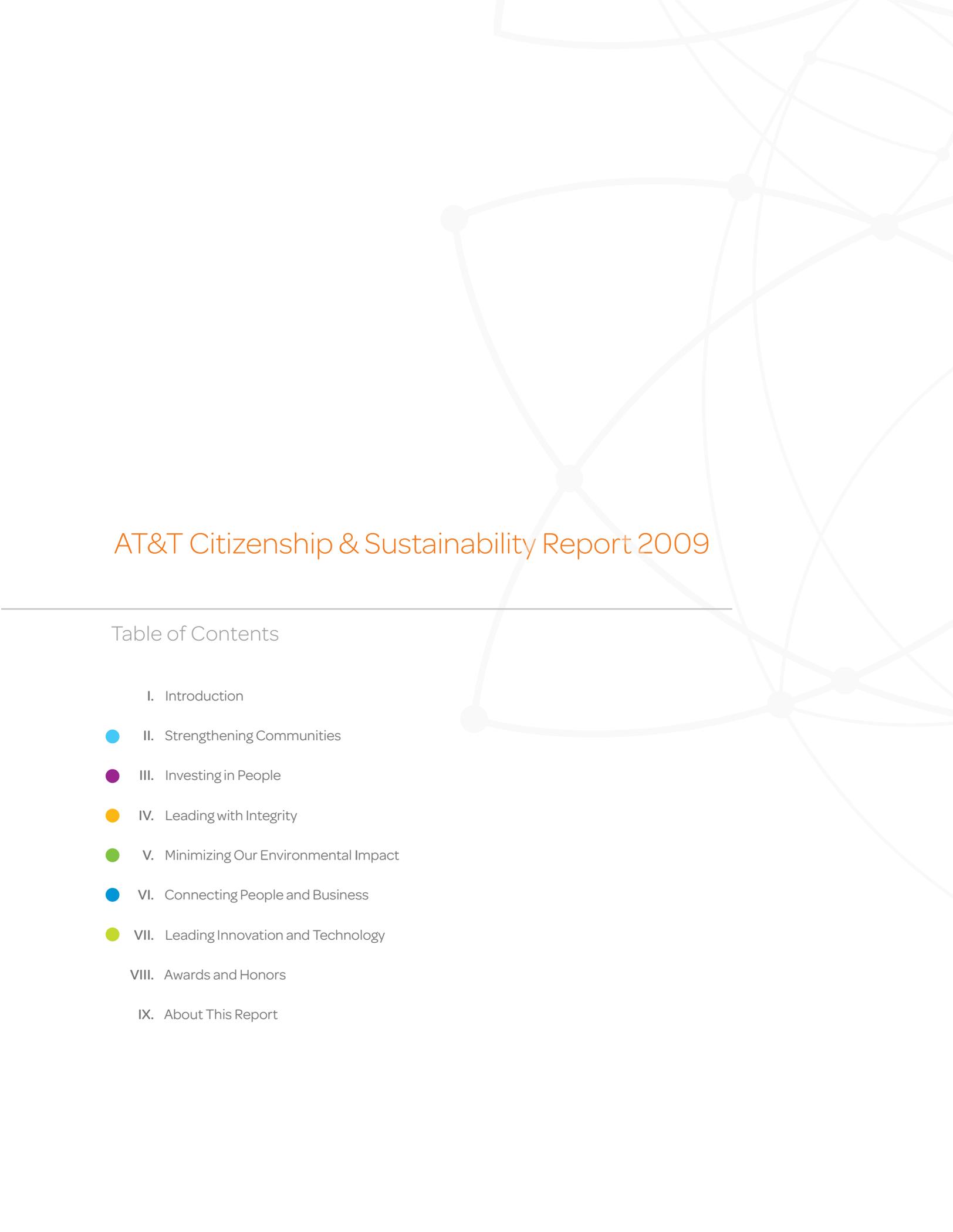




# Connecting for a Sustainable Future

AT&T Citizenship and Sustainability Report 2009





# AT&T Citizenship & Sustainability Report 2009

---

## Table of Contents

- I. Introduction
- II. Strengthening Communities
- III. Investing in People
- IV. Leading with Integrity
- V. Minimizing Our Environmental Impact
- VI. Connecting People and Business
- VII. Leading Innovation and Technology
- VIII. Awards and Honors
- IX. About This Report



**Randall Stephenson**  
**Chairman, Chief Executive  
Officer and President**

“Rethink Possible<sup>SM</sup>” is more than just AT&T’s brand promise. It’s how we think and perform in every aspect of our business. We push the limits of possible in everything we do, including our sustainability efforts.

## To AT&T Stakeholders:

At AT&T, we always challenge ourselves to find better, smarter ways to run our business while improving our position as an innovation leader and responsible corporate citizen. That was certainly the case in 2009. We continued to invest in the sustainability of our communities, our business practices and our workforce. And, today, we've never been more confident about the future of our company – and our country.

“Rethink Possible<sup>SM</sup>” is more than just AT&T’s brand promise. It’s how we think and perform in every aspect of our business. We push the limits of possible in everything we do, including our sustainability efforts. Consider our \$100 million Aspire program. It’s not only keeping kids in school, it’s preparing them for the workforce of tomorrow. Look at our leadership in diversity and inclusion. We’re already among the top companies in the U.S., but we continue to take steps to foster an even more diverse and inclusive workplace. And our commitment to “Rethink Possible” is clearly evident in our ongoing, innovative efforts to leverage the full power of our network to reduce energy consumption.

For more than a century, AT&T has introduced reliable, game-changing products and services that make our lives better. Through relentless innovation and investment, we’re always developing technologies to drive progress. And, in 2009, we invested \$17.3 billion in our network, enabling the connections that make us all more productive.

Also, over the past year, we continued to invest in our workforce, empowering the brightest minds to innovate on behalf of our customers and work with our partners and stakeholders to solve problems and inspire ideas that make a difference.

Citizenship and sustainability are areas of continual progress for AT&T. We’re constantly learning and making improvements. This report shares our progress – and challenges – over the past year. It shows where we’ve been and, more importantly, where we want to go. It articulates our commitment to embrace our sustainability efforts with the same passion and leadership that we bring to every part of our business.

I am excited about the opportunities ahead for AT&T and all of our stakeholders. Together, as we “Rethink Possible,” we can all realize new breakthroughs in how we live, work and play.

Sincerely,



Randall Stephenson  
Chairman, Chief Executive Officer and President



AT&T's Citizenship & Sustainability Steering Committee meets via AT&T's Telepresence Solution<sup>SM</sup>.

## AT&T Citizenship & Sustainability Steering Committee Members

### **Henry Arnold**

**Advertising Solutions**  
Vice President of Operations for Advertising Solutions

### **Dorothy Attwood**

**Corp External Affairs**  
Sr. Vice President – Public Policy and Chief Privacy Officer

### **Jeff Bradley**

**Marketing – Consumer Channels**  
Sr. Vice President – Devices

### **Cindy Brinkley**

**Human Resources**  
Sr. Vice President of Talent Development and Chief Diversity Officer

### **Keith Cambron**

**AT&T Labs**  
President and Chief Executive Officer of AT&T Labs

### **Rick Felts**

**Information Technology**  
Sr. Vice President of Information Technology Operations

### **Tim Harden**

**Supply Chain and Fleet Ops**  
President – Supply Chain and Fleet Operations

### **Randall Hargraves**

**Global Internet Data Center Ops**  
Vice President – Global Internet Data Center Operations

### **Bill Hogg**

**Network Planning and Engineering**  
Sr. Vice President – Network Planning and Engineering

### **Charlene Lake**

**Public Affairs**  
Sr. Vice President – Public Affairs and Chief Sustainability Officer

### **Paul Mancini**

**Legal**  
Sr. Vice President and Assistant General Counsel

### **Brooks McCorcle**

**Finance**  
Sr. Vice President – Investor Relations

### **Kevin Peters**

**Business Marketing**  
Chief Marketing Officer

### **Mark Schleyer**

**Corporate Real Estate**  
Sr. Vice President – Corporate Real Estate

### **Bill Smith**

**AT&T Network Operations**  
President – AT&T Network Operations

### **Larry Solomon**

**Global Markets**  
Sr. Vice President – Corporate Communications

### **Debbie Storey**

**Consumer Centers Sales and Service**  
Sr. Vice President – Centers Support

### **Carol Tacker**

**Finance**  
Sr. Vice President and Chief Compliance Officer

### **Gail Torreano**

**Global Markets**  
Sr. Vice President – Employee Communications and Sponsorship



EXHIBIT 1.1 - Summary of findings  
1.1.1. The findings of the investigation are as follows:  
1.1.2. The findings of the investigation are as follows:  
1.1.3. The findings of the investigation are as follows:  
1.1.4. The findings of the investigation are as follows:  
1.1.5. The findings of the investigation are as follows:



We're eager to share with you this report that provides a snapshot of our progress in 2009. And perhaps even more important than what we've done over the past year is where we are headed and how we think about sustainability.

For a glimpse into both AT&T's approach and direction around sustainability, we sat down with AT&T's Chief Sustainability Officer, Charlene Lake:

A Word with  
Charlene Lake

AT&T Chief  
Sustainability Officer

One of the focuses of AT&T's sustainability program is innovation. Can you talk about how innovation is linked to sustainability?

**CL:** One thing they definitely have in common is that everyone has a different definition for each word. But to me, the power of the relationship between innovation and sustainability lies in how each gets us to tomorrow. Sustainability is about making decisions that ensure success for tomorrow, all while understanding our interdependence with our communities. And innovation is the catalyst that delivers the ideas of tomorrow — new possibilities through products, services and actions that have power to change everything. Our new brand promise, "Rethink Possible," captures the essence of this — to push the limits of what's doable. And so our business wouldn't be sustainable without the continued innovation that brings to life new business models and products. It's what helps us think about our operations in new and different ways, exploring approaches to all aspects of our sustainability initiatives, including energy consumption, community strength and a deep and diverse labor pool.



AT&T Job Shadowing  
Event in Dallas, Texas

## How does AT&T work to continue meeting the changing needs of society?

**CL:** We must be actively engaged in listening to our employees, our customers and all of the stakeholders in our communities. And we must collaborate. Whether it's collaborating with industry and government to develop uniform standards around the energy efficiency of a network; partnering with universities to conduct environmental research; working with government, schools and education experts to find remediation efforts to address the high school dropout crisis; or, testing the design of our products so that they meet the needs of our diverse customers — we know that engagement and collaboration are keys to our success. We must continue to challenge the ways we communicate and engage with society. As society's needs change, its impact on business changes — and we must change as well. We are doggedly committed to finding new and better ways of listening, communicating and engaging with society.

## What is AT&T's approach to measuring the success of its sustainability programs?

**CL:** Metrics and measurement are core to who we are at AT&T. But also core to who we are is the need for reliability and near absolute accuracy of data, and that shapes much of our thinking. So, now we find ourselves integrating sustainability — and a brave new world of assumptions and competing thoughts about the future — into this rich heritage of reliability and absolutes. And therein is our challenge. We will continue to push forward in measuring our progress and setting goals that we believe are challenging, yet realistic. I truly believe that the integration of our history with this new frontier will become a competitive advantage for us, because we are approaching it in a way that works with our culture and with our strengths.

## Any final thoughts you'd like to share?

**CL:** I credit our group of executives that make up our Citizenship & Sustainability Steering Committee for helping guide us on this sustainability journey. 2009 brought with it many challenges — mostly growing pains — but we navigated through the changes with the wise guidance of these leaders. Our leadership has always understood that our company is inextricably linked to the world around us. This report highlights those intersections — and it includes our commitment to continue challenging the status quo so we can meet the long-term needs of both our business and the communities where we live and work.

## About AT&T

Rethink Possible.<sup>SM</sup> At AT&T, our approximately 280,000 employees continue to push the limits of what's possible to find new ways to make life better. This commitment to relentless innovation is at the heart of what we do. Since the advent of the telephone, AT&T has been working to drive human progress. Through continuous innovations and investment, we push what is possible today for a better tomorrow.

AT&T Inc. (NYSE: T) is a premier communications holding company. Its subsidiaries and affiliates — AT&T operating companies — are the providers of AT&T services in the United States and around the world. With a powerful array of network resources that includes the nation's fastest 3G network, AT&T is a leading provider of wireless, Wi-Fi, high speed Internet and voice services. A leader in mobile broadband, AT&T also offers the best wireless coverage worldwide, with the most wireless phones that work in the most countries. We also offer advanced TV services under the AT&T U-verse<sup>SM</sup> High Speed Internet and AT&T | DIRECTV brands. The company's suite of IP-based business communications services is one of the most advanced in the world. In domestic markets, AT&T Advertising Solutions and AT&T Interactive are known for their leadership in local search and advertising. In 2009, AT&T again ranked among the 50 Most Admired Companies by FORTUNE<sup>®</sup> magazine. With headquarters in Dallas, AT&T offers voice coverage in more than 220 countries, data roaming in more than 190 and 3G in 115.

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

AT&T Inc. common stock is listed on the New York Stock Exchange. In 2009, AT&T ranked 8th on the Fortune 500 list of largest corporations in the United States and 29th on the Fortune Global 500 list of the largest corporations on the globe. AT&T's reported consolidated revenue totaled \$123 billion in 2009.



## Citizenship & Sustainability at AT&T

### Our Approach

At AT&T, when we talk about “sustainability,” we’re not just talking about the environment. We’re talking about a broad array of initiatives that will make our business and communities stronger well into the future. Yes, it’s protecting the environment by consuming less energy, but it’s also workplace and community involvement through employee volunteerism, efforts to foster an inclusive workplace and using our products and services to help our customers live more sustainable lives. We’re also talking about a relentless commitment to innovation – a promise to push the limits of “possible” and use the power of our network to drive human progress. We use the term citizenship and sustainability (C&S) to talk about these efforts – and to describe a way of doing business that benefits both our company and society.

With a company our size, we have the potential to greatly impact the communities we serve and deliver meaningful innovation that’s changing how people live, work and play. By focusing on the intersection of company and community needs, we can make our business a better-run, more-efficient enterprise. It’s what is best for our shareholders, customers, business associates, employees – and communities.



## Six Focus Areas

We organize our efforts into six focus areas, which encompass the issues of our citizenship and sustainability commitment. This report shares our efforts in these six areas:

### **Strengthening Communities** –

We strengthen our communities by providing good jobs, donating our time and talents, supporting underserved populations and promoting education programs that create economic opportunity

### **Investing in People** –

We strive to be a great place to work, to be respectful and supportive of our diverse workforce and inclusive culture, and to recognize the benefits of our diverse suppliers, customers and business partners

### **Leading with Integrity** –

We demand the highest standards of ethics, integrity and responsibility in our operations

### **Minimizing Our Environmental Impact** –

We strive to minimize our environmental impact in ways that are relevant to our business and important to the communities we serve

### **Connecting People and Business** –

We efficiently connect people and businesses with innovative and sustainable products and services

### **Leading Innovation and Technology** –

We lead the way in innovation and technology and apply developments to make a sustainable difference in society



## Challenges and Opportunities

With approximately 280,000 employees supporting our customers and our voice and data network, we recognize the impact our company has on the communities where we live and work. There are three key areas that hold great opportunity. However, each opportunity brings with it equal challenges we must address to make a meaningful impact on both our company and society.

Key Areas of Opportunity and Challenge:

- 1 Enabling our customers to reduce their environmental impact
- 2 Reducing our energy use
- 3 Maintaining a competitive and diverse workforce

We've also created the AT&T Business Sustainability Advisory Council – a collection of leading environmental NGOs, academics, suppliers and customers who all share a common interest in promoting a cleaner, more energy-efficient environment – to help us better communicate the benefits of our products and services to consumers.

## 1 Reducing our Customers' Environmental Impact

The products and services offered by AT&T and others in the Information and Communication and Technology (ICT) sector enable consumers to be more energy efficient and reduce their environmental impact. A 2008 study commissioned by the Global e-Sustainability Initiative (GeSI) showed that the ICT sector's products and services could cut annual CO<sub>2</sub> emissions in the U.S. by up to 22 percent by the year 2020.<sup>1</sup> This offers a great market opportunity for our company and it provides both an environmental and economic benefit for our customers.

There are numerous challenges to driving greater adoption of these products and services. Chief among them is the ability to better quantify the specific economic and environmental benefits customers can realize by integrating technology into their company operations. To address this challenge, we are working with the Carbon Disclosure Project and with industry groups such as GeSI, Energy Efficiency Inter-Operator Collaboration Group and the Alliance for Telecommunication Industry Solutions.

We've also created the AT&T Business Sustainability Advisory Council — a collection of leading environmental NGOs, academics, suppliers and customers who all share a common interest in promoting a cleaner, more energy-efficient environment — to help us better communicate the benefits of our products and services to consumers.

Our nation also needs to be careful that we do not adopt policies that will delay continued deployment and adoption of this crucial, broadband infrastructure or stifle it through regulation. However well-intentioned those efforts may be, taking away predictability and certainty from companies that are actually deploying broadband networks could dampen investment.

## 2 Reducing Our Energy Use

We recognize that the increased reliance on our products and services to help others operate more efficiently will drive up our energy requirements. You'll see in this report that we've taken new steps to better manage and reduce our overall energy use, and this past year appointed an energy director to oversee this process. Additionally, our facility managers will have energy efficiency goals included as part of their annual performance review.

A large part of our direct greenhouse gas (GHG) emissions and use of fuel comes from our commercial fleet, and AT&T operates one of the largest in the U.S. in order to service our customers and maintain our networks. By the end of 2009, we had rolled out 970 alternative-fuel vehicles as part of our ten-year commitment to deploy approximately 15,000 fuel-efficient vehicles across the nation. We're committed to achieving our ten-year goal despite there being no U.S. manufacturer that currently produces a "ready to deploy" alternative-fuel vehicle for a large number of our service vehicle needs. In many instances,

we must take the vans coming off the assembly line and have them fitted with alternative-fuel technology before they can be deployed.

To address these issues we're working with federal, state and local governments as well as the private sector to help promote the necessary transportation infrastructure needed to reach our long-term goal. In so doing, we're leveraging our company's size to spur market demand in the U.S. for the production of more fuel-efficient vehicles. This not only helps our company's bottom line, but also helps our country to reduce its reliance on imported sources of energy.

### 3 Maintaining a Competitive and Diverse Workforce

Finally, we cannot sustain our business without an educated, talented and diverse workforce. People, not capital, will be the critical resource of the future. However, nearly one-third of U.S. high school students are dropping out of high school before they earn a diploma. This is a national crisis and one that threatens our very competitiveness as a nation. To help address this disaster, we launched in 2008 what we call "AT&T Aspire" – a \$100 million program to improve high school retention rates and prepare the next generation of U.S. workers.

This year's report details the steps we've taken to further invest our dollars to fund programs that have demonstrated success. One of the ongoing challenges we face is the ability to obtain and consistently track student progress,

which is a complicated issue in the country's education system. The very nature of high school completion measurements requires long time periods, and short-term progress is not always an indicator of long-term academic success. Additionally, the varying degrees of local expertise with data tracking and management compromise our ability to compare the students served to similar youth from a national data set. All are issues we're tackling, however, as we determine the most effective evaluation methods.

AT&T is committed to supporting a variety of programs that have a positive impact on student retention. We also realize that more exploration is necessary. We're funding research to examine the root issues of the crisis and we're bringing together parents, students and teachers to discuss the causes and possible solutions. Existing research shows that many students drop out of high school because they don't see the relevance of their current school work to their future life success. That's why a critical part of our Aspire program is our employee-student job shadowing initiative. We're on track to provide opportunities for job shadow career experiences to 50,000 students by the end of 2010.

While Aspire has an altruistic component, at its heart is sound business principles. By marshalling the resources of a company like ours to help address a social need, we're not just helping create better futures for our nation's children, we are sustaining our company, and we're helping the country better compete in the global economy.



## Introduction

### What's New

Connecting for a sustainable future is our commitment. This report shows how we strive to lead a responsible business and hold ourselves accountable to our stakeholders. It covers the issues we've identified as most relevant to our business and our stakeholders. In this report, we capture the economic, social and environmental impacts of our activities during 2009 and our priorities for 2010 and beyond.

### What's Next

The AT&T Citizenship & Sustainability Steering Committee agreed on a set of broad goals that provide a framework for us as we develop more detailed commitments moving forward. We continue to systematically identify performance indicators and goals for each of our focus areas, and we'll provide updates on new goals and progress in future reports.

We're continuing to embed citizenship and sustainability issues into our business strategy, improving our reporting and further engaging our employees in these efforts. We recognize that this is an ongoing journey.

## Our Progress

We set broad goals to guide our progress in each of our key focus areas. Below is a summary of progress against our 2009 goals – and our commitments moving forward.

## Strengthening Communities

### Philanthropy

---

#### 2009 Goal

Make a measurable impact on the educational and future economic success of at-risk youth.

#### 2009 Progress

- \$66.6 million granted to school districts and education organizations.

- Students reached through job shadow program grew to 23,000 total in 201 cities.
- Reached two-year total of 84 community dropout summits with 27,000 local business, education and government leaders.
- Conducted and released “On the Front Lines of Schools” study and other research.

#### Moving Forward – 2010 Goal

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

### Volunteerism

---

#### 2009 Goal

Begin transforming the culture of volunteerism within the company to one of renewed engagement.

#### 2009 Progress

- Launched AT&T Cares to provide volunteerism options and tools for approximately 280,000 employees, supporting their community service, and encouraging them to create change and stay engaged.
- AT&T Cares Web site received more than 90,000 visits in six months.

- Teamed up with YourCause.com to enable employees to create personalized Web pages to raise awareness and increase donations to the causes of their choice; through AT&T YourCause pages, employees raised more than \$98,000 in three months.
- AT&T Pioneers and employees partnered with Share Our Strength on two companywide food drives, holding drives in 148 cities and collecting 75 tons of food and more than \$27,000 in donations to help fight childhood hunger.

- AT&T Pioneers added nearly 6,000 new members, the most successful recruitment campaign in recent years.

#### Moving Forward – 2010 Goal

Provide job shadowing opportunities to a total of 50,000 students by the end of 2010.

# Investing in People

## Workforce Diversity

---

### 2009 Goal

Be recognized as an employer of choice by fostering an inclusive work environment that successfully uses diversity to drive innovation, productivity and engagement.

### 2009 Progress

- AT&T’s U.S. workforce is 41 percent female, 38 percent people of color. Women are 40 percent of AT&T managers — above average for Fortune 500 companies.

- Earned recognition in widely-respected rankings, including:
  - Top 50 Companies for Diversity, *DiversityInc.* (No. 2)
  - Top 10 Companies for Recruitment & Retention, African Americans and LGBT Employees, *DiversityInc.*
  - The 50 Best Companies for Latinas to Work, *LATINA Style Magazine*
  - Best Companies for Diversity, *Black Enterprise*

- Diversity Elite 60, *Hispanic Business Magazine*
- Best Places to Work, Human Rights Campaign
- Top 50 Most Military-Friendly Employers, GI Jobs

### Moving Forward – 2010 Goal

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

## Supplier Diversity

---

### 2009 Goal

Expand engagement with minority-, women-, and disabled veteran-owned business enterprises as AT&T suppliers.

### 2009 Progress

- Interviewed hundreds of prospective diversity businesses around the country through more than 150 outreach events.

- Named among Best 25 Companies for Supplier Diversity, *Hispanic Business*.
- Named among America’s Top Corporations for Women Business Enterprises, *WBENC*.
- Earned DiversityNXT Corporate Award for providing “nextgeneration” contracting opportunities to diversity suppliers.

- Named among Best Corporations for Veteran-Owned Businesses, *Vetpreneur*.
- Spent \$6.9 billion, or 14.2 percent of total procurement, with diverse suppliers.

### Moving Forward – 2010 Goal

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

## Research Diversity

---

### New Goal

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

# Leading With Integrity

## Supply Chain

---

### 2009 Goal

All suppliers to have read AT&T's Citizenship & Sustainability Principles of Conduct for Suppliers by year-end 2009.

### 2009 Progress

- AT&T Principles of Conduct for Suppliers have had more than 2,500 Web hits since 2009 introduction.

- Conducted broad survey of Citizenship & Sustainability practices among approximately 150 top suppliers who account for the large majority of our spend; all of the suppliers who have responded confirm reading the Principles.

## Ethics and Compliance

---

### 2009 Goal

Increase employee awareness of the Code of Business Conduct and encourage ethical leadership.

### 2009 Progress

- More than 99 percent of AT&T employees have taken Code of Business Conduct training, which incorporates human rights and anti-corruption topics.
- More than 99 percent of managers completed course on Ethical Leadership in 2009, which emphasizes importance of modeling ethical behavior as a leader of the company.

### Moving Forward – 2010 Goal

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

# Minimizing Our Environmental Impact

## Fleet

---

### 2009 Goal

Over the next 10 years, replace about 8,000 petroleum-powered service vehicles with vehicles that run on compressed natural gas (CNG) and begin replacing 7,100 passenger cars with alternative-fuel models.

### 2009 Progress

- In 2009 deployed the following vehicles:
  - 600 CNG Service Vehicles
  - 258 Hybrid Electric Vehicles
  - One All-Electric Delivery Vehicle
- These vehicles bring AT&T's alternative-fuel vehicle fleet to 970, including 625 CNG and 344 Hybrid Electric Vehicles and one All-Electric Vehicle.
- Received Environmental Leadership Award from *Automotive Fleet*.

### Moving Forward

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

## Energy Consumption

---

### 2009 Goal

Reduce the electricity consumption of our company relative to data growth on our network by 15 percent as compared with year 2008.

### 2009 Progress

23.8 percent improvement in 2009 over 2008 performance.

### Moving Forward – 2010 Goal

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

## Consumption

---

### New Goal

Complete a water footprint assessment in 2010.

# Connecting People and Business

## 2009 Goal

Move the industry's approach to consumer privacy forward to a model of privacy by design: transparency, customer control, privacy protection and customer value.

## 2009 Progress

- Made AT&T privacy policies easier to find and read.
- Experimented with new ways to provide users transparency and control over data collection/use for Internet advertising purposes. For example, tested effectiveness of different ways of notifying users that their activity on [www.YP.COM](http://www.YP.COM) will be used to target advertising to them elsewhere on the Internet, and allowing users to view and edit their profile.
- Worked with organizations such as Enough is Enough, Connect Safely and the Ad Council's Internet Safety Coalition to promote online safety education and awareness for parents. Collaborating with iKeepSafe to launch The Privacy and Online Reputation Project for greater consumer awareness of privacy issues on the Internet.
- Held training sessions at the American School Counselors Association conference and distributed more than 2,000 sets of curricula and presentations. To date, 4,200 counselors/

educators have sought materials from ASCA and 2,200 educators have downloaded content from [www.ikeepsafe.org/asca](http://www.ikeepsafe.org/asca).

- Assisted elected officials with outreach through support in community forums and town halls and by providing educational materials for parents.
- Worked with National Partnership for Safe Computing to educate constituents in congressional districts by working with interested members of Congress. Visit [www.safecomputingtownhall.org](http://www.safecomputingtownhall.org).
- Continued cybersafety educational program for mature Americans – Safe Surfing – as part of AT&T's Mature Adults Connected (MAC) initiative. MAC teaches seniors how to use wireless devices more safely and efficiently and offers cyber safety tips. Helped more than 6,000 seniors learn to stay safer in the digital world.
- Interviewed by Gwenn Schurgin O'Keeffe, CEO and Editor-In-Chief of Pediatrics Now, who is writing a book on online safety and plans to feature AT&T's [www.att.com/safety](http://www.att.com/safety) site.

## Moving Forward — 2010 Goals

### Consumer

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

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

### Enterprise

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

# Leading Innovation and Technology

## Innovation

---

### 2009 Goal

Conduct research that improves society's understanding of and ability to deal with environmental sustainability.

### 2009 Progress

- Collaborated with a team at the University of Melbourne to quantitatively estimate electrical consumption of intercontinental-scale Internet protocol (IP) networks.
- Conducted analysis of energy consumption of software in data centers to determine how various infrastructure arrangements, individual devices, applications and operating systems could help data centers to run more efficiently.

- Released new versions of Maxent Software, used for species distribution modeling. In collaboration with the American Museum of Natural History, Steven Phillips, of AT&T Labs, taught a week-long course on species distribution modeling to conservation practitioners.
- Continued work as chair and member of the Alliance for Telecommunication Industry Solutions, the North American telecommunications standards development organization.

- Chaired the Telecommunications Energy Efficiency subcommittee of the Network Interface Power and Protection Committee. Specifically, in 2009, the group developed and published standards for servers, routers and Ethernet switch products.

### Moving Forward — 2010 Goal

Apply Labs' resources in 2010 to one or more projects that improve society's understanding of/ability to deal with health care, education or assistive services.

## Energy

---

### 2009 Goal

Add to the understanding of energy consumption implications of service and/or equipment platform alternatives.

### 2009 Progress

- Began trials of Switch Grooming Project, an initiative to groom circuit switches that connect all of AT&T's telephone lines and consolidate unused lines.

- Increased attention on potential cost savings and business opportunities enabled by cloud computing technology and server virtualization.
- AT&T developed a practical application for data center architecture based on standard unit of computing that would allow data to fit in defined amount of space.

### Moving Forward — 2010 Goal

Add to the understanding of energy consumption implications of service and/or equipment platform alternatives.

# Strengthening Communities

**Our Commitment** We strengthen our communities by providing good jobs, donating our time and talents, supporting underserved populations and promoting education programs that create economic opportunity.

---

**\$155.09 million**

philanthropic giving through corporate, employee and AT&T Foundation programs

**325,000**

employee and retiree volunteers

**8.5 million**

volunteer hours – worth more than \$176 million<sup>2</sup>

Investment in people and communities where we operate is vital to the success of our company. It means investing in our people by providing good jobs with competitive compensation and benefits. It also means investing in the communities in which we operate — be it through philanthropic giving or engaging employees in volunteerism initiatives. Recognizing the connection between the success of our communities and the success of our company is one of the reasons we have been around for generations, and why we'll be here for many more to come.

#### Philanthropy

AT&T invests significant resources to advance education, strengthen communities and improve lives. Through philanthropic initiatives and collaboration, AT&T and the AT&T Foundation support projects that create opportunities, make connections and address community needs where we — and our customers — live and work. In 2009, we contributed more than \$155 million through corporate, employee and AT&T Foundation giving programs.

Historically, supporting education has been a major focus for AT&T, and education today continues to be our key philanthropic focus. We are driven to help students succeed — in school, in the workforce and in life.

#### Supporting Education: AT&T Aspire

Nearly one out of three public high school students does not graduate with their class. In addition to the personal challenges this creates, it also means too many future workers won't be prepared to compete in a rapidly changing, always-connected global marketplace. To respond to the drop-out crisis, in 2008, we launched AT&T Aspire, a \$100 million philanthropic program designed to focus on the high school drop-out crisis. It's the biggest and most significant investment in education in our company's history, and it represents a shift in our philanthropic spending to focus on this topic. In 2009, we made progress on four Aspire programs launched in 2008:

- **Grants to local schools and nonprofit organizations** Eighty-two local community programs initially funded in 2008 completed their first round of our evaluation process in 2009. We found that grantees faced significant obstacles in obtaining and reporting comprehensive student progress data to our independent evaluator. In 2010, we are enhancing the evaluation process to include additional data collection and reporting capacity-building training to help organizations demonstrate the effectiveness of their interventions to AT&T and others through measurable changes in student progress.
- **Job shadowing initiative with Junior Achievement (JA)** The job shadowing initiative by the end of 2009 had reached more than 23,000 students in more than 200 cities. By summer of 2013, this program is planned to have provided 100,000 students with the opportunity to learn more about career options and what it takes to be successful in today's workforce.
- **Underwriting of national research** We funded research that explored practitioners' perspectives (i.e., teachers, principals, superintendents, school counselors and school board members) on the high school drop-out issue. AT&T worked closely with John Bridgeland of Civic Enterprises, Hart Research and America's

Promise Alliance to publish the report, "On the Front Lines of Schools," available at [www.civcenterprises.net/pdfs/frontlines.pdf](http://www.civcenterprises.net/pdfs/frontlines.pdf). Following the launch of the report in June 2009, the Aspire program underwrote follow-up face-to-face focus groups with Civic Enterprises and Peter Hart Research, involving teachers, parents and students to help facilitate and address communication gaps among these critical groups. We announced the results in early 2010.

- **Support for 100 state and community Drop-out Prevention Summits** Organized by America's Promise Alliance, these summits were convened to explore the high school drop-out crisis and ways to address it. As of year-end 2009, 27,000 stakeholders in 44 states participated in 84 summits in 46 cities. Each community has produced its own action plan, with tactics to ensure continued focus on resolving the underlying issues.

In 2009, we continued to expand Aspire, funding several additional major programs:

- Connecting high school students with the Roadtrip Nation Experience, an interactive curriculum that uses multi-media course work designed to facilitate self-discovery, inspiring students to take the educational steps required to identify and achieve their career goals

**Denver Kids Inc.** *AT&T Aspire Success Story* In 2008, AT&T provided a \$400,000 multi-year grant to Denver Kids, Inc., a preventive counseling and mentoring program. Once a student has entered the program, Denver Kids supports the child throughout his or her high school career and through graduation.

One such student is Doncey. Doncey failed all of his freshman classes, and experienced significant family challenges, including safety and mental health issues. Doncey's Denver Kids counselor found a more suitable, smaller school. Doncey and his counselor created a tailored plan. He now boasts a 3.4 GPA and is on track for graduation.

Eighty percent of Denver Kids' high school graduates attended college in 2009. In May 2009, 88 percent of Denver Kids' eligible seniors graduated from high school.

---

**Jobs for America's Graduates - DC, Inc.** *AT&T Aspire Success Story*

*Jobs for America's Graduates (JAG) - DC* received a four-year \$360,000 grant to serve Ballou Senior High School in Washington, DC. Students at Ballou come from neighborhoods challenged by many financial and family issues. Students learn why completing high school is essential for employment. They also develop character traits that are valuable in the work place.

Ninety percent of JAG DC graduates left the program with either a job, post-secondary enrollment or full-time military plans. As of now, all of the students in the JAG DC program at Ballou have stayed in school – not one has dropped out.

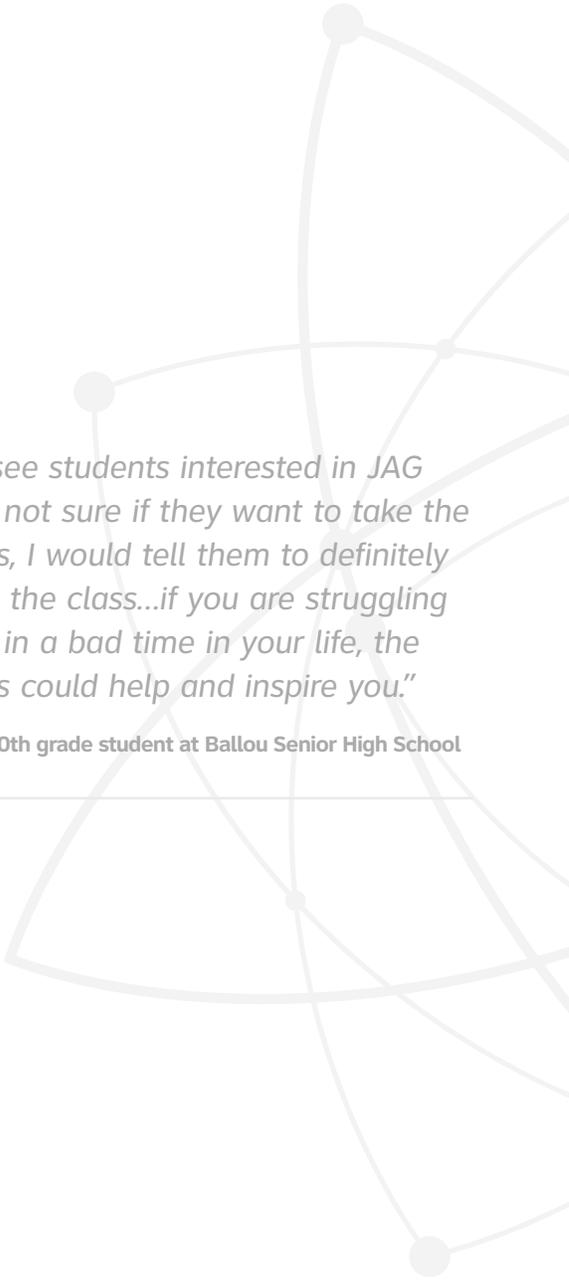
---

**Louisiana State Youth Opportunities Unlimited** *AT&T Aspire Success Story*

The AT&T Foundation has agreed to contribute nearly \$375,000 from 2008 to 2011 to the Louisiana State Youth Opportunities Unlimited (LSYOU), a case-managed dropout prevention program for at-risk students that provides them with long-term, relationship-based strategies designed to foster academic achievement and workforce readiness. The students served were all displaced by Hurricane Katrina, and many missed an entire year of school.

*"The lessons that we learned [in the summer classes] have helped me out a lot in school as far as my attitude and behavior. I am getting better grades because I am able to get the help I need at tutoring. I understand my math class better now since I got help in division...I know my grades will be better...I will probably even attend college somewhere."* – S, 9th grade student in New Orleans

Of students who exited the four-year LSYOU program in September 2009, 79 percent graduated as compared to 50 percent of students with similar characteristics from inner city schools.



*"If I see students interested in JAG and not sure if they want to take the class, I would tell them to definitely take the class...if you are struggling and in a bad time in your life, the class could help and inspire you."*

– DJ, 10th grade student at Ballou Senior High School



**\$75,000**

**Fort Hood Tragedy Special Matching Gift Program**

In November 2009, AT&T launched the Fort Hood Tragedy Special Matching Gift Program so employees could join AT&T in supporting the local community and families of victims of the tragic shootings in Fort Hood, Texas. Employees gave more than \$75,000 — which AT&T matched — to six nonprofit organizations assisting the victims and families of the Fort Hood tragedy.

- Launching the Family Engagement for High School Success Program with United Way Worldwide, designed to help parents and other adult caregivers get more involved in their children's education
- Sponsoring Get Schooled, a national platform that connects, inspires and mobilizes people — from policymakers and corporate leaders to communities and kids — to find effective solutions to the problems facing America's education system

AT&T Aspire 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](http://www.att.com/education).

Engaging Employees

**United Way/Employee Giving Campaign**

Our employees are an invaluable part of our citizenship and sustainability efforts, and the annual AT&T United Way/Employee Giving Campaign highlights our employees' deep spirit of giving. In 2009, employees throughout our enterprise gave more than \$29 million to charities of their choice through the United

Way/Employee Giving campaign. Along with signing up for one-time or regular contributions, employees also raised money for United Way agencies through a variety of ways — including garage sales, bake sales and auctions.

**AT&T Foundation 25th Anniversary Contest**

In 2009, in honor of its 25th anniversary, the AT&T Foundation awarded a total of \$100,000 to four employee nominated, charitable organizations. Find out more at [www.att.com/community](http://www.att.com/community).

Volunteerism

Volunteerism is ingrained in AT&T's culture. For almost 100 years, we have been donating our time and talents to support underserved populations and strengthen our communities. Each year, approximately 325,000 of our employees and retirees take time to enhance their communities as AT&T Pioneers, one of the largest industry-sponsored volunteer organizations in the country. In 2009, the AT&T Pioneers and other employees and employee groups donated more than 8.5 million hours of time to community outreach activities — worth more than \$176 million.<sup>3</sup>



To lay a new foundation from which to grow AT&T employee volunteerism, the company launched AT&T Cares in July 2009. AT&T Cares is a comprehensive, company-wide volunteer initiative designed to provide options for how employees volunteer, while encouraging them to engage, and remain engaged, in community service that is meaningful to them and their communities.

AT&T Cares provides a wide range of activities to support employees who want to make a difference:

- We launched an AT&T Cares Web site to encourage employees to join individual, group

and company-wide volunteer initiatives. In the site's first six months, it received nearly 90,000 visits from employees eager to get involved.

- We launched AT&T/YourCause.com in September 2009 to offer employees a Web-based volunteerism tool and online community, enabling them to create their own personalized cause awareness and contributions Web pages. The goal is to help employees raise awareness among their family and friends and increase donations to the causes of their choice. In the first three months, employees raised more than \$98,000 through their AT&T YourCause pages.

**Total International Giving \$489.5k**



Global Projects  
\$299.5k

India \$55k Europe \$50k Asia Pac and Japan \$35k C&LA \$30k Canada \$20k



- The AT&T Pioneers expanded its scope in 2009, joining in AT&T Cares activity. Linking with Aspire's AT&T/JA Worldwide Job Shadow Initiative, started in 2008, the Pioneers led an effort in which AT&T employees spent close to 92,000 volunteer hours helping students through the fall of 2009. In 2009, the AT&T Pioneers also led and engaged employees in two company-wide food drives, with Share Our Strength, holding drives in 148 cities and collecting 75 tons of food and more than \$27,000 in donations to help fight childhood hunger.

In 2010, we are working to enhance AT&T Cares and provide employees with more resources that connect them with volunteer opportunities that fit their interests and lifestyles.

### Military Support

**Supporting the Troops** For more than 85 years, we've been dedicated to supporting active military personnel, their families and veterans through charitable contributions, event and program sponsorships, hiring of military veterans, and maintaining policies that support reservists when they are called to active duty. Find out more at [www.att.com/community](http://www.att.com/community).

### International Highlights

As AT&T grows to reach more people in more countries around the world, we're committed to supporting communities around the globe, including contributions to humanitarian relief and development efforts.

Examples of unique programs we support include India's Parikrma Humanity Foundation, the Christina Noble Children's Foundation, Télécoms Sans Frontières and Cancer Research UK. For more information on our work with these programs, please visit [www.att.com/community](http://www.att.com/community).

### Moving Forward: 2010 Goals

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

**Volunteerism** Provide Job Shadowing opportunities for more than 50,000 students by the end of 2010

# Investing in People

**Our Commitment** We strive to be a good place to work, to be respectful and supportive of our diverse workforce and inclusive culture, and to recognize the benefits of our diverse suppliers, customers and business partners.

---

**282,720**

employees worldwide as of year-end 2009

**\$244 million**

invested in employee training and development programs

**1.2 million**

employees, retirees and dependents afforded competitive health and welfare benefits in 2009

**41**

percent of AT&T's U.S. workforce that is female

**38**

percent of AT&T's U.S. workforce that is people of color

**\$6.9 billion**

spent with minority-, women- and disabled veteran-owned businesses

At AT&T, we know our success begins with our people. We are committed to investing in people and providing a positive and inclusive work environment where employees feel their connection to the company's everyday success. This benefits our customers, our investors and the communities in which we operate. Our diverse workforce improves our ability to understand the diverse needs of our customers. It helps us design useful and relevant products and services for our customers.

#### Good Wages, Good Benefits

Talented, dedicated people are key to our company's success. We offer competitive pay and benefits to attract and retain a highly qualified workforce. We provide health insurance, life insurance and disability insurance coverage. In 2009, AT&T afforded health and welfare benefits to 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. Learn more at [www.att.com/workforce](http://www.att.com/workforce).

**Union Relationships** About 60 percent of our employees are union-represented. 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're proud of the strong relationships we've built with our unions over the years. To learn more about our union relationships, visit [www.att.com/workforce](http://www.att.com/workforce).

AT&T has more than 35 union contracts, so the company is generally bargaining one or another at any given time. In 2009, we reached an agreement with about 20,000 employees who support our wireless business. By November 2009, we had secured ratified agreements with five of the seven core bargaining units, covering more than 70 percent of the bargained employees. 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.

#### Training and Development

We want employees to have opportunities to grow and develop in their careers. In 2009, we invested \$244 million in employee training and development programs and an additional \$27 million in tuition reimbursement for 9,800 employees, 49 percent of whom were women and 54 percent of whom were persons of color.

# 85+ Years

For more than 85 years, AT&T has remained dedicated to supporting active military personnel, their families and military veterans. Learn more at [www.att.com/troopssupport](http://www.att.com/troopssupport).

And it's our policy that 100 percent of our employees receive regular career development and performance reviews.

We encourage employees to improve themselves through job-based training, tuition aid and various training and retraining programs. We also make specific investments in programs that help military veterans transition to the private sector workforce and programs that help union members develop their skills to be better prepared for emerging jobs. Visit [www.att.com/workforce](http://www.att.com/workforce) to learn more.

#### Average hours of training\* per year per employee

# 103 hrs

Management Training Hours

# 117 hrs

Non-Management Training Hours

# Nearly 32 M

Total Employee Training Hours by Total Headcount

\* Includes leadership development training and technical training

#### Health and 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 offer job-specific training to all employees, and it's our policy to comply with the requirement to record and report Occupational Safety and Health Administration (OSHA) recordable incidents.

For U.S. operations in 2009, AT&T's OSHA total recordable occupational injury and illness rate was 2.07 per 100 employees. This is a slight improvement over the prior year's rate, 2.08 per 100 employees, and is lower than the most recent average published by the Bureau of Labor Statistics for the telecommunications industry, which is 2.50 (2008).

#### Telecommuting

Flexible work programs such as telecommuting can have a positive impact on personal productivity and quality of life. AT&T has implemented a comprehensive telecommuting policy with arrangements for our employees for whom it makes the most sense. Find out more at [www.att.com/workforce](http://www.att.com/workforce).

#### Supporting Diversity and Inclusion

**Workforce Diversity** Our diverse workforce is an asset. We've achieved this diversity through an enduring commitment to recruit and hire the very best talent. AT&T's 50-state workforce is 41 percent female and 38 percent people of color. Women make up 40 percent of AT&T's managers — above the average for Fortune 500 companies. People of color make up 30 percent of our managers, versus a national



**AT&T Workforce  
Composition  
by Race/Ethnicity**

\*Data as of  
year-end 2009

- 62% Caucasian
- 20% African American
- 12% Hispanic/Latino
- 5% Asian
- 1% American Indian
- 1% Other

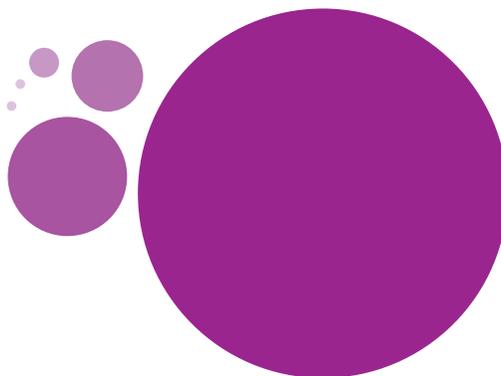


figure of 22 percent of managers, professionals and related occupations, according to the U.S. Bureau of Labor Statistics.<sup>4</sup>

Our diversity and inclusion strategy is part of our company's business goals and leadership priorities. This approach has helped us become a corporate diversity leader, but our success isn't something we take for granted. We're always trying to do better — continuously redefining and promoting core values that drive our actions, decisions and operations.

In 2009, we implemented diversity councils within our business units to build awareness about diversity, create an inclusive culture and increase leadership accountability. As a result, councils across the company have created mentoring programs to support employee growth. Additionally, the councils have used summer internship programs to foster a pipeline of diverse candidates and have developed new relationships with external organizations to continue to attract the most talented people from all backgrounds.

**AT&T Employee Resource Groups** At AT&T, Employee Resource Groups (ERGs) are affinity groups open to all employees. The ERGs support our commitment to diversity and

inclusion through efforts in the workplace, the marketplace and the community. Learn more about the ERGs at [www.att.com/workforce](http://www.att.com/workforce).

We currently have 10 ERGs:

*Asian Pacific Islanders for Professional and Community Advancement* • *AT&T Veterans Community NETWORK* • *African American Telecommunications Professionals of AT&T* • *FACES* – *Filipino American Communications Employees of AT&T* • *HACEMOS* – *The Hispanic/Latino Employee Association of AT&T* • *ICAE* – *Inter-Tribal Council of AT&T Employees* • *IDEAL* – *Individuals with Disabilities Enabling Advocacy Link* • *LEAGUE* – *Lesbian, Gay, Bisexual and Transgender United Employees of AT&T* • *OASIS* – *Organization of Asian Indians at AT&T* • *WOA* – *Women of AT&T*

As part of our commitment to foster an inclusive work environment and encourage employee engagement, this year the first combined ERG National Conference in Dallas took place, where more than 700 employees, representing the leadership of 10 ERGs, converged for the three-day event called "Connecting Company, Customers and Communities." At the opening dinner reception, hosted by CEO Randall Stephenson, almost half of the company's officers were in attendance to support the ERGs.

*"AT&T's diversity leadership for employees, customers and the business community sets an example for companies throughout America. What's especially significant is that our centennial corporate campaign will be chaired by the same company that led our first such campaign 30 years ago."*

-Ben Jealous, CEO of NAACP

## A&D

### Achievement and Development

Every year, our U.S.-based managers set a diversity goal as part of our company's Achievement and Development (A&D) process. Read more about this commitment at [www.att.com/workforce](http://www.att.com/workforce).

### Accessibility

We strive to keep all employees and community members connected with their world, including those who have communications challenges and disabilities. At AT&T, we provide assistance to employees for their essential job functions, including requesting temporary or permanent work restrictions, and obtaining reasonable accommodations to assist them in the performance of their jobs.

We developed solid relationships with Career Opportunities for Students with Disabilities and enhanced our opportunities to recruit college graduates with disabilities. We also used representation on the AT&T Advisory Panel on Access & Aging (AAPAA) to provide an HR link to the Advisory Panel and foster relationships with the ERGs, especially IDEAL and AT&T Veterans.

### Supplier Diversity

AT&T has been a leader in supplier diversity since 1968. Minority-, women- and disabled veteran-owned suppliers bring value to our company by helping us meet our customers' diverse needs and improving our position in the communications marketplace.

As part of our commitment to developing diverse businesses, we launched the Women of Color Businesses (WOCB) Growth initiative in the

summer of 2009, a year-long initiative seeking to mentor and coach a pilot group of small, women-owned business owners. Learn more about the WOCB Growth initiative at [www.att.com/workforce](http://www.att.com/workforce).

AT&T has achieved some of the highest supplier diversity spending results in the country.<sup>5</sup> We increased our supplier diversity spending by nearly \$2 billion from 2007 through 2009. In 2009, AT&T spent \$6.9 billion with minority-, women- and disabled veteran-owned business enterprises, representing 14.2 percent of our total procurement. We have spent \$50 billion with these businesses since our Supplier Diversity Programs began in 1968. In 2009 alone, this spending supported 37,722 external diverse small business jobs, and 14,271 external women-owned small business jobs in the economy.

Despite these results, we strive to do better. Annually, our company goal is to spend 15 percent of our purchasing dollars with minority-owned business enterprises, an additional 5 percent with women-owned business enterprises and another 1.5 percent with disabled veteran-owned business enterprises. That adds up to 21.5 percent of our total company spend.

**Our Commitment to Diverse Communities**

*Indicative of our commitment to improving education and our passion to help make a difference, our Chairman and CEO Randall Stephenson served as the chairman of the 2009-10 NAACP Centennial Corporate Campaign. Find out more at [att.com/csr](http://att.com/csr).*

**Our Supplier Diversity Programs**

According to 2008 benchmark studies from the Center for Advanced Purchasing Studies <http://www.capsresearch.org/>

Program	Year Established	2008 Results (\$)	2009 Results (\$)	2008 Results (% of Spend)	2009 Results (% of Spend)	Target Goal
Minority-Owned Business Enterprises (MBE)	1968	\$4 billion	\$ 5.1 billion	8%	10%	15%
Women-Owned Business Enterprises (WBE)	1990	\$2 billion	\$ 1.7 billion	4%	4%	5%
Disabled Veteran-Owned Business Enterprises (DVBE)	1993	\$74 million	\$82 million	.14%	.15%	1.5%
<b>Totals</b>		\$6 billion	\$6.9 billion	12%	14.2%	21.5%

Moving Forward: 2010 Goals

**Workforce Diversity** We strive to maintain and develop a diverse and talented workforce using the high school educated national labor force as our benchmark

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

**Research Diversity** Fund and support AT&T Labs Fellowship Program by providing scholarships and mentoring for up to three women or minority candidates who wish to work toward a Ph.D. in science and engineering

# Leading with Integrity

**Our Commitment** We demand the highest standards of ethics, integrity and responsibility in our operations.

---

**More than 99**

percent of AT&T employees have taken Code of Business Conduct training, which incorporates human rights and anti-corruption topics

**More than 99**

percent of managers completed course on Ethical Leadership in 2009, which emphasizes importance of modeling ethical behavior as a leader of the company

**19**

senior executives and officers on the Citizenship & Sustainability Steering Committee

Being a good corporate citizen means operating with a steadfast dedication to the highest standards of ethics, integrity and accountability. AT&T is committed to operating in this way. Along with a dedication to strict adherence to the laws and regulations that govern our business, this commitment has helped AT&T retain the public's trust and confidence.

In keeping with this commitment, we've adopted a number of processes and policies to help our employees and suppliers uphold a reputation for excellence in their everyday work. We are dedicated to making these policies easy to read and easy to find.

#### Good Corporate Governance

At AT&T, 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.

**Code of Business Conduct** AT&T's Code of Business Conduct puts our values into action. It's more than a set of rules — it's the standard by which we work and a guide to help us make the right decisions every day. Throughout 2009, we worked to combine several different codes of business conduct that remained after our mergers into a unified values-based code applying to all employees worldwide.

We introduced and published the new global code in January 2010. In addition, our Corporate Compliance organization created an easy-to-use Web site that provides policies and general guidance around key code issues. Each employee — from our part-time workers to our chairman — is responsible for reviewing the code and understanding its provisions.

In 2009, we accomplished a better than 99 percent completion rate on our Code of Business Conduct 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 and a variety of Environment, Health & Safety courses. More than 99 percent of our managers completed an Ethical Leadership course in 2009. Learn more at [www.att.com/governance](http://www.att.com/governance).

## Governance

### Corporate Governance

Visit our Investor Relations Page ([www.att.com/gen/investor-relations?pid=5609](http://www.att.com/gen/investor-relations?pid=5609)) for more information on our corporate governance structure and contact details.

*“Our appointment of a chief sustainability officer reflects our commitment to our long-term future and the communities where we live and work.”*

-Randall Stephenson, AT&T chairman and CEO

We also have a separate code of ethics that not only applies to employees, but also applies to our directors. This code emphasizes the need to deal honestly and ethically, to avoid conflicts of interest, and to ensure our SEC filings and related statements are fair and accurate.

#### Compliance

AT&T offers many resources to employees who have questions about the laws, regulations and policies affecting our business. In addition to upholding our new global code and policy Web site, our Corporate Compliance organization seeks to maintain an open dialogue about compliance issues.

Our Corporate Compliance Program focuses on key compliance risks. We work with each business unit on an ongoing basis to ensure that the proper activities 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. Find out more at [www.att.com/governance](http://www.att.com/governance).

#### Political Contributions

AT&T complies with all applicable laws concerning political contributions. Political contributions, where permitted, are an important

part of the political process. Visit our Investor Relations Web site (<http://www.att.com/gen/investor-relations?pid=7726>) to see our full statement on political contributions.

#### Executive/Board Compensation

AT&T's Corporate Governance Guidelines cover subjects such as CEO and director compensation. They are published on our Web site and available in print to any stockholder who requests them. To view them, please visit our Investor Relations Web site: <http://www.att.com/gen/investor-relations?pid=5606>.

#### Citizenship & 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 & 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 that the executives on the committee have responsibility for include human resources, directory (white

---

**AT&T Citizenship & Sustainability Steering Committee Members**

**Henry Arnold**  
Advertising Solutions  
Vice President of Operations for Advertising Solutions

**Dorothy Attwood**  
Corp External Affairs  
Sr. Vice President – Public Policy and Chief Privacy Officer

**Jeff Bradley**  
Marketing – Consumer Channels  
Sr. Vice President – Devices

**Cindy Brinkley**  
Human Resources  
Sr. Vice President of Talent Development and Chief Diversity Officer

**Keith Cambron**  
AT&T Labs  
President and Chief Executive Officer of AT&T Labs

**Rick Felts**  
Information Technology  
Sr. Vice President of Information Technology Operations

**Tim Harden**  
Supply Chain and Fleet Ops  
President – Supply Chain and Fleet Operations

**Randall Hargraves**  
Global Internet Data Center Ops  
Vice President – Global Internet Data Center Operations

**Bill Hogg**  
Network Planning and Engineering  
Sr. Vice President – Network Planning and Engineering

**Charlene Lake**  
Public Affairs  
Sr. Vice President – Public Affairs and Chief Sustainability Officer

**Paul Mancini**  
Legal  
Sr. Vice President and Assistant General Counsel

**Brooks McCorcle**  
Finance  
Sr. Vice President – Investor Relations

**Kevin Peters**  
Business Marketing  
Chief Marketing Officer

**Mark Schleyer**  
Corporate Real Estate  
Sr. Vice President – Corporate Real Estate

**Bill Smith**  
AT&T Network Operations  
President – AT&T Network Operations

**Larry Solomon**  
Global Markets  
Sr. Vice President – Corporate Communications

**Debbie Storey**  
Consumer Centers Sales and Service  
Sr. Vice President – Centers Support

**Carol Tacker**  
Finance  
Sr. Vice President and Chief Compliance Officer

**Gail Torreano**  
Global Markets  
Sr. Vice President – Employee Communications and Sponsorship





pages and Yellow Pages), AT&T Labs, information technology, 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, the AT&T Foundation and corporate citizenship and sustainability.

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

In May 2009, we took an additional step to strengthen our commitment to sustainability and appointed Charlene Lake as the company's first chief sustainability officer. In this capacity, Ms. Lake 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 management team to further integrate sustainable business practices across AT&T and our supply chain.

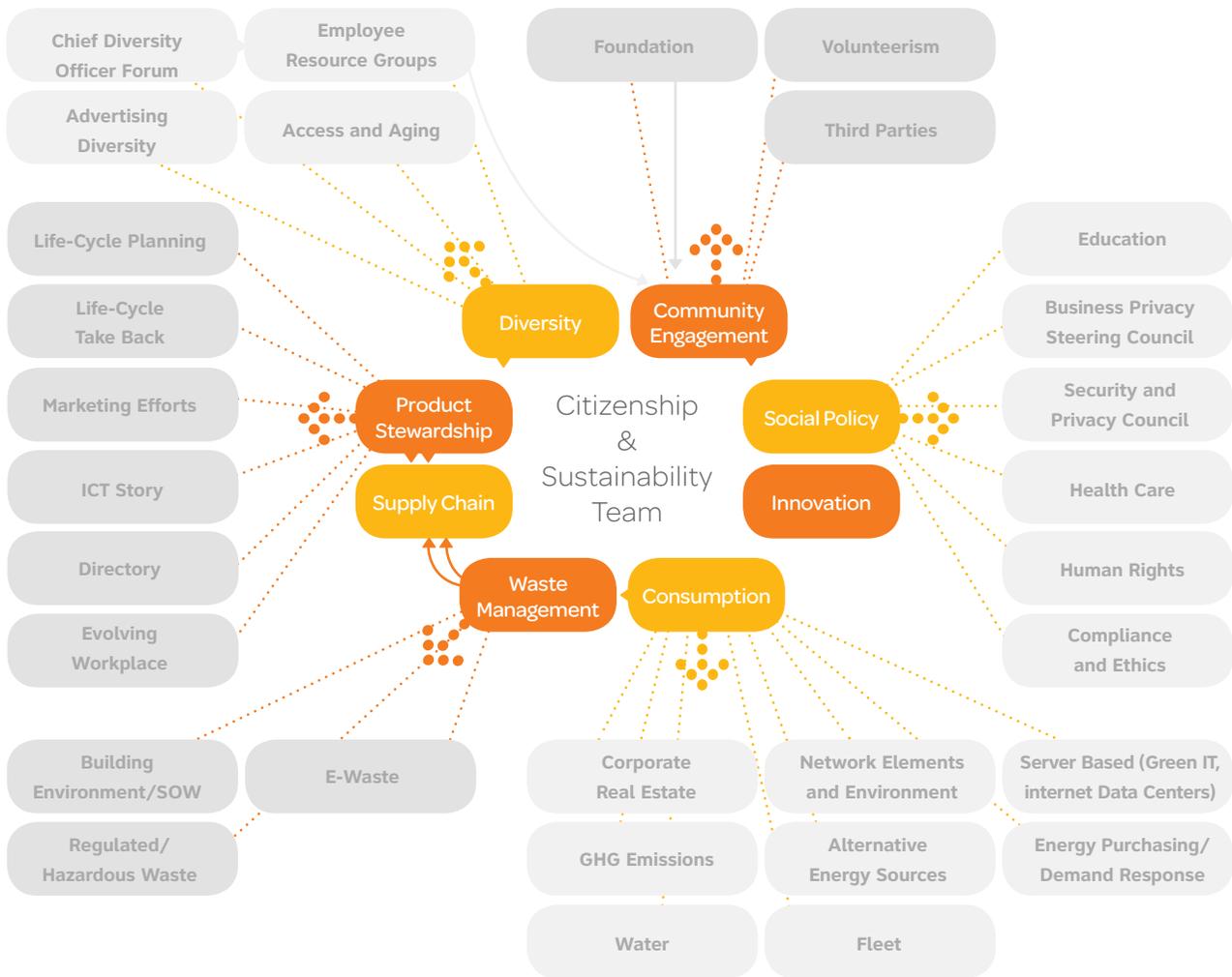
## Engaging our Supply Chain

At AT&T, we expect our suppliers to share our commitment to citizenship and sustainability. In 2009, we broadened awareness by reaching out to suppliers with our Citizenship & Sustainability Principles of Conduct for Suppliers, which cover topics including sustainable business practices, diversity, ethics and labor rights. These principles are available online and have received more than 2,500 Web hits since launching.

We also launched the initial phase of a 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. We issued the survey to about 150 of our suppliers who account for the large majority of our procurement expenditures. We are using the results to establish a baseline for future supplier sustainability performance measurements. Of note, all suppliers who responded acknowledged that they had read our Citizenship & Sustainability Principles. During the coming year, we will refine the survey and prioritize the specific areas on which we want to focus with our suppliers.

## Moving Forward: 2010 Goals

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



# Minimizing Our Environmental Impact

**Our Commitment** We strive to minimize our environmental impact in ways that are relevant to our business and important to the communities we serve.

---

**10**

number of AT&T-operated facilities that received ENERGY STAR certification

**970**

alternative-fuel vehicles deployed in more than 30 cities as part of commitment to deploy approximately 15,000 alternative-fuel vehicles through 2018

**72.1 million**

pounds of network scrap materials kept out of landfills through reusing, selling and recycling materials

We're deeply committed to environmental sustainability. We are dedicated to taking meaningful steps to become more energy efficient and to engage our employees in helping us reduce our environmental impact. This benefits our business by reducing our operating costs – and it benefits the communities where we operate.

### Greenhouse Gas Emissions

In 2009, we disclosed our company-wide 2008 greenhouse gas (GHG) emissions inventory for the first time for our U.S. operations. With this report of 2009 emissions, we are adding our international emissions and refrigerant fugitive emissions to our inventory of sources. With these additions, we believe that our 2009 numbers represent a comprehensive view of our direct (scope 1) and indirect (scope 2) emissions. Not including the new international data, we saw a slight decrease in our 2009 GHG emissions versus our 2008 numbers.

Calculating our GHG emissions inventory is no small task. But the knowledge we continue to

obtain through our efforts reassures us that our current initiatives are focused in the right areas. As we began measuring our GHG emissions, we focused on maintaining a high level of data integrity and automating our processes as much as possible for efficiency and reliability.

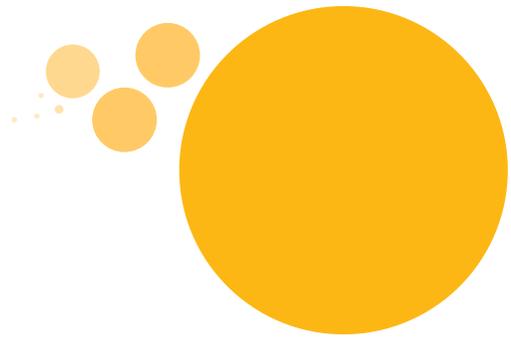
We continued this process for our 2009 calculations, and we will continue to strive to enhance the details and accuracy of our measurement over time. Because data collection is operationally or financially unfeasible for several of our emission sources, we have aligned the available data with industry standards to develop estimated emissions. This method of aligning best-available data with industry standard estimates accounts for

#### AT&T 2008 vs. 2009 GHG Emissions By Scope



**Direct Emissions**  
Scope 1

- 61% Ground Fleet
- 12% Engines
- 12% Refrigerant
- 10% Natural Gas
- 2% Portable Generators
- 1% Flight Operations
- 1% Heating Fuel Oil
- 1% Propane



8 percent of our inventory, with no single source accounting for more than 5 percent in this estimate. We believe that this approach has led to a comprehensive and reliable number.

You can read about our methodology and challenges at [www.att.com/environment](http://www.att.com/environment).

### Findings

**Direct Emissions (Scope 1)** In 2009, we emitted 1,170,232 metric tons of direct (scope 1) emissions of CO<sub>2</sub>-equivalents (CO<sub>2</sub>-e), which represents 13 percent of our emissions inventory. While this number is a larger number than we reported last year, it is because we expanded our scope 1 inventory to include emissions related to vehicles used for international operations and fugitive emissions related to our use of refrigerants. Absent the addition of these two new inputs to our reporting, our scope 1 emissions would have been down slightly year over year.

Our ground fleet continues to be the majority of our scope 1 emissions, and we are taking significant steps to increase our fleet's efficiency and decrease its impact on the environment. In addition to our planned investment of up to \$565 million in alternative-fuel vehicles through 2018, we are also "right-sizing" our fleet, focusing on fuel and driving efficiency with our current vehicles and reducing the number of truck dispatches needed to service

our customers. These efforts led to a 7 percent decrease in fleet-related emissions, which is equivalent to removing the emissions from 11,029 passenger vehicles for one year.

As was the case with our 2008 data, another large component of our direct emissions — 12 percent — came from the engines powering our generators that provide back-up power for AT&T. These generators are an important component of AT&T's Network Disaster Recovery (NDR) organization. When disaster strikes, NDR works to keep wireless and wired communications flowing. Generators also provide support for field operations where power is not available. This keeps us — and our customers — operating effectively and efficiently.

**Indirect Emissions (Scope 2)** Our indirect (scope 2) emissions represented 86 percent of our emissions inventory for 2009, at 7,745,546 metric tons of CO<sub>2</sub>-e. These emissions come from the electricity purchased to power our network and operations, and from steam purchased to heat a handful of our facilities. For our 2009 emission inventory, we expanded our measurement to include the electricity used by our international real estate operations. Even with the addition of international scope 2 emissions, our year-over-year scope 2 emissions declined by 2 percent. You can read about our forward-looking goals to reduce our energy use intensity in the Managing Energy section, page 49.



AT&T 2009 Breakdown of Greenhouse Gases by Scope



The dilemma facing the Information Communications and Technology (ICT) industry is that our growth enables GHG reductions for other sectors. The Global e-Sustainability Initiative commissioned a 2009 study showing that ICT solutions could cut annual CO<sub>2</sub> emissions in the U.S. by up to 22 percent by the year 2020.<sup>6</sup> However, we know it's not enough to enable others to operate more efficiently. That's why we're working to become more efficient ourselves. You can read more about our energy efficiency efforts later in this section and at [att.com/csr](http://att.com/csr). You can also read more about the potential of ICT to reduce emissions by viewing AT&T's filing at the Environmental Protection Agency (EPA) [here](#).

**Other Emissions (Scope 3)** Our scope 3 emissions related to business travel accounted for 57,706 metric tons of CO<sub>2</sub>-e in 2009, which represents less than 1 percent of our 2009 emissions inventory. Our domestic scope 3 emissions were down slightly in 2009 from 2008 levels, but the addition of the international emissions resulted in our overall slight increase for 2009. We recognize that there are other sources of scope 3 emissions, such as emissions from our vendors and suppliers, emissions related to the use of our products and emissions related to our employees commuting. We will continue to evaluate how best to incorporate those emission sources into our measurement.

The World Resources Institute (WRI) is developing supplemental scope 3 Accounting and Reporting Standards. We are participating in the development of these standards and will continue to analyze how to incorporate them into our process going forward.

To address business travel emissions, we are deploying solutions like AT&T Telepresence Solution<sup>SM</sup>. Learn more at [www.att.com/telepresence](http://www.att.com/telepresence).

What's Next

While we believe that our reported 2009 GHG emissions offer a comprehensive view of our direct (scope 1) and indirect (scope 2) emissions, we know there is still room for improvement. In 2010:

- We will continue our work with the WRI in the development of scope 3 standards recognizing that our products and services also have an impact as they move through our supply chain.
- We will continue to automate our data analysis process by further integrating our distributed source data systems into a centralized energy and emissions database. Automation will help us more actively manage processes by increasing the frequency of data availability and offering greater visibility.



You can find AT&T's full 2009 GHG emissions information here. As we move ahead, we will continue to publish our progress and look for additional ways to reduce emissions and operate more efficiently.

### Managing Energy, Improving Efficiency

Responsible energy management and efficiency improvements benefit the environment and our bottom line. We're taking steps to run a more efficient network and explore alternative energy options. We have established an intensity metric for our energy use. It measures our electricity usage as related to our growth in terms of the total amount of information transmitted over our network, including our global network, voice and video traffic.

In 2008, we used 654 kilowatt hours (kWh) per terabyte of data carried on our network. We set a goal for 2009 to reduce that intensity by 15 percent. In 2009, we achieved that goal, using 498 kWh per terabyte of data carried on our network, which was a 23.8 percent decrease from 2008. Our energy usage actually decreased more than we predicted mainly due to many of our operating areas having unseasonable weather, lessening the need for cooling and heating. In 2010, we aspire to reduce the electricity consumption of our company relative to data growth on our network by 16 percent as compared with year 2009.

**Save Energy Now LEADER Initiative** In 2009, AT&T was among more than 30 companies

to join the U.S. Department of Energy's Save Energy Now LEADER® initiative. Program partners pledge to reduce their energy intensity by 25 percent or more by 2019.

**Internal Energy Management Structure** We are reorganizing the way the company manages its energy use, while maintaining — and improving — the quality, reliability and competitiveness of our services. In 2009, we appointed a new energy director as part of this effort. The energy director oversees AT&T's company-wide energy management efforts across all business units and leads AT&T's Energy Council, composed of key executives from the business units. Learn more at [www.att.com/environment](http://www.att.com/environment).

**Energy Policy** AT&T has an internal energy policy, signed by Chairman and CEO Randall Stephenson. Learn more at [www.att.com/environment](http://www.att.com/environment).

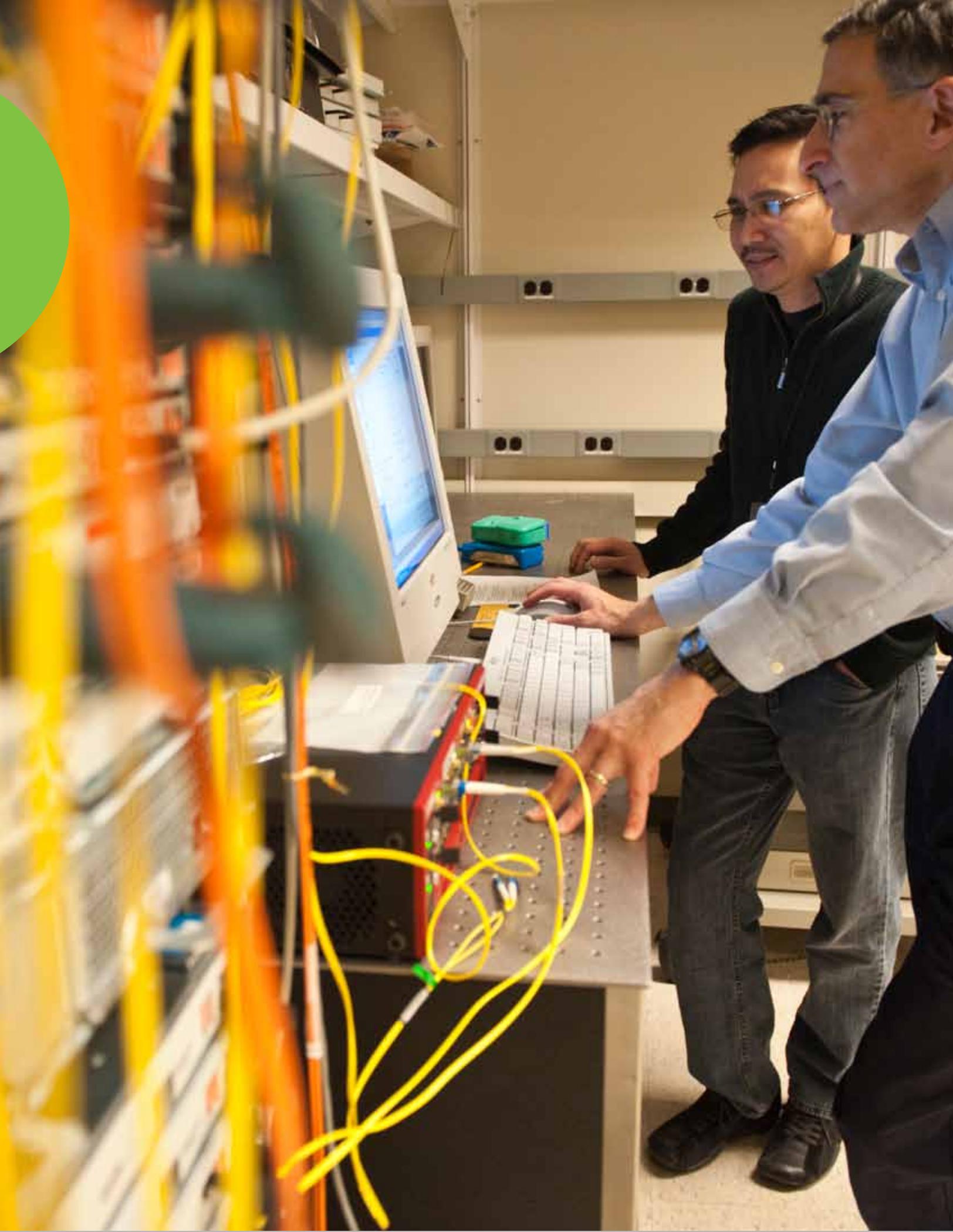
**Tracking Energy Management** As the foundation of our energy management tracking program, we centrally process all of our utility invoices, and extract the energy consumption data from the invoices to manage the program. This energy information is available to all of the internal network operators and real estate managers, and is used to benchmark energy performance. We routinely share information on energy performance across our entire real estate operations through newsletters, e-mail campaigns, meetings and video conferencing.

In 2009, we developed and launched an Energy Scorecard to benchmark the energy performance at each of our 500 largest energy-consuming

## Energy

Meet AT&T's  
Energy Director

In 2009, AT&T appointed John Schinter as AT&T's director of energy. Find out more at [www.att.com/environment](http://www.att.com/environment).



facilities – which account for 50 percent of our total energy consumption. The scorecard results have been incorporated into the annual performance objectives for real estate managers. We will also use this data to set targets for each internal business unit.

### Network Initiatives

In 2009, we undertook several initiatives targeted at improving our network energy use in the areas of our cell sites, central office switches and network equipment.

- We deployed power-down software at 14,000 cell sites, replaced tower light controllers and incandescent bulbs with LEDs at tower sites and used economizers to take advantage of cooler outside ambient air — reducing use of HVAC systems.
- We continued consolidation and optimization activities in our central office switches, which provide dial tone and allow users to originate or receive communications via the network.
- We continued with our work in 2009 to actively retire, rearrange, remove, reuse, redeploy, reconfigure and recycle old network equipment, such as transport or power equipment, separate from the switches.

Learn more about each of these initiatives, and our results, at [www.att.com/environment](http://www.att.com/environment).

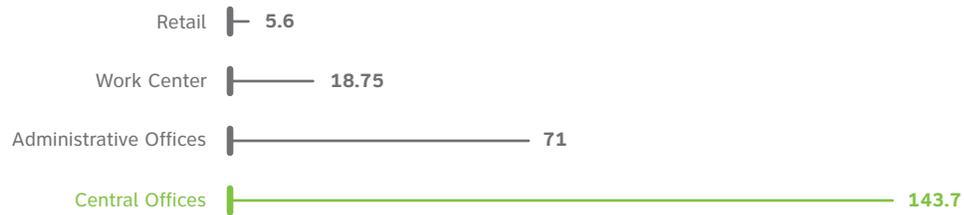
### Data Center Initiatives

As of year-end 2009, we maintained 33 Enterprise Data Centers (EDCs) and 38 Internet Data Centers (IDCs) to support our worldwide internal IT services. Improving the energy efficiency of these facilities represents a constant challenge to our business. In 2008, we developed a three-year target execution plan for our data center facilities. When these initiatives are fully implemented, we expect to realize 96.4 million kWh in annualized energy savings, reducing our CO<sub>2</sub>-e emissions by 69,231 metric tons annually. This is equivalent to the annual electricity use of approximately 8,402 households.<sup>7</sup> By the end of 2009, through our work under this initiative, we had achieved a total savings of 43.6 million kWh, which is equal to 31,312 metric tons of CO<sub>2</sub>-e. Learn more about our individual initiatives at [www.att.com/environment](http://www.att.com/environment).

### Facility Initiatives

The scope of our corporate real estate portfolio is extensive. We operate more than 64,000 properties in more than 60 countries to house approximately 280,000 employees. We also manage more than 53,000 cellular tower sites in the U.S. and hold numerous rights of way and easements that allow us to use other people's land above and below ground to operate our expansive wireless services and network.

**AT&T Real Estate Portfolio**  
(In Millions of Square Feet)



Given the breadth of our real estate holdings and the associated impact our buildings have on energy consumption and emissions, we're continuing to optimize the energy use of managed property. We implemented a number of initiatives in 2009 to reduce energy consumption in our buildings. Among them are the following:

**Facility Upgrades** Through our extensive Facility Audit program in 2007 we developed a list of facility upgrades that enable substantial energy efficiency improvements. The primary focus has been to upgrade our heating, ventilation and cooling (HVAC) and lighting systems. We estimate that the 429 projects we implemented in 2009 saved approximately 36 million kWh. This is equivalent to 25,868 metric tons of CO<sub>2</sub>-e, the amount of CO<sub>2</sub>-e emitted by 74,344 passenger vehicles per year.<sup>8</sup>

**Real Estate Square Footage Reduction** In 2009, we vacated 210 facilities or 2.8 million square feet of space, which will help us conserve 28 million kWh of electricity each year. This is equivalent to the electricity use of approximately 2,612 households.<sup>9</sup>

With the completion of these 2009 facility-based initiatives and portfolio reduction efforts, we expect to save about 64 million kWh of electricity annually on a recurring basis. This builds on the recurring annual savings of 79.3 million kWh of electricity that we realized from similar efforts in 2008.

**ENERGY STAR** In 2009, we had 10 AT&T-operated facilities in ENERGY STAR Portfolio Manager that scored well enough to qualify for an ENERGY STAR Label. At the end of 2009, we launched our ENERGY STAR program with a goal of tracking 500 facilities through the Portfolio Manager.

#### Industry and Government Collaboration

We are actively involved in collaborative industry efforts to promote and advance energy-efficient solutions. Our collaborations include work with The Green Grid, the EPA's ENERGY STAR programs and the Alliance for Telecommunication Industry Solutions. Learn more at [www.att.com/environment](http://www.att.com/environment).

#### Alternative Energy

In 2009, a second large-scale solar power plant was installed at our campus in Secaucus, New Jersey. The 841-kW system will produce 1.0 million kWh of electricity per year. Based on our experience with the 2008 installation of solar facilities at our campus in San Ramon, California, and our 2009 installation in Secaucus, we have formed a National Solar Initiative and will be installing additional solar energy collection systems in 2010 and beyond. Our energy team is also evaluating potential opportunities for other renewable energy deployments. Our 2009 work built on our 2008 alternative energy efforts. Learn more about them at [www.att.com/environment](http://www.att.com/environment).

## Converting our Compressed Natural Gas Service Vehicles

*AT&T is teaming with Dallas-based BAF Technologies, Inc. to convert service vehicles to CNG. BAF Technologies, a premier provider of natural gas vehicles, converted for AT&T 600 vans to CNG technology in 2009. Learn more at [att.com/csr](http://att.com/csr).*

### Transportation Initiatives

AT&T operates one of the nation's largest commercial fleets with 77,640 vehicles and 21,719 "wheeled equipment units," which include portable power units and utility trailers used for transporting supplies and equipment. We recognize the economic and environmental implications of maintaining a fleet that size – which is why reducing fuel consumption and emissions are ongoing priorities for us.

#### Investing in Alternative-Fuel Technologies

Finding cleaner, more efficient methods of powering our fleet is one of the most important steps we can take to reduce our environmental impact. That's why, in 2009, we made a commitment to spend about \$565 million to deploy approximately 15,000 alternative-fuel vehicles (AFVs) through 2018. By the end of 2009, AT&T had deployed 970 AFVs, including 625 CNG vehicles, 344 hybrid electric vehicles and our first all-electric vehicle. Known as the Smith Newton and located in St. Louis, Missouri, it 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.

#### Daily Fleet Management

Making real changes also requires optimizing our fleet operations. 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. In 2009, for example, we focused on reducing the number of truck dispatches needed to service our customers. Through various efforts, we were able to avoid more than 1,248,383 dispatches. Assuming each trip avoided would have been 9.5 miles, these efforts saved 10,041 tons of CO<sub>2</sub>-e emissions, which is equivalent to taking 1,920 cars off the road for one year.<sup>10</sup> Check out [www.att.com/environment](http://www.att.com/environment) to learn more.

### Waste Management

**Solid Waste and Recycling** Beyond traditional office recycling, which we expanded to more than 130 sites in 2009, we maintain a program to reclaim network resources such as copper telecommunications wire and central office equipment. The AT&T Supply Chain Investment Recovery group works company-wide to reuse, sell and recycle materials, and sent less than 4 percent of the materials it received to the landfill. The Investment Recovery group maintains strategically located warehouses that handle recycling in 22 states where we offer traditional wireline services. In 2009, we worked to set up procedures and contracts to expand this scope.

## WasteWise

*AT&T recently re-engaged with the U.S. EPA's WasteWise program. We joined other businesses, local governments and nonprofits in targeting reduction of our solid wastes material, such as paper, cardboard and scrap metal. Before our mergers, AT&T had been a proud WasteWise partner, and we are excited to work with the program once again.*

In 2009, we kept more than 72.1 million pounds of these materials from landfills, including:

- Copper and copper cable: 29.5 million pounds
- Lead and lead-acid batteries: 7.6 million pounds
- Steel: 12.3 million pounds
- Plastic: 2.26 million pounds
- Aluminum: 500,000 pounds

**E-waste** AT&T is committed to handling e-waste appropriately. In 2009, we collected more than 63,000 computers, monitors and servers for donation, reuse and recycling. This included:

- More than 10,000 desktop computers
- More than 2,400 laptop computers
- Roughly 32,000 monitors

In 2009, we centralized several asset recovery systems from our legacy companies into a single procedure for managing e-waste, ensuring that our companywide program incorporates best practices and complies with all regulations affecting AT&T. For information on our cell phone recycling program see our Connecting People and Business section.

**Regulated Waste** In 2009, AT&T managed more than 17,300 tons of regulated waste (universal, hazardous, exempt and special waste), as well as non-hazardous waste through the AT&T Resource Recovery Center. The 17,300 tons does not include normal refuse handled by solid waste

vendors or municipal waste disposal; however, it does include retired utility poles and water removed and managed from underground vaults.

**Print 360** Two years ago, we began a relationship with Xerox Corp. to help us complete a Print 360 review of the printing devices in our office buildings. As part of an ongoing effort to consolidate and replace this equipment, in 2009, we removed more than 19,000 devices from nearly 3,000 AT&T locations. Xerox estimates this effort reduced printer-associated energy use by 38 percent in 2009, and cut our affiliated greenhouse gas emissions by 32 percent.

**Environmental Compliance** 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. AT&T's operating companies had no significant environmental compliance related enforcement actions (defined as those resulting in sanctions equal to or exceeding \$100,000) in 2009. However, Pacific Bell Telephone Company (d/b/a AT&T California) made an environmental compliance related payment of just more than \$4 million in 2009 related to a consent judgment with the state of California that was entered into in 2006.

## Engaging Employees

AT&T's sustainability commitment reaches across the company. Employees enjoy working for a company that is a responsible steward



of the environment – and we recognize that the dedication, passion and support of our approximately 280,000 employees make our sustainability efforts possible. That’s why we’ve made a commitment to continue engaging our employees around our citizenship and sustainability efforts.

**Champions of the Environment** Our Champions of the Environment program honors individuals and teams of employees who’ve made noteworthy environmental contributions in their communities and at AT&T. Learn more about the program at [www.att.com/environment](http://www.att.com/environment).

**AT&T Pioneers** We also involve our employees and retirees in our environmental efforts through our volunteer initiative, AT&T Cares. As part of this initiative, the Pioneers devote hours of their time and talents to a variety of causes, and many of the individual Pioneers Chapters undertake specific projects to help the environment. Check out [att.com/csr](http://att.com/csr) for a list of some of the 2009 initiatives. Learn more about the AT&T Pioneers at [www.attpioneervolunteers.org](http://www.attpioneervolunteers.org).

#### Moving Forward: 2010 Goals

**Fleet** Replace retiring passenger vehicles with alternative fuel vehicles and deploy approximately 8,000 compressed natural gas (CNG) service vehicles by the end of year 2013

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

**Consumption** Complete a water footprint assessment in 2010

# Connecting People and Business

**Our Commitment** We efficiently connect people and businesses with innovative and sustainable products and services.

---

**More than 300 million**

number of people covered by AT&T's domestic digital voice and data network

**More than 160**

languages in which AT&T communicates with customers

**18.7 petabytes**

data traffic transmitted by AT&T on an average business day to nearly every continent and country

**125,000**

Wi-Fi Hot Spot access points in 79 countries

**660 billion**

wireless minutes AT&T network handled in 2009

**4.2 million**

cell phones collected for reuse or recycling

**4.1 million**

customers that opted for paperless billing in 2009

Our products and services have the potential to enable our customers to operate smarter and more efficiently, and to push them to consider new possibilities. With solutions like tele-education and telepresence, we're constantly driving toward new ways of helping connect people and businesses more effectively and intelligently.

#### The Power of Network Solutions

The past decade has witnessed an explosion in high-speed connectivity and mobility. From smart phones and broadband to satellite communications, global communications networks have revolutionized the way we live, work and play. Increased access and adoption of broadband — coupled with the introduction of new voice, text and video applications — has the potential to help us transition to a cleaner, more efficient economy.

Here are some ways that our global network helps users operate more sustainably:

**Teleworking** AT&T offers a variety of innovative solutions to facilitate teleworking, 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 laptop or mobile phone. Learn more about these products and services at [www.att.com/business](http://www.att.com/business).

**Connecting Virtually** AT&T Telepresence Solution<sup>SM</sup> delivers actual-size images via full HD Video and spatial audio — creating the experience of being in the same room with remote participants, whether they are down the street or on the other side of the world. In 2009, AT&T extended the reach of this industry-leading product by making it accessible to companies with existing videoconferencing systems.

In addition to business benefits, implementation of AT&T Telepresence Solution at local, state and national agencies also can enable timely and efficient collaboration to keep agencies and communities connected when time matters most. In our rapidly changing world, agencies need the ability to change course, collaborate quickly and streamline the decision-making process. An AT&T Telepresence Solution facility based at an Emergency Operations Center and linked to each of the state capitols and major cities can provide a framework for presenting a real-time, “in-person” meeting experience needed to impart true “sight-picture” required for disaster recovery operations.

## CO<sub>2</sub>

How can ICT address greenhouse gas emissions?

According to the Global e-Sustainability Initiative (GeSI) Smart 2020 report<sup>11</sup>, ICT-enabled solutions could cut annual CO<sub>2</sub> 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 of as much as \$140 billion to \$240 billion annually.

## CDP

*“Information and Communication Technology (ICT) products and services provide an opportunity for people and for businesses around the world to make more energy-efficient choices and reduce the carbon emissions...”*

– Carbon Disclosure Project

AT&T is working with the Carbon Disclosure Project to quantify the benefits and savings enabled by ICT products and services. Read more at [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting).



## Education

### Supporting Tele-education

AT&T provides products and services that can help teachers and students achieve some of the educational objectives outlined in the American Recovery and Reinvestment Act of 2009 (ARRA) by thinking outside of the box. Learn more at [http://www.corp.att.com/edu/edu\\_stimulus.html](http://www.corp.att.com/edu/edu_stimulus.html).

**Driving Smarter** Globally, transportation accounts for more than a quarter of carbon emissions — and traffic congestion costs Americans \$200 billion in annual lost economic productivity and wastes 2.3 billion gallons of fuel. What's more, research shows more than 50 percent of trucks traveling U.S. roads operate less than half full.<sup>12</sup> Smarter transportation tackles these inefficiencies.

AT&T is one of the largest U.S. wireless providers of fleet management solutions for commercial truck and van fleets. To learn more about these solutions, visit [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting).

**Smarter Energy Grids** Smart energy grids allow for two-way communication between the energy provider and the home or business. But, they depend on two-way communications between virtually all devices producing, distributing and consuming electricity. AT&T has teamed up with several companies in 2009 to provide this two-way connectivity.

In 2009, we provided the U.S. Department of Energy, the Federal Communications Commission and the Federal Energy Regulatory Commission our recommendations for a regulatory framework that will accelerate smart grid deployment, and help put the U.S. on a path toward a more energy-efficient economy. Learn more about smart grids at [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting).

### AT&T Business Sustainability Advisory Council

AT&T recognizes the importance of collaborating with government, non-governmental organizations, academia and industry peers to develop innovative approaches to measure and improve energy efficiency. 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. AT&T also released a white paper entitled *Networking for Sustainability: the Network Offset Effect*. The white paper introduces a concept to describe the benefits of replacing high-energy, high-emissions activities with low-carbon network-enabled alternatives using an ICT infrastructure. To learn more about the Council and the white paper visit [www.att.com/sustainability](http://www.att.com/sustainability).

### Collaborating within the Industry

We continue to collaborate with the industry to illustrate and quantify the power of ICT technologies as sustainable solutions through groups such as the Global e-Sustainability Initiative and the Digital Energy Solutions Campaign.

**One Economy** AT&T's \$36 million commitment to One Economy makes this one of the largest philanthropically-funded broadband access

### **The AT&T Network: Keeping up with Demand**

*The proliferation of advanced smartphones – led by the iPhone™ – has allowed more Americans to connect with family and friends, surf the Web and watch and share videos while on the go. This explosion in mobile broadband has led to unprecedented increases in wireless data traffic. In fact, wireless data traffic on AT&T's network has grown more than 5,000 percent over the last three years. At AT&T, we're doing everything we can to stay ahead of customer demand. In 2009, we invested a total of \$17.3 billion in our wireline and wireless networks. In 2010, we plan to invest between \$18 billion and \$19 billion, a 5- to 10-percent increase, assuming the regulatory environment remains favorable. While there's always more work to be done, overall, our network is performing very well. In fact, our 3G download speeds have increased by 25 percent versus a year ago despite the unprecedented growth our network has experienced. However, while we're doing everything we can to stay ahead of customer demand, rapid mobile broadband growth coupled with limited spectrum availability is a challenge facing the entire industry. We look forward to working with the FCC and the industry to determine the best ways to manage this challenge moving forward.*

---

### **AT&T Telepresence Solution<sup>SM</sup>**

*In May 2009, AT&T conducted our Regional Advisory Council meeting via telepresence rather than face-to-face. Together with our regional and global customers, we were able to prevent an estimated 62 metric tons of CO<sub>2</sub>-e emissions and participants saved more than \$100,000 in travel and accommodation expenses.<sup>13</sup> Visit [www.att.com/telepresence](http://www.att.com/telepresence) to see more.*

---

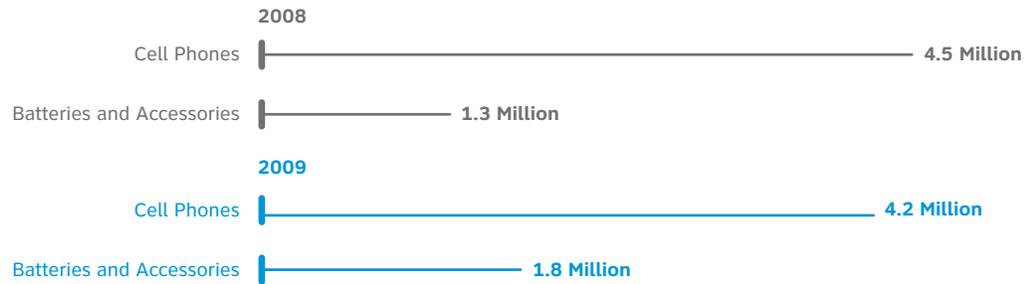
### **Telepresence Supports Sustainability Design Contest in Greensburg**

*More than two years after a devastating EF5 tornado leveled the town of Greensburg, Kansas, residents continue to rebuild with the goal of making their town one of the most eco-friendly in America. In 2009, our support for their vision continued by connecting organizers and participants in the town's Chain of Eco-Homes Challenge. Learn more about it at [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting).*



### AT&T Cell Phone Recycling: 2008-2009\*

\*As reported to the EPA through the Plug-In to eCycling program (Jan-Nov 2008)



initiatives in the country. To-date, nearly 17,000 families have been reached through this multiyear program that provides two years of high-speed Internet access to qualifying low-income households.

#### Product Stewardship

**Wireless Devices** In 2009, we collected more than 4.2 million cell phones for reuse and recycling, a slight decline from our 2008 total. We also brought in almost 1.8 million pounds of batteries and accessories, an increase from the previous year.

Also in 2009, we revamped our cell phone recycling program giving consumers three ways to donate old cell phones and accessories. First, in July, we installed new drop-off bins in our 2,000-plus retail locations. Second, we added free, prepaid mailing envelopes available in the stores, and third, we made postage paid mailing labels available at our refreshed [www.att.com/recycle](http://www.att.com/recycle) Web site. While overall collections were down slightly, retail collections were up 24 percent in 2009.

We helped the EPA promote its National Cell Phone Recycling Week in April 2009, an extension of a proud alliance we've maintained with the EPA through its Plug-in to eCycling program. Last summer, we also shared our recycling mission with the American Camp Association, which serves more than 2 million children, tweens and teens.

We're taking steps on the front end of the cell phone life cycle to ensure the products we're selling are more environmentally sustainable. In 2009, we worked with our suppliers to discuss issues such as packaging size, materials in the phones and phone chargers. For example, we were able to prevent more than 50 tons of waste by reducing case packaging for many of our accessories. And we anticipate avoiding the creation of at least 200 tons of waste with accessory packaging reductions in 2010. For 2010, we have set firmer goals around each of these areas, and we'll continue to explore initiatives to help us meet or exceed these targets.

For 2010, we set a goal that new handset models in the AT&T Mobility portfolio, by the end of year, will avoid virgin materials mined in conflict zones in the Democratic Republic of the Congo. We are aware that mining of metals is one of the earliest supply chain stages and can be many layers removed from a final manufactured device. 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 closely monitoring the 'in-region pilot procurement strategy' created by members of the EICC/GeSI Extractives Working Group. Through continued collaboration with suppliers, AT&T is committed to working toward eliminating such metals in manufactured products.

## In the Clouds

### Cloud computing

Cloud computing has become a hot topic in the IT sector. It has the potential to reduce costs and inefficiencies, while increasing productivity and innovation, by centralizing e-mail, Web hosting and other applications, providing access for a multitude of users and devices over the network, with those users and devices sharing infrastructure. Learn about AT&T's cloud service solutions at [www.att.com/cloud](http://www.att.com/cloud).

*“At AT&T, we’re working to help make recycling easy for wireless users. No matter what make or model of phone — or which wireless carrier you use — we encourage you to recycle with us because it makes a positive impact on the world where we all live and work.”*

- Jeff Bradley, senior vice president, Devices

**Directory Recycling** AT&T Real Yellow Pages telephone directories are an essential resource for millions of consumers who referenced them more than 3 billion times during 2009. We actively work to reduce the environmental impact of our paper sourcing, production and distribution, and we promote the recycling of AT&T Real Yellow Pages and AT&T Real White Pages directories. Click on [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting) to learn more.

AT&T telephone directory paper is made from a mixture of recycled paper waste and wood fiber waste generated by the production of construction lumber and other wood products.

**Paperless Billing and Mailing Practices** We actively encourage our customers to use paperless billing. They can sign up for this service through Web sites such as [www.att.com/gopaperless](http://www.att.com/gopaperless). In 2009, roughly 4.1 million of our customers opted to receive only an electronic bill, bringing the total number of customers going paperless to about 12.3 million by the end of 2009. We estimate this saved more than 478 million sheets of paper last year. In 2010, our goal is to continue to grow the number of customers using this service.

**Texting While Driving** AT&T is committed to educating wireless customers about the risks of texting while driving. In 2009, we launched a multifaceted campaign to educate our customers, our employees and the general public about using wireless devices safely while driving.

We made great progress in 2009 on this initiative:

- **Handset Messaging:** Dozens of devices began featuring a “don’t-text-and-drive” message on the plastic clings that protect handset screens in our stores. We also began working with numerous manufacturers to add messaging into user guides and handset boxes.
- **Customer Communications:** We started incorporating campaign messaging throughout customer touch points including catalogs, in-store signage, bills, e-mails, opt-in text messages and newsletters. Through this, we expect to reach millions of customers.
- **AT&T Employee Education:** We revised our wireless and motor vehicle policies to expressly prohibit employees from texting and driving while on the job and incorporated a section on the dangers of texting while driving in our defensive driving classes for those who drive on the job.

For 2010, we’re incorporating even more elements:

- **Advertising/PSAs:** We’re kicking off a new public awareness campaign across traditional and digital media to remind consumers to not text and drive.
- **Online Resources:** We’re launching our online resource center, which will feature downloadable tools and tips for parents, and others, on this issue.

## CPFS

### Two-Year Anniversary

AT&T celebrated its second year of work with Cell Phones for Soldiers in July 2009. In that time, the nonprofit — which uses the proceeds from recycling phones to buy phone cards for military members away from home — collected more than 3.6 million phones.

## Quick Link

[www.att.com/recycle](http://www.att.com/recycle)



We remain committed to working with third parties such as the Cellular Telecommunications Industry Association (CTIA) – the Wireless Association and the National Safety Council on this issue. This is an important issue, and we urge other companies and organizations to join us in educating the public about this cause.

Ultimately, our goal is to generate a change in 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/txtngcanwait](http://www.att.com/txtngcanwait).

### Protecting Privacy

**Consumer Privacy** AT&T takes customer privacy very seriously. Our customers told us they wanted clear, easy-to-read information about our privacy commitments and policies. We listened and we made our privacy policies easier to find and easier to read.

In June 2009, AT&T unveiled its new, unified privacy policy, which replaced 17 separate privacy policies for various AT&T companies, products and services. Before it went into effect, AT&T sought input from customers, including a 45-day preview of the updated privacy policy where we answered questions and made clarifications to policy language. For more information on the AT&T privacy policy, visit [www.att.com/privacy](http://www.att.com/privacy).

We also understand the complexities around privacy, and will continue to be a constructive participant in the external and industry conversation to advance freedom of expression around the globe.

### Promoting Safety

**Internet Safety** To increase awareness of the importance of Internet safety for parents and youth alike, AT&T offers a full library of supportive Internet safety and security tips and interactive safety games. These materials are available at [www.att.com/safety](http://www.att.com/safety).

We work with organizations that promote online safety education and awareness, including Enough is Enough, iKeepSafe Internet Safety Coalition, Connect Safely and the Ad Council's Internet Safety Coalition. In 2009, AT&T expanded our safety initiatives through efforts with such programs as our Technology Across Generations.

### Educate and Empower

**AT&T Smart Limits** AT&T Smart Limits for Wireless™ is a Web-based suite of tools that gives subscribers flexibility in managing their children's mobile phone experience. In 2009, AT&T added a new browsing limits feature to AT&T Smart Limits for Wireless that lets parents set additional parameters around their children's access to the mobile Internet by assigning a monetary or a megabyte or gigabyte usage limit.

services starting  
100 a month

and up to  
with other



La Familia Training  
with hands-on  
experience



Play. Learn.





## AAPAA

AT&T's Advisory Panel on Access & Aging (AAPAA) is comprised of national leaders in assistive technology, aging and cross-disability issues. It provides advice and counsel to AT&T's subsidiaries, affiliates and leadership teams regarding issues of mutual interest. AAPAA meets quarterly to discuss a specific area of the business with guest speakers and corporate subject matter experts.

**AT&T FamilyMap** Introduced in 2009, 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.

**The Privacy and Online Reputation Project** In 2009, AT&T continued its work with iKeepSafe to launch The Privacy and Online Reputation Project. iKeepSafe held training sessions at the American School Counselors Association (ASCA) annual conference and distributed over 2,000 sets of curricula and presentations. We also presented and held training at sessions in Maryland, northern California and Indiana. To learn more about all of our online safety initiatives, visit [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting).

**Cell Phones for People Who Are Blind or Low Vision** In 2009, AT&T partnered with the American Foundation for the Blind to offer one-on-one training sessions to help individuals with vision loss better use basic and innovative wireless phones and applications.

### Accessibility

At AT&T, accessibility is more than a word. It's a commitment to provide the products and services our customers with disabilities need and to anticipate and meet their communication needs. We work with vendors and AT&T's Advisory Panel on Access and Aging (AAPAA) on accessibility

solutions, and we provide specialized customer care for those with disabilities.

**Universal Design Policy** AT&T has the largest accessible mobility portfolio of any U.S. service provider and, as a leader in the field, embraces Universal Design. AT&T encourages application developers and handset manufacturers to consider the needs of seniors and customers with disabilities when designing innovative products and services by following Universal Design Principles.

**Customer Call Centers** AT&T operates dedicated customer care centers to assist people with disabilities. AT&T expanded its reach in 2009 and opened a new Disability and Aging call center hub in Chicago to serve the Midwest region. Plans are to expand the Chicago hub to assist customers in AT&T's entire footprint by the end of 2010.

Additionally, AT&T launched the Click-To-Chat function for its customers in California, with plans to expand to the Chicago metropolitan area in 2010.

**AOL AIM Relay services** AT&T collaborated in 2009 with AOL's AIM instant messaging service and became the first provider to offer real time Instant Messaging (IM) Relay services, offering more than 31 million people with hearing and speech loss, nationwide, a more immediate way to communicate with standard telephone users.

*"It's great to see AT&T leading the way as the first IM Relay provider to offer real time services,"* said David Liu, Senior Vice President, Global Messaging, AOL.

*"This generates added value for customers who rely on the service to keep them connected with friends, family, and business contacts. Also, it means that conversations flow more naturally, and move more quickly for the parties on both sides of the conversation."*

With either a computer or wireless device, a specially-trained relay operator reads IMs to hearing callers and types IMs which are displayed in real time to the end user.

Visit [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting) to learn more about these initiatives.

#### Disaster Relief

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

**Ensuring Connectivity for Customers** A critical element of our efforts to maximize network reliability is our ability to swiftly respond when disaster strikes. Through AT&T's 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. To learn more about our NDR program, check out [www.att.com/sustainablyconnecting](http://www.att.com/sustainablyconnecting).

#### Moving Forward: 2010 Goals

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

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

**Enterprise** Launch customer tools to quantify carbon emissions avoided from use of specific offerings that reduce travel

Establish external advisory board to promote ICT as a sustainability enabler, and develop measurements for the environmental impact of ICT products and services



# Leading Innovation and Technology

**Our Commitment** We lead the way in innovation and technology and apply developments to make a sustainable difference in society.

---

**2**

number of patents AT&T received every day for the last several years, on average

**1,300**

number of scientists, engineers and researchers in AT&T Labs

At AT&T, we're always looking ahead. We're committed to developing innovations that can make a sustainable difference in our local communities and around the globe. We're pushing what is possible to improve people's lives.

#### Celebrating Innovation and Collaboration

AT&T has a rich, 100-year plus legacy of innovation. Our technologies have changed the way people live, work and play. As the innovation engine behind AT&T's world-class technology, the scientists and engineers of AT&T Labs continue to develop promising new products and services. Learn more at [www.att.com/csrinnovation](http://www.att.com/csrinnovation).

**A Culture of Innovation** The more than 1,300 scientists and engineers of AT&T Labs continue to build on this legacy by pioneering new technologies. Every day, our award-winning teams are working to deliver innovative applications and services that will automate and streamline the way customers connect to and interact with the world.

#### Recognizing Innovation

Each year, AT&T internally recognizes the accomplishments of employees in its 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. To see a full list of the 2009 Fellows and AT&T Science and Technology Medalists, visit [www.att.com/csrinnovation](http://www.att.com/csrinnovation).

#### Applying Innovation to Address Environmental Challenges

AT&T Labs has always had its eye on the future. With this forward-looking focus, we're working to create a cleaner, more sustainable tomorrow. We're committed to applying our investments, research and innovation to pressing environmental issues.

#### Exploring Data Center Energy Consumption

We recognize that growing demand for our products makes data center efficiency a major challenge. We continue to develop new and better approaches to more effectively manage our energy consumption while continuing to expand processing power, speed and storage capacity.

In 2009, the Labs established an initiative to analyze the energy consumption of software in a data center to determine if various infrastructure arrangements, individual devices and applications, or operating systems could help the data center to run more efficiently. To analyze the energy consumption, the team



placed a large number of sensors in a 650 square foot technical center at various levels to collect heat and energy use information as different software activities occurred. In addition, they deployed software agents to gather information at every level of application and operating system software operations. At the end of 2009, they initiated experiments to establish baseline energy consumption of operating systems and support software. In 2010, the team will continue work in this area.

**AT&T Global Media Environmental Module (GMEM)** For 2009, one of our goals was to add to the understanding of energy consumption implications of service and/or equipment platform alternatives. We undertook a handful of projects that drove toward this goal. One such project was the development of the AT&T Global Media Environmental Module (GMEM) Model. Essentially, the GMEM compresses the footprint of ICT equipment into a reduced amount of facility space by using commonly distributed industry products and arranging them in a new configuration to accomplish the optimized design and deployment. Learn more about the GMEM at [www.att.com/csrinnovation](http://www.att.com/csrinnovation).

**Innovative Communication Solutions for Health Care** In 2009, AT&T teamed up with VHA Inc., the national health care network, to enable VHA member hospitals and non-acute care organizations to take advantage of cost-effective innovative voice and data solutions tailored to meet their communications needs. Learn more at [www.att.com/csrinnovation](http://www.att.com/csrinnovation).

## Sharing Our Innovation Story

In 2009, AT&T increased our efforts to share information about AT&T Labs innovation and technology with public policy officials and thought leaders around the country. Through events, meetings, speaking engagements and tech demos — many of which we brought straight to leaders in Washington, DC — we sought to provide helpful information about the work we're doing in the hopes that it might be applied in ways that are helpful both to our business and society as a whole.

## Fostering Innovation at Leading Universities

Collaborating with some of the brightest minds in academia can advance the development of new technologies and services. That's why, for more than 100 years, we've been teaming up with research teams from some of the world's leading universities. As of the end of 2009, we are actively working with faculty and students at more than 30 top universities, including Harvard University, Princeton University, the University of Illinois and Georgia Institute of Technology, on joint research ventures.

In addition, for more than 14 years, we've sought to foster innovation through AT&T's Technology and Environment Awards Program. Learn more at [www.att.com/connectingminds](http://www.att.com/connectingminds).



**Dr. Alicia Abella,**  
AT&T Labs

---

#### **AT&T Scientist Recognized for Green Innovation**

*In 2009, the Congressional Hispanic Caucus Institute (CHCI) recognized AT&T's Dr. Alicia Abella for her efforts in developing long-distance collaboration tools. Learn more at [www.att.com/csinnovation](http://www.att.com/csinnovation).*

---

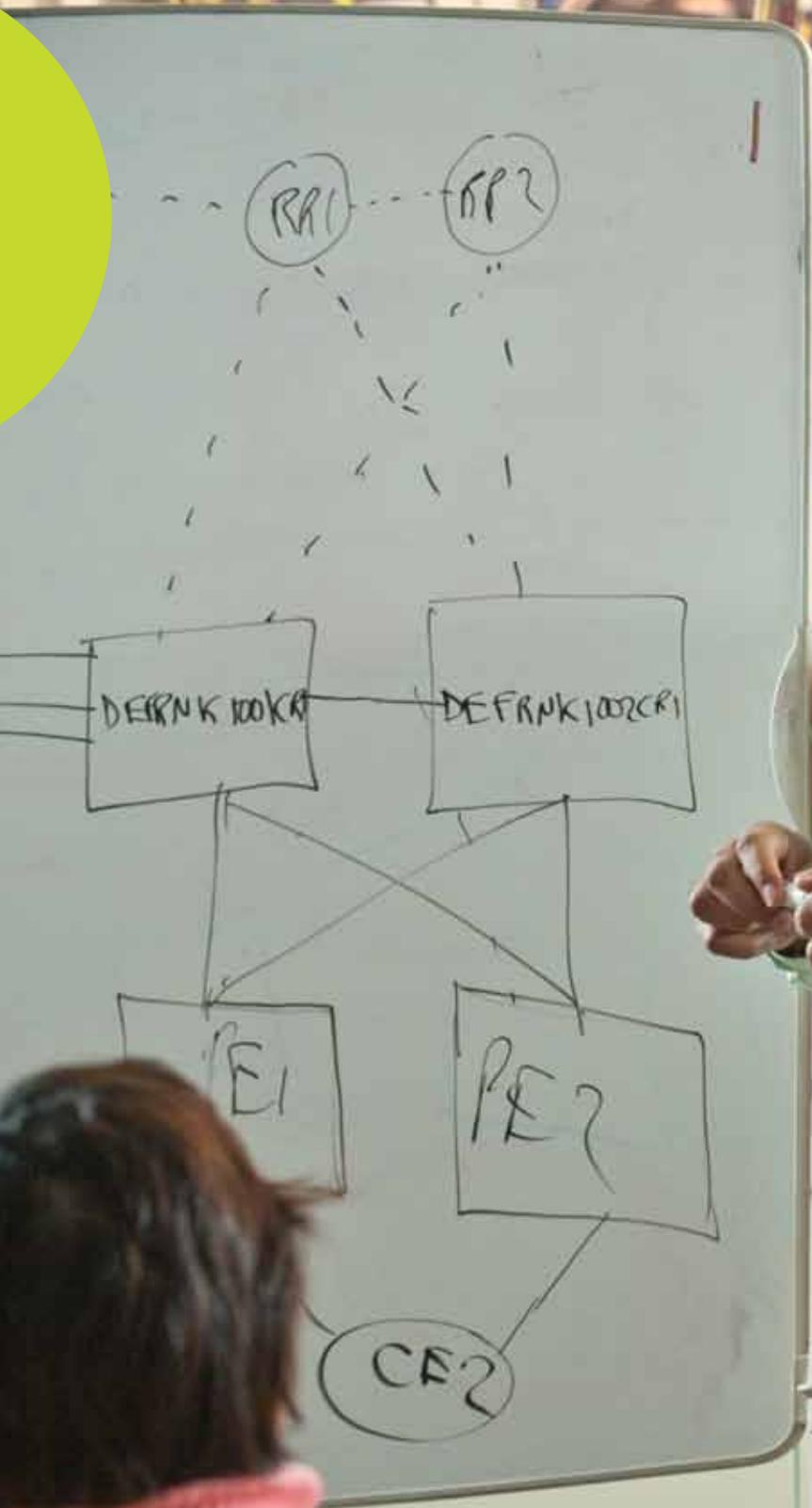
#### **Electronic Curb Cuts**

*When sidewalks began including curb cuts to ease access by wheel chair users, society suddenly found out that people riding bikes, pushing strollers and others benefitted as well. Making something easy to use for the widest possible number of people is called Universal Design. For example, AT&T's new Voicemail-to-Text service can text you a transcript of your voice mail messages. Not only can this save time, but it enables customers who are deaf or have partial hearing loss to read their messages. Learn more at [developer.att.com/universaldesign](http://developer.att.com/universaldesign).*

---

#### **Netflix Prize to Benefit Science Education**

*In September 2009, a team led by AT&T researchers Chris Volinsky and Robert Bell won the Netflix Prize – a highly competitive research contest that included more than 40,000 participants from 186 countries. Learn more at [www.att.com/csinnovation](http://www.att.com/csinnovation).*



## Collaborating to Improve Health Care

*How can a device developed for use in the videogame industry help solve health problems? Robert Miller, a scientist with AT&T Labs Research, saw an opportunity to use the technology to help avoid a major concern for elderly individuals – falling. AT&T Labs is working with Texas Tech University and a young company named 24Eight to conduct a trial on the fall-avoidance technology. Read about how it works at [att.com/csr](http://att.com/csr).*

### Supporting Science, Technology, Engineering, and Mathematics (STEM) Education

AT&T's commitment to education and STEM is as much a part of our legacy as our future. AT&T Labs has a number of programs and partnerships focused on increasing the number of STEM students in the pipeline. In addition to university collaborations, AT&T Research offers internships and programs that promote STEM education. Many members of AT&T Labs Research are volunteer leaders of programs related to our historic mission of encouraging young people to pursue careers in science, technology, engineering, and mathematics. Check out [www.att.com/csrinnovation](http://www.att.com/csrinnovation) to learn more about these programs.

### Industry Collaborations

Innovation and technology can accomplish great things, but without industry engagement and collaboration to develop global or regional standards, many of these innovations would not reach the mass market. AT&T participates in more than 50 standards organizations and industry forums that are relevant to AT&T's networks and business units. We are an active contributor to these bodies and hold key positions providing industry leadership. Check out a list of some of these industry forums, consortia and standards bodies at [www.att.com/csrinnovation](http://www.att.com/csrinnovation).

### Moving Forward: 2010 Goals

**Innovation** Apply Labs resources to one or more projects that improve society's understanding of/ability to deal with health care, education or assistive services

**Energy** Add to the understanding of energy consumption implications of service and/or equipment platform alternatives

# 50

#### Labs interns

Every year, AT&T Labs Research hosts an average of 50 interns who come to Florham Park to work with researchers on special projects. Shiri Azenkot was one of them. Read more about her experience at [www.att.com/csrinnovation](http://www.att.com/csrinnovation).

## Tomorrow

#### Meet the Labs

AT&T has always been committed to building a better, stronger, safer tomorrow. Meet some of those scientists who are helping to create that tomorrow at <http://techchannel.att.com/>.

## 2009 Citizenship & Sustainability Report Awards and Honors

We recognize that our efforts are part of a process and we have a long way to go. However, we're humbled to have received acknowledgment for our progress thus far.

### Leadership, Reputation and Giving

---

- Freeman Philanthropic Services Award for Outstanding Corporation, Association of Fundraising Professionals (AFP)
- The Most Desirable Employers, *BusinessWeek* Magazine
- World's Most Admired Telecommunications Company, *Fortune* Magazine
- Best Places to Launch a Career, *BusinessWeek* Magazine
- Latino Achievements in Innovation, Congressional Hispanic Caucus Institute
- 2009 Corporate Counsel Diversity Award, Dallas Hispanic Bar Association
- 100 Most Influential Hispanics, *Hispanic Business Magazine*
- CareerFocus Eagle Award, National Eagle Leadership Institute (NELI)
- 100 Most Powerful Executives in Corporate America, *Black Enterprise Magazine*
- Most Influential African Americans in Business, Profiles in Diversity Journal
- HITEC 100, Hispanic IT Executive Council
- DiversityFirst LEADERSHIP Award, Texas Diversity Council

### Supplier Diversity

---

- America's Top Corporations for Women's Business Enterprises, WBENC
- DiversityNxt Gen Corporation Award, Telecommunications Industry Group
- Staffing Buyer of the Year Award, Chicago Minority Business Development Council
- 40 Best Companies for Diversity, *Black Enterprise Magazine*
- HACR Corporate Index, Hispanic Association on Corporate Responsibility

## Workforce Inclusion

---

- Top 50 Companies for Diversity and Hall of Fame, *DiversityInc*
- Top Companies for Executive Women, NAFE
- Top 50 Most Military-Friendly Employers, *G.I. Jobs Magazine*
- HACR Corporate Index, Hispanic Association on Corporate Responsibility
- Best Diversity Company, Diversity/Careers in Engineering & Information Technology
- 40 Best Companies for Diversity, *Black Enterprise Magazine*
- The 50 Best Companies for Latinas to Work, *LATINA Style Magazine*
- Diversity Elite 60, *Hispanic Business Magazine*
- Top 10 Companies for Recruitment & Retention, *DiversityInc*
- Top 10 Companies for African Americans, *DiversityInc*
- Top 10 Companies for LGBT Employees, *DiversityInc*

## Environment

---

- Global Green 100, Uptime Institute
- Ranked #1 in Green Carrier Matrix, ABI Research
- Environmental Leadership Award, *Automotive Fleet*

## Service/Innovation

---

- InfoWorld 100
- CIO 100
- American Business Awards Information Technology Department of the Year
- Computerworld Premier 100 IT Leaders

## About This Report

**Scope** This annual publication covers data, initiatives and accomplishments for AT&T's U.S. operations from the 2009 calendar year. Performance data is primarily for 2009, unless otherwise noted. It is our fifth published citizenship and sustainability report and follows our 2008 report, which we published in August 2009. As indicated in the report, additional data and anecdotal information about our progress is on our Web site at [www.att.com/csr](http://www.att.com/csr). You can also access previous reports in their entirety at this site.

We've started to incorporate international data, specifically in our international philanthropic giving and GHG emissions. However, other than the GHG emissions inventory and philanthropy information provided, the international data included in this report is not comprehensive and we're still in the process of building out our system for collecting and reporting reliable performance data and anecdotal information for our global operations. We anticipate subsequent reports will include more of this information.

**Reporting Standards and Assurance** The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines provide a standard framework for organizations to report on their social, environmental and economic performance. As in 2008, this report is aligned with the GRI G3 Guidelines and we self-declare the report to application level C. For more information about these guidelines and application levels, visit [www.globalreporting.org](http://www.globalreporting.org).

The report received extensive internal review by subject-matter experts, the Citizenship & Sustainability Steering Committee, our chief sustainability officer and our chairman. Additionally, third party allies provided feedback.

**Materiality** Given the myriad issues, even within our six focus areas, it is important for us to decide where we can direct our attention and resources to realize maximum benefit for our communities. As we referenced in our previous reports, we embarked on a process in 2008 to identify the most material, or important, citizenship and sustainability issues to our company. Working with a nonprofit organization, Business for Social Responsibility, we undertook a materiality\* analysis, which still guides our thinking. In the coming year, we are planning to go through the process and update this analysis.

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

**Future Reporting** This report is an annual review of our citizenship and sustainability performance. Future reports will continue to build on the six focus areas and seek to capture our progress — positive or negative — against key performance indicators. Going forward, we continue to work to develop metrics for capturing our data and trends, improving our transparency.



**Stakeholder Engagement** AT&T values open and ongoing dialogue with our stakeholders. Learning about and listening to our stakeholders' concerns, issues and perspectives helps improve our citizenship and sustainability programs and reporting. In 2009, we communicated with a diverse range of stakeholders, including:

- Employees
- Nongovernmental organizations
- Governmental representatives
- Industry and financial analysts
- Customers
- Suppliers
- Investors
- Media
- Industry peers

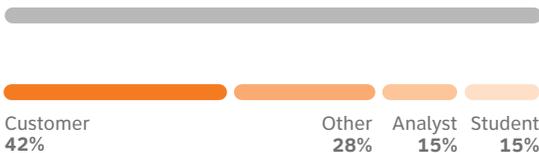
**Feedback** We want to hear from you. How are we doing? What did we do well? How can we improve? We are proud of the progress we have made, but know there's always more to be done. Your feedback will assist us in our drive to be a better corporate citizen today, and for years to come. Please send your questions and feedback to [sustainability@attnews.us](mailto:sustainability@attnews.us).

**Cautionary Language Concerning Forward-Looking**

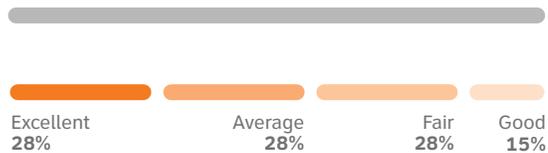
**Statements** Information set forth in this report contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results might differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update and revise statements contained in this report based on new information or otherwise.

In conjunction with the launch of our previous report in August 2009, we also provided an anonymous online survey to encourage stakeholder feedback on our reporting. Key results from this survey are below. We considered this feedback when drafting this year's report.

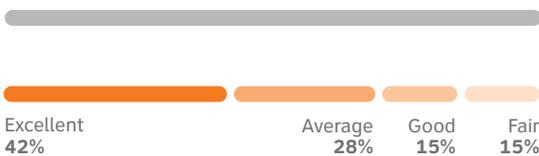
### I'm visiting this site as...



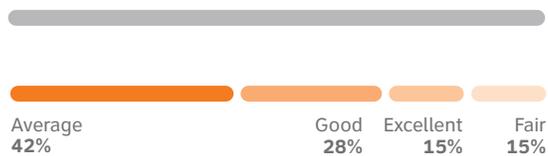
### Thoroughness



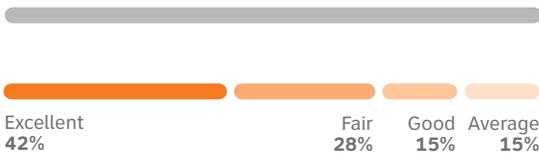
### Content



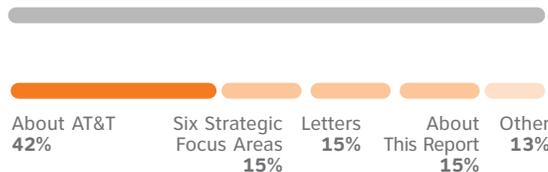
### Format



### Credibility



### Most valuable section

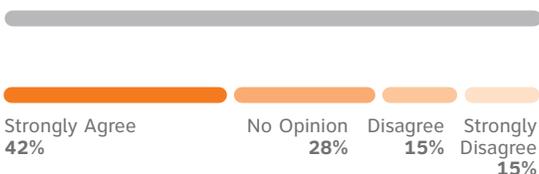


### Readability



Based on this report, I would rate AT&T as a company committed to global citizenship and sustainability

### 2008



## Global Report Initiative: C Level

Disclosure/Indicator	Report Section	Page(s)
1.1	Introduction	3
Organizational Profile		
2.1	About Us	8
2.2	About Us	8
2.3	About Us	8
2.4	About Us	8
2.5	About Us	8
2.6	About Us	8
2.7	About Us	8
2.8	About Us	8
2.9	About Us	8
2.10	Awards and Honors	72-73
Report Parameters		
3.1	About This Report	74
3.2	About This Report	74
3.3	About This Report	74
3.4	About This Report	76
3.5	About This Report	74
3.6	About This Report	74
3.7	About This Report	74
3.8	About This Report	74
3.10	About This Report	74
3.11	About This Report	74
3.12	GRI Index	78-79

Disclosure/Indicator	2008 Report Section	Page(s)
<b>Governance Disclosures</b>		
4.1	Leading with Integrity	39
4.2	Leading with Integrity	39
4.3	Leading with Integrity	39
4.4	Leading with Integrity	39
4.14	About This Report	76
4.15	About This Report	76
<b>Economic</b>		
EC3	Investing in People	33
EC8	Supporting Communities	24-31
<b>Social</b>		
<b>Labor Practices and Decent Work</b>		
LA1	Investing in People	32
LA4	Investing in People	33
LA7	Investing in People (Partially Reported)	34
LA10	Investing in People	34
LA11	Investing in People	34
LA12	Investing in People	34
LA13	Investing in People (Partially Reported)	35
<b>Human Rights</b>		
HR8	Leading with Integrity	39
<b>Society</b>		
SO3	Leading with Integrity	39
SO5	Minimizing Environmental Impact/Connecting People and Business	58/48
<b>Environmental Indicators</b>		
EN5	Minimizing Environmental Impact	49-53
EN6	Connecting People and Business	52-57
EN7	Minimizing Environmental Impact	49-53
EN16	Minimizing Environmental Impact	45-49
EN17	Minimizing Environmental Impact	45-49
EN18	Minimizing Environmental Impact	45-53
EN22	Minimizing Environmental Impact	54-55
EN28	Minimizing Environmental Impact	54

Note: Indicators not included in the table are not reported at this time.

## Footnotes

<sup>1</sup> SMART 2020: Enabling the Low Carbon Economy in the Information Age, Global e-Sustainability Initiative and Boston Consulting.

<sup>2</sup> Note: The financial equivalent is determined by using \$20.85/per volunteer hour, which is based on the 2009 industry standard from Independent Sector, a leading nonprofit organization that determines the financial equivalent for a variety of volunteer initiatives. [http://www.independentsector.org/volunteer\\_time](http://www.independentsector.org/volunteer_time)

<sup>3</sup> Note: The financial equivalent is determined by using \$20.85/per volunteer hour, which is based on the 2009 industry standard from Independent Sector, a leading nonprofit organization that determines the financial equivalent for a variety of volunteer initiatives. [http://www.independentsector.org/volunteer\\_time](http://www.independentsector.org/volunteer_time)

<sup>4</sup> Current Population Survey, Bureau of Labor Statistics, "Table 11: Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, 2008" (2009)

<sup>5</sup> According to 2008 benchmark studies from the Center for Advanced Purchasing Studies <http://www.capsresearch.org/>

<sup>6</sup> SMART 2020: Enabling the Low Carbon Economy in the Information Age, Global e-Sustainability Initiative and Boston Consulting, pg. 6.

<sup>7</sup> According to the Environmental Protection Agency (EPA) Greenhouse Gas Equivalencies Calculator

<sup>8</sup> According to the EPA GHG Equivalencies Calculator

<sup>9</sup> According to the EPA GHG Equivalencies Calculator

<sup>10</sup> Savings estimates calculated by totaling the miles saved, assuming 10.5 MPG – derived from fleet averages for 2009, and using the EPA GHG Calculator

<sup>11</sup> SMART 2020: Enabling the Low Carbon Economy in the Information Age, Global e-Sustainability Initiative and Boston Consulting, pg. 6.

<sup>12</sup> Global e-Sustainability Initiative (United States Report Addendum), Op. cit. and FAF2 Freight Traffic Analysis, U.S. Department of Transportation, Federal Highway Administration, June 27, 2007.

<sup>13</sup> Carbon calculations were derived by Cisco's IBSG, which uses the TRX Airline Carbon Emissions Calculator (<http://carbon.trx.com/Home.asp>) for the 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.





AT&T Inc.  
208 S. Akard St.  
Dallas, Texas 75202  
att.com