



diversity

A holistic approach. A welcoming culture. A proven success.

“SBC has long been a national leader in supplier diversity and in representation of people of color in its workforce and its management.”

— Luke Visconti, partner/co-founder, *DiversityInc*

Multicultural Marketing

For decades, SBC Communications has been considered a leader in meeting the needs of a diverse customer base. This commitment to diversity is reflected in the products and services provided to our clients, including customer support in more than 150 languages, in-language phone bills and SBC.com en español. In addition, we work with minority-owned advertising agencies to ensure communication and outreach to multicultural audiences. We also work as advocates for diverse customers, providing them with tools and resources for fraud prevention, such as identity theft.

Best in Class

Numerous organizations have acknowledged our efforts of promoting diversity and maintaining a culture of opportunity and growth at SBC Communications, such as:

- *Fortune* magazine's 50 Best Companies for Minorities
- *Hispanic* magazine's Top 100 Companies
- *DiversityInc's* Top 10 Companies for Diversity
- *Essence* magazine's 30 Great Places for African-American Women to Work
- *DiversityInc's* Top 10 Companies for Supplier Diversity, Asian Americans, Executive Women and Latinos
- Women's Business Enterprise National Council's America's Top Corporations for Women's Business Enterprises
- Annenberg Public Policy Center's Women Leaders in Communication Companies Report

Diversity Is Fundamental to the Culture and Business Success of SBC Communications

At SBC Communications Inc., we recognize that our leadership and success are the direct result of our commitment to the people we serve. Diversity is fundamental to our culture and business success, and it is integrated into our management strategy and major business areas, including workforce, procurement, marketing and philanthropy.

We realize that our commitment to diversity is more than the right thing to do — it is essential to our success in the marketplace.

We succeed when we:

- Recruit and hire the very best talent.
- Give employees options for career development and advancement.
- Provide employees with a distinct, welcoming culture and opportunities for self-expression.
- Promote an inclusive environment in which everyone is valued and every voice is heard.

Diversity in Our Workplace

Our overall workforce goal is to reflect the customers and communities we serve in our 13-state territory, which is 51 percent female and 36 percent people of color, according to the 2000 U.S. Census. The SBC workforce closely reflects its customer base with an employee population that is 47 percent female and 38 percent people of color. This philosophy ensures that we are connected with our customers and communities. We further these connections through programs and initiatives designed to foster the personal and professional development of each employee.

Preparing Future Leaders

SBC companies have significantly increased leadership-development opportunities for women and minorities through initiatives such as the Leadership Development Program. This two-and-a-half year program, designed for recent college graduates, targets high achievers and allows them to rotate among different assignments and locations throughout the company. Nearly half of the program's participants are female, and nearly half are people of color. Graduates of the Leadership Development Program benefit from opportunities for accelerated development, early and frequent performance feedback, and upward movement.

Creating an Environment That Fosters Lifelong Learning

The SBC philosophy is to provide employees with continued opportunities for growth and professional development. Management is responsible for successfully implementing various diversity initiatives as part of this philosophy. SBC programs include:

- The SBC Center for Learning, a virtual campus where employees can access career-enhancing courses and find opportunities for professional and personal growth;
- Career Path, an innovative Web-based system that provides employees with the tools to manage their SBC careers; and
- The SBC Management Tuition Reimbursement Policy and the Non-Management Tuition Aid Policy, which provide financial assistance to employees who are working toward academic degrees that are beneficial to them and the company.

Diversity in Our Supply Chain

For 36 years, SBC Communications has been a pioneer and leader in the inclusion of minority-, women- and disabled-veteran-owned business enterprises (M/WBE-DVBEs) in the corporate supply chain. Our focus on economic development through supplier diversity has allowed us to take a national leadership role in promoting supplier diversity throughout the telecommunications sector and beyond. In 2003, the SBC family of companies spent 15.4 percent of total procurement, or \$1.4 billion, with diverse vendors. Our best-in-class initiatives that ensure continued support and integration of diverse suppliers include the following:

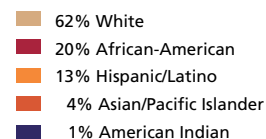
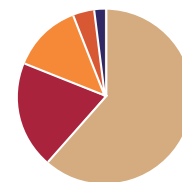
Prime Supplier Participation Program. SBC Communications has been a private-sector leader in promoting diversity initiatives among the company's first-tier suppliers by encouraging them to prepare and submit detailed Supplier Diversity Annual Participation Plans and Quarterly Progress Reports. We provide training guides and workshops to help prime suppliers develop their own supplier diversity programs.

Business Development. SBC Supplier Diversity Programs staff members assist current and prospective diversity suppliers in identifying and developing business opportunities with the company. They work with suppliers to ensure that requirements and standards are clearly communicated and to foster their success.

Telecom Supplier Diversity Task Force. SBC Communications convened a Telecom Supplier Diversity Task Force with leading telecommunications and supplier diversity experts to address challenges faced by M/WBE-DVBE suppliers in our industry. In 2003, the Task Force unveiled a study, "Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness," which provides 21 recommendations for improving supplier diversity and supply chain management, as well as tools and processes.

Continued Education Opportunities. SBC Communications provides funding to support several executive management training programs for M/WBE-DVBEs at top graduate schools. SBC Supplier Diversity Programs also produces a full-day Business Operations Training specifically for diversity suppliers.

SBC Workforce Composition



Based on 2003 workforce composition data

Celebrating Diversity

SBC employee-initiated organizations serve diverse employee needs and are open to all SBC employees. The following organizations reflect the diversity found within the SBC family of companies and contribute to achieving company goals:

- ACCA – Asians for Corporate and Community Action
- Community NETwork – The African-American Telecommunications Professionals of SBC
- FACES – The Filipino-American Communications Employees of SBC
- HACEMOS – The Hispanic Association of Communications Employees of SBC
- OASIS – The Organization of Asian Indians at SBC
- PWSBC – Professional Women of SBC
- SPECTRUM – The Association of Lesbian, Gay, Bisexual and Transgender Employees of SBC

SBC Communications established the Corporate Joint Diversity Council, which comprises the presidents of employee-initiated organizations and the SBC Workforce Diversity team, to address diversity issues, opportunities and best practices at the company.



As *Fortune's* list of the 50 Best Companies for Minorities shows, these are firms that make an effort not only to hire minorities but also to retain them and promote them through the ranks. They actively interact with outside minority communities and make management accountable for diversity efforts.



— *Fortune*,
Best Companies for Minorities



As LULAC celebrates its diamond anniversary and our 75th annual convention, we also look toward building a brighter future for Hispanics. The \$1 million SBC Excelsator grant will help communities access and utilize the tools necessary to compete in today's education environment and technology-driven workplace. This grant further reflects the longstanding support SBC Communications has for programs and services for the Hispanic community.



Hector Flores,
national president of the
League of United Latin American Citizens

Diversity in Our Communities

A Remarkable Record of Diversity in Our Communities

The diversity efforts of SBC Communications extend to the communities where we live and work — in large part thanks to the SBC Foundation, the company's philanthropic arm. Since 1984, SBC Communications and the SBC Foundation have contributed more than \$1 billion to nonprofit organizations across the country.

In 2003, the SBC Foundation supported more than 1,100 organizations and contributed more than \$78 million through corporate, foundation, and employee giving to support programs and initiatives that enrich and strengthen diverse communities nationwide. The SBC Foundation awarded 46 percent of its direct giving grants to organizations that serve racial and ethnic clients (defined as African-American, Native American, Asian American and Hispanic).



The SBC Foundation provided a \$10 million grant to help build The Women's Museum — the single largest corporate contribution in history to any women's organization, fund or program — and in 2004, the SBC Foundation provided an additional \$500,000 grant for supporting and hosting the Smithsonian Institution's traveling exhibition, "First Ladies: Political Role and Public Image."

The SBC Foundation also provides more than \$200,000 in support annually to diverse scholarship programs, including the National Society of Hispanic MBAs and the United Negro College Fund.

The SBC Foundation consistently ranks among the nation's top five corporate foundations, according to *The Chronicle of Philanthropy* and The Foundation Center. In 2003, the SBC Foundation was named among the largest corporate philanthropists in America in *BusinessWeek* magazine's Special Report on Corporate Philanthropy.

SBC Excelsator

Since 2002, the signature philanthropic initiative of the SBC Foundation, SBC Excelsator, has helped more than 3,000 nonprofit organizations deliver better services and improve the lives of people across the nation. SBC Excelsator supports initiatives to increase access to information technologies, broaden technology training and professional skills development, and effectively integrate new technologies to enhance education and economic development. Through the SBC Excelsator program, the SBC Foundation has allocated \$28 million in grants — the largest special grants program ever undertaken by the SBC Foundation.

In 2004, the SBC Foundation provided \$3 million in national SBC Excelsator invitational grants. The League of United Latin American Citizens (LULAC), the National Urban League and the AMBER Alert Network each received a \$1 million SBC Excelsator grant to help fully integrate technology into their ongoing operations and community outreach.