



AT&T CODE OF CONDUCT

Note: AT&T's Code of Conduct contains a number of AT&T telephone numbers and intranet links that are reserved for the use of AT&T employees, and which have been omitted from this publicly posted version.

February 2004

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I. CHAIRMAN'S LETTER February 2004

AT&T faces new challenges and demands every day. This Code of Conduct ("Code") provides information about the standards that AT&T expects all employees to follow, which are most clearly embodied in the values of "Our Common Bond" — respect for individuals, dedication to helping customers, highest standards of integrity, innovation and teamwork.

In meeting the challenges and demands of our business, we will be judged by our customers, colleagues and shareholders not only by what we do, but how we do it. Please read this Code and familiarize yourself with its long-standing provisions and certain guidelines that have recently been added. More important, as you face new and difficult situations, be sure to consult this Code and, as appropriate, seek the input of supervisors and those in Human Resources to help determine the proper way to handle such matters. This Code does not address every situation or set forth every rule, because there are other Company or supplemental business unit policies, practices and instructions — as well as common sense and legal standards of conduct — to which employees are expected to adhere. This Code is also not intended to substitute for every employee's responsibility to exercise good judgment in the workplace.

Although compliance with this Code is a condition of employment for all employees, the Code is not a contract of employment and does not create any contractual rights of any kind between AT&T and its employees.

Employees who do not comply with the Code of Conduct and other company policies may be disciplined, up to and including dismissal — even for a first offense in appropriate circumstances — and may face criminal prosecution if their conduct is unlawful.

Where local country laws contain mandatory requirements that are more stringent or differ from the provisions of this Code of Conduct, such local country requirements prevail for employees working in those countries.

David Dorman



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II. OUR COMMON BOND

We Commit to These Values to Guide Our Decisions and Behavior:

Respect For Individuals

We treat each other with respect and dignity, valuing individual and cultural differences. We communicate frequently and with candor, listening to each other regardless of level or position. Recognizing that exceptional quality begins with people, we give individuals the authority to use their capabilities to the fullest to satisfy their customers. Our environment supports personal growth and continuous learning for all AT&T people.

Dedication To Helping Customers

We truly care for each customer. We build enduring relationships by understanding and anticipating our customers' needs and by serving them better each time than the time before. AT&T customers can count on us to consistently deliver superior products and services that help them achieve their personal or business goals.

Highest Standards Of Integrity

We are honest and ethical in all our business dealings, starting with how we treat each other. We keep our promises and admit our mistakes. Our personal conduct ensures that AT&T's name is always worthy of trust.

Innovation

We believe innovation is the engine that will keep us vital and growing. Our culture embraces creativity, seeks different perspectives and risks pursuing new opportunities. We create and rapidly convert technology into products and services, constantly searching for new ways to make technology more useful to customers.

Teamwork

We encourage and reward both individual and team achievements. We freely join with colleagues across organizational boundaries to advance the interests of customers and shareowners. Our team spirit extends to being responsible and caring partners in the communities where we live and work.

By living these values, AT&T aspires to set a standard of excellence worldwide that will reward our shareowners, our customers, and all AT&T people.

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Among other things, "Living Our Common Bond" means behaving in law-abiding and ethical ways in all our business relationships, dealings, and activities. Some of the principles you will find in the Code are highlighted below.

III. LIVING OUR COMMON BOND

We comply with applicable laws that govern AT&T's operations.

See pages 29-30

We create and maintain workplaces characterized by:

Open communication and sharing of ideas.

See pages 6-7

Respect for individuals and freedom from unlawful discrimination.

See pages 7-8

Safe and healthy working conditions.

See page 8

Respect for employee privacy.

See page 9

We never let our business dealings on behalf of AT&T be influenced by personal or family interests.

See pages 9-11

We comply with AT&T's policies for serving on outside boards.

See pages 10-11

We do not take advantage of non-public AT&T information or other information to which we have access.

See pages 11-12

We ensure that AT&T intellectual property rights are properly protected and respect the intellectual property rights of others.

See pages 12-15

We safeguard and make proper and efficient use of company funds and property.

See pages 15-16

We follow proper recordkeeping and financial reporting procedures.

See page 16-17

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We earn customers' business and build relationships with them by representing our products and services honestly.

See pages 17-19

We do not accept gifts, entertainment, or anything else of value that could cloud our business judgment.

See pages 20-22

We compete vigorously, relying on the merits of our products, services, and people.

See pages 22-26

We support involvement in the communities where we live and work.

See pages 27-29

We notify Corporate Security or the Law Division whenever we suspect, observe, or learn of unethical business conduct or the commission of any dishonest, destructive, or illegal act.

See pages 29-30

Employees who do not comply with the Code and other company policies may be disciplined, up to and including dismissal. Inquiries concerning interpretation of this Code may be directed to the Corporate Security Hotline or the Law Division.

IV. PEOPLE

We treat each other with respect and dignity, valuing individuals and cultural differences.

These simple words from Our Common Bond identify a fundamental and powerful value at AT&T: Respect for individuals, whether they are colleagues at AT&T, customers, suppliers, or anyone else in the many places around the world where we live and work.

Open Communication

Open communication helps make our Common Bond value of respect for individuals come alive. It means AT&T employees give each other accurate and timely information about business issues. AT&T employees listen to each other, our customers, and suppliers because we believe communication is as much about listening as it is about talking. Differing opinions and expressions of concern are welcomed. While we may disagree with one another, we know that healthy debate is important. We keep the communications channels open.

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When communication takes the form of a concern or complaint, AT&T employees can take that concern or complaint to a supervisor. If the complaint is about the supervisor, or if the supervisor cannot solve the problem, AT&T employees may take the matter to higher management or other appropriate persons without fear of reprisal or retaliation. Any person wishing to report such conduct may contact the Corporate Security Hotline. All allegations will be investigated thoroughly and no reprisals will be taken against people who report suspected violations in good faith and their identities will be protected to the extent consistent with law and AT&T policy.

Our communication with one another and other stakeholders, including customers and suppliers, is always professional and courteous. Being rude or abusive to one another, to customers, to suppliers, or to others is not acceptable.

Open communication is an extension of respect for individuals on another level. AT&T co-workers, customers, suppliers and others depend on AT&T employees to take responsibility for what we say and do. If we make commitments, we keep them; if we're going to be absent from work, we promptly tell our supervisors so commitments to customers and others can be met. And we are honest with our work time, because others count on us to each do our share in making the consistent delivery of superior AT&T products and services the trademark of our business.

Treatment of People

AT&T is committed to providing a work environment that respects each employee as an individual and an important member of the culturally diverse, worldwide AT&T team.

In keeping with this commitment and Our Common Bond value of respect for individuals, AT&T is committed to providing a work environment free from unlawful discrimination or harassment based on race, color, religion, national origin, sex, age, disability, sexual orientation, marital status, or any other protected characteristic. This means that AT&T and its employees comply with applicable human rights and employment equity legislation, and we do not discriminate unlawfully in any aspect of employment, including recruiting, hiring, compensation, promotions, or termination. It also means that AT&T employees must not permit or engage in conduct that creates an intimidating, harassing or offensive work environment. Such conduct includes, but is not limited to, racist, sexist, or ethnic comments or jokes; sexual advances or inappropriate physical contact; or sexually-oriented gestures, pictures, jokes, or statements.

If you believe that you are the victim of discriminatory or harassing conduct, report it to your supervisor or a Human Resources representative. All complaints will be investigated promptly and without retaliation.

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In addition, personnel decisions should be based on valid business considerations and should not be based on personal relationships. Employees should not make a personnel decision concerning a relative, family member or other person with whom the employee has a similarly close personal relationship.

Workplace Safety

AT&T is committed to making the work environment safe and healthy for its employees and others. To this end, AT&T complies with all applicable laws and regulations relating to safety and health in the workplace. Employees are told about procedures that are in place to protect them from generally recognized workplace hazards. AT&T employees should immediately report dangerous conditions so that workplace accidents are minimized. In day-to-day operations, AT&T employees should integrate safety, health, and ergonomics into design, installation, use, maintenance, and service procedures.

To help ensure a safe and healthy work environment, AT&T prohibits some activities. Examples include:

- Threatening or violent behavior, or even the suggestion of such behavior, toward others, including co-workers, customers, and suppliers.
- Possession of firearms, explosives, or other weapons anywhere on company property or while conducting company business.¹
- Willful destruction of company property or the property of others.

AT&T is also committed to a drug-free workplace. The use of illegal drugs, and the misuse of legal drugs, while on company premises or business interferes with a safe, healthy, and productive work environment and is prohibited. Specifically, AT&T prohibits the use, possession, distribution, or sale of illegal drugs on its premises, and in its vehicles, and while conducting AT&T business. Furthermore, no employee may conduct AT&T business while under the influence of illegal drugs or alcohol. Any person wishing to report such conduct may contact the Corporate Security Hotline. All allegations will be investigated thoroughly and no reprisals will be taken against people who report suspected violations in good faith and their identities will be protected to the extent consistent with law and AT&T policy.

¹ Employees whose assigned workplace is Alaska and who are specifically authorized to possess a firearm while conducting company business in wild, remote areas under the AT&T Alascom Weapons Authorization Policy may possess firearms under these limited circumstances.

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Privacy of Employee Records

AT&T recognizes that privacy is important to each of us. The company therefore maintains only those employee records required for business, legal, or contractual reasons, and limits access to and knowledge of those records to people who need the information for legitimate business or legal purposes.

If you have access to personal information about co-workers, take precautions to ensure it is properly marked (e.g., Private) and that it is not misused or disclosed improperly. In addition, observe all applicable laws regarding employee information, including those that limit the movement of personnel data across national borders.

Conflicts of Interest

A conflict of interest arises when an employee's personal interests conflict with his or her responsibilities to AT&T. AT&T's policy regarding conflicts of interest is straightforward: Employees may not compete with AT&T and may never let business dealings on behalf of AT&T be influenced — or even appear to be influenced — by personal or family interests. One area that often creates serious potential conflicts of interest is when an employee makes an investment in a company that sells or wishes to sell its services to AT&T, and in particular when an employee is offered the opportunity to participate in a public stock offering of such a company. It is generally not appropriate for employees to make such investments.

Competing with AT&T

To avoid competing with AT&T, employees may not enter into unauthorized business relationships with competitors. This means, among other things, that you may not work for or operate a competing business or assist any unauthorized person outside AT&T — including family or friends — in the planning, design, manufacture, sale, purchase, installation, or maintenance of products or services that compete or could compete with AT&T products or services or any other work performed by AT&T.

Generally, the following limited financial investments, absent any control or direction of a competitor, do not conflict with this prohibition:

- An ownership interest that constitutes less than one percent (1%) of the debt or equity of a competitor and the value of the investment does not exceed ten percent of the value of an employee's personal investments.
- An ownership acquired prior to the effective date of employment with AT&T or ownership acquired by inheritance.
- An employee's investments held through mutual funds with a diverse portfolio or in the employee's AT&T 401(k) plan.

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For purposes of the Code, AT&T defines a competitor as one who is engaged in, or has announced its intention to engage in, any of the businesses engaged in by AT&T. Where the competitive (or potential competitive) overlap between AT&T and the other firm is de minimus and will remain so for a reasonable period, the firm will not be considered a competitor of AT&T for the purposes of these guidelines. Generally, AT&T will consider an overlap de minimus where the product or service accounts for two percent (2%) or less of AT&T's annual revenues. Any questions regarding whether an overlap between AT&T and another firm are de minimus should be directed to the Office of the Corporate Secretary or the AT&T attorney designated to support your organization.

AT&T policy also prohibits its employees from taking advantage of business opportunities reasonably available to AT&T. Any questions regarding this policy should be directed to the Human Resources organization.

When an employee accepts a job with a competitor with the intention of terminating his or her employment with AT&T, the employee should immediately inform his or her supervisor of the employee's employment plans. Employees who leave AT&T remain legally obligated not to disclose AT&T's proprietary information to any new employer or anyone else who has not signed an appropriate non-disclosure agreement with AT&T. AT&T's proprietary information can include information regarding the particular skill sets, assignments or expertise of its employees. Accordingly, employees may not share this information with their new employer to facilitate the new employer's recruitment of AT&T personnel.

Employees should also be familiar with AT&T's Non-Competition Guideline.

Board of Directors Membership

Any Management employee considering serving on the board of directors or an advisory board or similar body of any outside company should give advance notice to the AT&T Corporate Secretary so that the proposed directorship may be reviewed to determine whether there is any conflict of interest and whether the service will be permitted. Conflicts may occur when a company is an AT&T vendor or competitor. Approval of the employee's supervisor should also be obtained.

Corporate Secretary approval is required for both individual (personal) and AT&T (corporate) representatives on public or private, for-profit boards of directors and advisory boards or similar bodies. In addition, the concurrence of the Chief Financial Officer must be obtained before any employee acting as AT&T's representative takes a board seat or board observer rights in an entity not controlled by AT&T.

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Corporate Secretary approval is not required for participation on boards or similar bodies of not-for-profit charitable or educational entities unless the entity is a standards setting body relating to AT&T's business. However, an employee must receive the prior approval of the Executive Vice President of Public Relations before an employee takes any position with a not-for-profit entity as AT&T's delegate or representative.

In no event may any employee serving on any board or similar body as AT&T's representative receive compensation of any kind, directly or indirectly, for such service.

In no event may any employee serving on any board or similar body in a personal capacity be reimbursed by AT&T, directly or indirectly, for any expenses related to such activity.

Acting for Personal Gain

AT&T employees must not let personal interests interfere with business dealings. For example, do not:

- Influence, either directly or indirectly, AT&T's dealings with any supplier with whom you have a personal or financial relationship.
- Work for or represent a supplier in its dealings with AT&T.
- Use AT&T's name, information, property, time, or other resources to perform outside activities such as a second job or a personal outside board membership or similar position. Your personal activities must always be kept separate from your employment with AT&T. Generally, it is recommended that all second jobs should be approved by your supervisor and the Law Division.

It is AT&T's position that it owns any product, service or intellectual property reasonably related to AT&T's business that is developed or invented by an employee, even if the employee develops it on his or her own time. Accordingly, an employee may not market or sell any such product, service or intellectual property without written authorization from AT&T.

Insider Information

There are laws that prohibit the use of insider information when buying, selling, or trading publicly-traded securities, including not only AT&T securities but also the securities of companies about which you have non-public information as a result of business activities. Insider information can take many forms, but always includes information which is not available to the public and which might influence an investor's decision to buy, sell, or hold securities in a company. It includes acquisition plans; financial information and forecasts; new contracts, products, or discoveries; major organizational changes; or other business plans.

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You must not buy, sell, or trade AT&T securities or the securities of other companies about which you have insider information until after that information becomes public. You also may not engage in any transaction where you may profit from short-term speculative swings in the value of AT&T securities, "short sales" (selling borrowed securities) of AT&T securities and derivative transactions relating to AT&T securities, including "put" and "call" options (rights to sell or buy securities within a certain time period at a specified price).

Because insider information is extremely valuable and sensitive, AT&T employees must handle it just like other AT&T proprietary information: Do not discuss it with family, friends, or anyone else; do not talk about it in public places or on unsecure wireless devices; do not fax it to unattended machines; do not transmit it electronically in an unsecure way; and do not tell others at AT&T unless they must know for business reasons.

If you have questions about insider information, contact the Law Division.

V. ASSETS

Our obligation to AT&T shareowners and ourselves is to safeguard AT&T's assets. This means that AT&T employees must protect AT&T's physical property as well as its intangible assets such as intellectual property, including brand names, and goodwill.

Intellectual Property

Intellectual property includes patents, copyrights, trademarks, service marks, trade names and proprietary information. A brief description of each type of intellectual property follows.

Patents

The owner of a patent has the right to exclude others from making, using, selling, offering for sale or importing the invention that is the subject of the patent. Patentable inventions may include software, services, methods and processes (including methods of doing business), articles of manufacture and improvements. Patents are granted by the Department of Commerce based upon filed patent applications that meet all requirements of Federal Law and Regulation.

Copyrights

Copyright laws protect the original expression in, among other things, written materials (including books, magazines, trade journals, training materials), computer software, artwork, photographs, music and videos, and prohibit their unauthorized duplication, distribution, alteration, display, and performance. Copyright rights arise at

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the time a work is fixed in a tangible medium of expression – for example, when words are written on paper, when music is recorded on audiotape, when computer code is saved on a disk. Although registration is not required for copyright rights to arise, in the United States registration must be made in order to enforce such rights.

Trademarks, Service Marks and Trade Names

Trademarks and service marks (“brands”) are used to identify goods and services and to distinguish those goods and services from those of another. Trade names are used to identify a business. In the United States rights in trademarks, service marks, and trade names arise from use, but in many other countries rights arise through registration. Nevertheless, registration in the United States and other countries confers significant statutory benefits upon the owner.

Before AT&T adopts and uses any new name or brand, AT&T Law Division clearance must be obtained as well as AT&T Brand Management approval. A process to secure such approvals can be found at brand.att.com.

AT&T does not license others to use its name or brands unless there is a strategic reason to do so. All proposals to license the AT&T name or brands or allow others to use the AT&T name or brands as trademarks or service marks must be approved by the Chairman and Chief Executive Officer, Chief Financial Officer, General Counsel and Executive Vice President of Public Relations, or as otherwise provided in AT&T’s then current Schedule of Authorizations.

Proprietary Information

Proprietary information – sometimes referred to as “trade secret” information or “know-how” – is information or knowledge that AT&T has determined must not be disclosed to others, except as required by law or permitted by company policy or under contract, because doing so could disadvantage AT&T competitively or financially; because the information could hurt or embarrass employees, customers, suppliers, joint venture partners, or the company; or because the information belongs to others and we have agreed to keep it private.

Proprietary information includes — but is not limited to – the following:

- AT&T's research and development information, such as inventions, patent applications, and engineering and laboratory notebooks.
- Customer and employee information.
- Network engineering and management.
- Technical information and know-how.

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- Business strategies, business results, unannounced products or services, marketing plans, pricing, and financial data.
- Non-public information about products or services, including hardware and software specifications and designs.
- Confidential organizational information.
- Non-public information available to employees on the AT&T Intranet.

For more information regarding the nature and types of intellectual property, contact the Law Division.

Intellectual Property Policy

It is AT&T's policy to create and manage the intellectual property of AT&T to support and further AT&T's strategic business priorities. AT&T will not engage in the dissemination of its intellectual property – publishing articles and licensing or otherwise transferring patents, copyrights, technology, know-how, service marks and trademarks – unless it supports a specific business activity.

All proposals to license or transfer rights in patents, software in source or object code form, technology and know-how to a third party, whether on a commercial or noncommercial basis, must be approved by, among others, the Intellectual Property Coordination Council (IPCC) and the AT&T Chief Technology Officer (CTO). The AT&T Publication Release Policy governs the publication of articles.

For more information contact the Law Division.

Protection of Proprietary Information

AT&T's proprietary information is protected primarily through its safeguarding and nondisclosure. As specified in AT&T security policies, each of us is responsible for ensuring that proprietary information is protected from theft, damage, unauthorized disclosure, or inappropriate use. Always store such information in a safe place and follow AT&T security policies and requirements, including proprietary marking requirements, for all the information including that stored in computer systems you use. See also AT&T's network security policies. In addition, use common sense to help prevent accidental disclosure of proprietary information. Remember that you can be overheard in public places such as airplanes, elevators, and restaurants, and when using portable communication devices. AT&T employees may never use proprietary information for personal benefit or other non-AT&T business.

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Disclosure of AT&T proprietary information may be made only when there is a valid business reason, and then only (i) in accordance with the AT&T Publication Release Policy, (ii) under a Non-Disclosure Agreement in accordance with the AT&T Schedule of Authorizations, or (iii) under an appropriate License Agreement which requires approval by the IPCC and the CTO. The Publication Release Policy is applicable to situations where it is proposed that AT&T proprietary information appear in a publicly available periodical, book, conference proceedings, or the like. Non-Disclosure Agreements are for use in situations where AT&T and another entity are considering the possibility of a business or technical arrangement, and proprietary information must be shared so that a decision about proceeding with the proposed arrangement can be made. A License Agreement is used when AT&T desires to allow another entity to use AT&T proprietary information for a business or technical purpose.

Contact the Law Division for additional information.

Assets of Others

AT&T respects intellectual property rights. AT&T will not knowingly infringe, misappropriate, dilute or apply for, anywhere in the world, the valid intellectual property rights of others which include copyrights, patents, trademarks, service marks, and proprietary information or trade secrets and know how. (See section on Gathering Competitive Information.)

This means, among other things, that we may not reproduce, distribute, alter, display or perform the copyrighted materials of others, including materials from books, trade journals, computer software, magazines, tapes, CDs, videotapes, DVDs, or data, music or video files obtained on the Internet, without permission of the copyright owner or its authorized agents such as the American Society of Composers, Authors and Publishers (ASCAP), or Broadcast Music, Inc (BMI). It also means that one business unit or division may not reproduce, distribute alter, display or perform the copyrighted materials specifically created by or for another business unit or division without permission. Questions regarding such licenses should be directed to the Law Division.

Third party software used in connection with AT&T's business must be properly licensed and used only in accordance with that license. Such licenses are to be obtained through AT&T's Supplier Management Division. Using unlicensed software could constitute copyright or patent infringement.

For more information, contact the Law Division.

Company Funds and Property

All AT&T employees are responsible for safeguarding and making proper and efficient use of company funds and property by following procedures to prevent their

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loss, theft, or unauthorized use. Company funds and property include company time; cash, checks, drafts, and charge cards; land and buildings; records; vehicles; equipment, including fax machines, copiers, and telephones; computer hardware and software; scrap and obsolete equipment; and all other funds and property.

Here are some ways to protect company funds and property:

- Make sure expenditures are for legitimate business purposes.
- Keep accurate and complete records of funds spent.
- Use corporate charge cards only for business purposes.
- Make sure computer and communications equipment and systems (including passwords or other methods used to access or transmit data) and the information they contain are protected against unauthorized access, use, modification, destruction, theft, loss or disclosure.
- Use AT&T's trademarks and service marks in accordance with company instructions.
- Use telephones, e-mail and the Internet only for legitimate business purposes. While some incidental personal use may be permitted, these means of communication must never be excessive or used for illegal purposes, or in a manner inconsistent with AT&T's policies, or the Code.
- Using AT&T computer systems to send, forward or reply to chain letters, hoaxes or virus warnings, is prohibited.

Actual or suspected loss, damage, misuse, theft, embezzlement, or destruction of company funds or property should be reported immediately to the Corporate Security Hotline.

Company Records

Accurate and complete records are critical in meeting AT&T's financial, legal, and management obligations, as well as in fulfilling our obligations to customers, suppliers, shareowners, employees, government agencies and ministries, and others. Company records include employee and payroll records; vouchers; bills; time reports; billing records; measurement, performance, and production records; and other essential data.

To protect company records, we must always:

- Prepare records accurately and completely.

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- Sign only records that are accurate and complete.
- Retain records according to legal requirements and the company records retention schedules.
- Disclose records only as authorized by company policy or in response to legal process.

Questions about protecting or releasing company records should be directed to the Corporate Secretary's Office.

From time to time AT&T is a party to litigation or subject to investigations. In such circumstances, AT&T may be obligated to retain documents relevant to these proceedings beyond their scheduled retention requirements. In such situations, AT&T employees must comply with records destruction holds discussed in the AT&T Records Retention Schedule.

Financial Reporting

It is extremely important that AT&T's accounting, financial, and other systems provide accurate and timely reporting of transactions involving company assets. Every accounting or financial record, as well as the underlying support data, must accurately describe the transaction without omission, concealment, or falsification of information, and must comply with applicable accounting standards.

Questions about requirements for financial reporting may be directed to the Chief Financial Officer organization or the Law Division.

VI. CONDUCTING AT&T'S BUSINESS

Customer and Supplier Relations

Our Common Bond recognizes that integrity and customer satisfaction go hand in hand. In today's fiercely competitive marketplace, we can only succeed by meeting the high expectations of our customers with our products and services.

Selling to Customers

AT&T employees compete vigorously, but fairly. AT&T does not misrepresent its services and products, even if it means losing a sale. Where silence about a fact could mislead a customer, employees shall disclose the information, subject to appropriate safeguards where the information is proprietary to AT&T. AT&T communicates clearly and precisely so that our customers understand the terms of our contracts, including performance criteria, schedules, prices, and responsibilities.

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Privacy of Customer Information

Privacy of customer communications has always been fundamental to AT&T's business. AT&T's global network for voice, data, and multimedia transmissions is expanding and becoming more interactive and accessible. While customers welcome "user-friendly" products and services, advances in ease of access may heighten their concerns about privacy. Our commitment to safeguard the privacy of customer communications takes on added significance in this environment. Each of us must ensure that we meet this commitment.

AT&T does not:

- Disclose the location of equipment, circuits, trunks, or cables to any unauthorized person.
- Tamper with or intrude upon any voice, video, data, or fax transmission.
- Listen to or repeat customers' conversations or communications, or, except in accordance with law, permit either to be monitored or recorded.
- Except in accordance with law, install or permit anyone to install any device that enables someone to listen to, observe, or determine that a communication has occurred.
- Allow employee access to customer information except on a need to know basis.
- Except as disclosed, monitor service calls.

Contact AT&T Security with questions about the privacy of customer communications. Contact the Law Division with questions about the privacy of all other forms of customer information.

Special rules also apply to AT&T's use within the Company of Customer Proprietary Network Information ("CPNI"). CPNI is information about the quantity, type, technical configuration, destination and volumes of a customer's telephone service. The CPNI rules permit AT&T to freely use CPNI to initiate or establish or bill for service. CPNI can also be used as part of AT&T's credit process and to protect AT&T's network from fraud or abuse. In certain sales or marketing situations, however, CPNI cannot be shared among business units without the customer's specific approval. Contact the Law Division with any questions about the use of CPNI.

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Doing Business with Governments

Special care must be taken when dealing with government customers. Activities that might be appropriate when working with private sector customers may be improper and even unlawful when dealing with government employees. For example, under the federal Procurement Integrity Act, it is generally unlawful for AT&T employees: to discuss employment or business opportunities with any government official involved in a pending procurement; to solicit or obtain certain types of information from the government or other bidders that is related to procurement contracts; or to have a former government employee work or consult on a proposal for a contract where that employee was involved in the procurement as a government employee during the preceding year.

The law also strictly prohibits offering or giving anything of value to a government employee involved in a pending procurement. AT&T policy also strictly forbids the offering or giving of anything of value to government employees who work in government agencies that may be involved in decisions to purchase services or products from AT&T. This AT&T policy applies to state, local and foreign government employees involved in procurement decisions as well as federal government employees. Any questions regarding application of this policy to state and local government officials should be directed to the Law Division.

Under the law, AT&T may also be required to inform the government of any actual or potential violation of this law. Therefore, if an AT&T employee learns of any actual or potential violation of this law, he or she must contact Corporate Security or the Law Division.

Employees who work with U.S. government customers are required to participate in the AT&T Corporate/Personal Integrity Program (C/PIP), which provides specific guidance. AT&T employees to whom the C/PIP applies are required annually to read this policy and sign a certification that they have done so. The Law Division can provide information for employees who work with state, local or foreign governments.

Choosing Suppliers

AT&T considers multiple factors when selecting a supplier. These factors include, among other things, price, quality, delivery capability, reputation for service and integrity and the supplier's status as a customer of AT&T's services. AT&T can also indicate to those who sell to us an expectation that they will also *buy from us*. The Supplier Management Division and the Law Division should be consulted concerning the procedures and requirements applicable to proposed reciprocal arrangements.

It is the responsibility of employees to work through the Supplier Management Division (or its specifically designated agents in the units) in selecting suppliers. In addition, any purchasing activities must comply with the requirements of AT&T's internal procurement guidelines and the company's Schedule of Authorizations.

AT&T PROPRIETARY

Use pursuant to Company instructions

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Bribery and Kickbacks

Bribes: Federal and state laws and regulations, as well as AT&T policy, strictly prohibit offering, making, soliciting or receiving anything that may be offered in exchange for favorable treatment or advantage, such as money, gifts or entertainment. Bribery for business advantage is strictly forbidden, and is a criminal offense.

Kickbacks: Anti-kickback laws and AT&T policy prohibit the providing, soliciting or acceptance of any kickback. A kickback is anything of value provided to a vendor or a vendor decision-maker for the purpose of obtaining, or attempting to obtain favorable treatment in connection with the award of either a commercial or government contract or subcontract.

Allegations of suspected bribery and/or kickbacks can be directed to the Corporate Security Hotline or the Law Division.

Gifts, Meals, and Entertainment For Non-Government Customers and Suppliers

Gifts

Gift-giving practices vary around the world. Gifts are generally given to create goodwill and, in some parts of the world, declining a gift may insult the giver. On the other hand, accepting a gift may create a conflict of interest or the appearance of a conflict of interest. Moreover, gifts given or accepted to obtain a business advantage may constitute a bribe or a kickback.

When is it appropriate to give a gift? AT&T does not buy business, but earns it on the strength of its products, services and commitment to customer satisfaction. AT&T employees may not seek a competitive advantage through the use of gifts and may never offer or give a gift in exchange for a customer's business. In other contexts, such as during the holiday season or to celebrate an important event in a customer's or supplier's business or life, a gift may be given if it is properly authorized and appropriate to do so. Any questions regarding the propriety of giving a gift should be directed to your supervisor and the Law Division should be consulted where necessary.

When is it appropriate to accept a gift? Generally, employees may accept a gift if it is unsolicited, inexpensive, and not given to obtain favorable treatment in connection with obtaining AT&T business. Otherwise, employees should decline the gift and explain AT&T's policy to the gift-giver. AT&T employees may never solicit gifts, directly or indirectly, from customers or suppliers. Under no circumstances may employees accept payments, loans, bribes or kickbacks from anyone. Further, gifts should not be accepted from suppliers that are in the process of responding to an AT&T request for a competitive quotation.

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In parts of the world where gift-giving is common practice and not accepting a gift could reflect badly on AT&T, it may be appropriate to accept an expensive gift — as long as doing so would not violate any laws or in any way discredit AT&T, the gift is unsolicited, is not offered to obtain favorable treatment, and would not influence an employee's or AT&T's business judgment. If you receive such a gift, consult your supervisor who — in consultation with the Law Division — will determine the disposition of the gift.

Meals and Entertainment

AT&T may offer meals or other modest or routine forms of entertainment to customers or suppliers as a courtesy during the course of conducting normal business. Where entertainment for customers or suppliers that is more than modest or routine is contemplated, employees must obtain the consent of their supervisor in advance.

Any meals or entertainment must be conducted in a manner consistent with AT&T's policies, including the Common Bond and the Code of Conduct. For example, employees may not conduct business or entertain for business purposes in establishments that discriminate or that may otherwise be offensive because of the type of entertainment featured at such establishments.

AT&T employees may accept meals or other modest forms of entertainment from customers or suppliers as a courtesy extended during the normal course of business, provided the entertainment is not being offered to obtain favorable treatment in connection with obtaining AT&T business and is not systematic and ongoing.

If a customer or supplier proposes entertainment that is more than modest, employees must obtain the consent of their supervisor before accepting the invitation.

Gifts, Meals, and Entertainment of Government Officials

Separate and more stringent gift, meals and entertainment rules apply to government officials. AT&T employees usually may not offer or give gifts, meals, entertainment or other things of value to any federal, state, local or foreign government employee involved in procurement decisions or who works for government agencies that have responsibility for purchasing services or product provided by AT&T. The provision of these can result in AT&T being disqualified from bidding for government procurement contracts. (See section on Doing Business with Governments.) Any questions regarding compliance with this provision should be directed to the Law Division. Should an employee have any question as to whether a particular action might be subject to this provision, the employee must consult with the Law Division prior to taking any such action.

It is also AT&T's general policy that employees may not give gifts, meals, entertainment, or other things of value to other types of government officials, such as

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elected officials, because federal, state or local laws either prohibit or significantly restrict such practices. Where applicable law permits gifts, entertainment, meals or other things of value to be provided to elected federal, state or local officials, these may **only** be offered and provided by members of AT&T's Law Division. Any deviation from these guidelines could result in AT&T exceeding dollar limitations on the amount of things of value that may be given to officials, resulting in liability and damaging publicity to AT&T. Any questions regarding this policy for state or local officials should be directed to the appropriate Law and Government Affairs Vice President, and to the appropriate Director level employee of the Federal Government Affairs office in Washington D.C. for federal officials.

Because the Foreign Corrupt Practices Act and foreign laws may be implicated in the context of foreign gift giving, the International group of the Law Division should be consulted before any type of gift is offered or given to, or accepted from, a foreign official. Absent consultation with the Law Division, no employee may offer a gift to, or accept one from, a foreign official.

Competition

Our competitive efforts must rely upon the merits of our services, products, and people, not on unfair or unethical practices.

Antitrust Laws

Many countries have antitrust or competition laws designed to benefit consumers by promoting competition. While varying in scope, these laws primarily prohibit conspiracies that reduce or eliminate competition or unilateral conduct that is anticompetitive. AT&T complies with the antitrust or competition laws of all countries where we do business.

U.S. antitrust laws apply to business in the United States and, in certain circumstances, to business conducted in other countries. Where U.S. law applies, AT&T is generally prohibited from:

- Making agreements or reaching understandings with competitors to set minimum or maximum prices or any term of sale affecting price; to allocate customers, products, services, or territories; or to set the supply or production levels for any product or service. To avoid even the appearance of such activities, AT&T should not exchange pricing or other competitive information with competitors or provide such information to a trade association without prior consultation with the Law Division. Employees must also refrain from discussing such information with competitors at gatherings such as trade association meetings or standards bodies meetings. (See also Gathering Competitive Information.) Employees should also

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consult with the Law Division on the timing and manner in which AT&T plans to announce price increases or decreases to customers.

- Making agreements or reaching understandings with competitors not to deal with any customer, supplier, or competitor, or any group of customers, suppliers, or competitors.
- Dictating minimum resale prices of AT&T products or services offered by independent distributors, retailers or other resellers.

There are other activities that might also violate U.S. antitrust laws, such as certain other refusals to do business, certain exclusive dealing arrangements, charging below-cost prices, the setting of maximum resale prices that a distributor or retailer of AT&T's products or services must use, and certain restrictions on intellectual property licenses. There are also specific U.S. and foreign laws that might apply to the sale or acquisition of a company's stock, assets or intellectual property, including exclusive licenses thereto, or to the formation of a joint venture. In the U.S., if a transaction is over a certain size, parties to a transaction must notify the Department of Justice and the Federal Trade Commission of their transaction prior to closing. In Europe, parties to transactions above a certain size must make a filing very shortly after the signing of a contract. Because of these and other countries' notification requirements, the Law Division must be consulted at the initial stages of any such planned transaction.

Because this area of the law is complex, and the penalties for violation severe, including imprisonment, contact the Law Division whenever you have questions about antitrust or competition laws of the countries where AT&T conducts business, or believe that such laws might apply.

Gathering Competitive Information

Gathering information about competitors, when done legally and ethically, is a legitimate business activity. It enhances our knowledge of the marketplaces in which we sell and helps us understand and meet customer needs.

However, competitive information should never be obtained — directly or indirectly — by improper means such as misappropriation of proprietary information, bribing a competitor's employee, or misrepresenting the fact that you are an AT&T employee, or hiring a consultant to engage in any of this conduct. There are also other ways competitive information could come to your attention, such as when you are attending trade shows, trade association gatherings, or other types of meetings with competitors. In such cases, AT&T employees may not participate in discussions with competitors about pricing, profit margins or costs, bids, terms or conditions of sale, sales territories, market share, distribution practices, or other competitive information. Not only do these types of conversations pose the risk of an AT&T employee obtaining proprietary information through inappropriate means, they also can create the appearance or form the basis of a price fixing conspiracy among competitors. Such activities

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generally are illegal under the antitrust laws. If you find yourself involved in this type of discussion, excuse yourself and immediately report the incident to the Law Division or Corporate Security. With Law Division guidance, limited sharing of competitively sensitive information of a competitor may occur where the competitor is also an AT&T customer, supplier, or prospective joint venture partner, and there is a legitimate business reason for the exchange of such information.

Always remember that obtaining competitive information by improper means could subject AT&T to liability, including monetary damages and criminal penalties, as well as other negative consequences such as embarrassing publicity or damaged customer relationships. The Law Division can answer questions about gathering competitive information, antitrust laws and unfair competition.

Regulation of Telecommunications

AT&T complies with the telecommunications laws of countries where it does business. The Law Division oversees compliance with these laws and regulations, and can provide guidance about the specific requirements of the Communications Act and other federal, state and foreign regulations.

Advertising

It is unlawful for advertising and other promotional claims to mislead, deceive or create unrealistic expectations about a product or service. Further, legal requirements mandate that factual claims – either express or implied – that are material to the intended audience must be substantiated before they are made. Not only does the law require truthful advertising, it also serves as an important element in maintaining the trust that our customers have in AT&T.

Advertising can establish a customer's first impression of AT&T or motivate a current customer to try a new product or service. It can help create lifetime customers or it can send them to the competition. Customers trust AT&T because they know we stand behind the quality of our products and services. To comply with the law and maintain our customers' hard-won trust, our advertisements and other communications must always accurately and fairly describe our products and services. Anything less — anything that could be construed as deceptive — would be a serious disservice to our customers and could hurt AT&T's good name.

Questions about advertising or other external communications should be directed to Public Relations or the Law Division. To ensure legal compliance, all advertising — regardless of its medium — must be reviewed by the Law Division prior to its use.

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International Trade

International trade laws control the movement of products, services, and technology around the world.

Export Control Laws

Export control laws govern the shipment of commodities and technical information from one country to another, as well as the disclosure of technical information or source code to a non-U.S. individual, whether inside or outside of the U.S. Such export laws control the distribution of hardware, software and technical information, no matter how shipped, personally carried, mailed or transmitted. For example, facsimile copies or electronic mail containing technical information (e.g., encryption information) sent to another country or disclosed in the U.S. to a non-U.S. individual are considered exports.

AT&T employees are required to comply with all applicable export laws and regulations. For example, AT&T will not accept orders or make shipments of commodities, software or technology to individuals and organizations listed on various U.S. "denied parties" lists, which are set forth on the International Trade Compliance Web Site. Furthermore, before initiating any transactions with a country embargoed by the United States, AT&T employees must receive clearance from their organization's attorney.

Import Laws

U.S. import laws govern the import of commodities into the United States. These laws control what can be imported into the United States, how the articles should be marked, and the amount of duty to be paid. Other countries also have laws that control imports and regulate import duties. AT&T complies with the customs laws of all countries. If you are involved in a transaction that results in the importation of any hardware, software or technical information into the U.S. from a foreign country or from a non-U.S. person, you should contact the Law Division.

Foreign Corrupt Practices Act ("FCPA")

The Foreign Corrupt Practices Act prohibits AT&T employees from offering, paying, promising to pay money or give anything of value, directly or indirectly, to officials of any foreign government, candidates for foreign political office, or foreign political parties or party officials (collectively "Foreign Officials") for the purposes of obtaining, retaining or directing business. (See also the previous section entitled "Gifts, Meals, and Entertainment of Government Officials".)

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Under the FCPA, there are two, very limited circumstances pursuant to which a person may provide money or something of value to Foreign Officials. First, payments may be made to Foreign Officials to facilitate "routine government actions" such as obtaining permits, licenses or other government documents or processing government papers such as visas or work orders. Second, a person is permitted to incur reasonable expenditures on behalf of Foreign Officials which are directly related to (a) promoting, demonstrating, or explaining products or services or (b) executing or performing a contract with a foreign government or agency. **Before any payments are offered or made or expenses incurred, AT&T employees must receive approval from the Law Division.**

International Economic Boycotts

U.S. law prohibits companies from participating in or supporting economic boycotts that are not sanctioned by the U.S. government. For example:

- AT&T may not refuse or agree to refuse to do business with a boycotted country, its nationals, or blacklisted companies.
- AT&T may not discriminate or agree to discriminate against individuals or companies on the basis of race, religion, sex, national origin, or nationality.
- AT&T may not furnish or agree to furnish information, directly or indirectly, about any person's race, religion, sex, national origin, or membership in or support of charitable or fraternal organizations supporting a boycotted country.
- AT&T may not furnish information about AT&T 's or any person's past, present, or prospective relationship with boycotted countries, nationals of boycotted countries, or blacklisted companies.
- AT&T may not pay, honor, negotiate, or implement letters of credit containing prohibited boycott provisions.

In addition, because AT&T must report to the U.S. government any request to participate in or support an economic boycott not sanctioned by the U.S. government, AT&T employees should report any requests to the Law Division. Such requests could be received orally or in the form of bid invitations, purchase orders, contracts, letter of credits, shipping documents, or other written communications.

For answers to international trade-related questions, please see the International Trade Compliance Web Site or contact your unit's Trade Compliance Administrator, a member of the international trade compliance organization (all of whom are listed on the web site), or the Law Division.

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Community Support

We believe in contributing to the well-being of local and regional communities.

Community Activities

AT&T encourages employees to participate in community activities, and has initiated programs to facilitate community volunteer work by employees. When participating in community activities that are not specifically sponsored by AT&T, employees are participating in their individual capacity and not as representatives of AT&T, and must not give the impression that they are acting for AT&T. Moreover, employees should ensure, that no conflict of interest — either actual or potential — exists between their AT&T employment and their duties in public or civic affairs, whether elective or appointed, paid, or voluntary. For example, sometimes employees who perform public service or hold an elected or appointed position are called upon to make decisions that might affect AT&T or its competitors, or influence the industries in which AT&T competes. If you find yourself in a situation like this, you should consult the Law Division and counsel for the organization on which you serve, or if time does not permit, abstain from the vote.

Political Contributions

AT&T complies fully with all federal, state, local and foreign laws governing the contribution of funds or assets to candidates for political office or to political parties. Under U.S. federal law, AT&T may not contribute corporate funds or make in-kind corporate contributions to candidates for federal office, and no employee or agent may approve such contributions on behalf of the corporation. In those states which prohibit contributions to state political candidates, AT&T's policy is the same as that for federal candidates. Where state and foreign laws permit corporate contributions to political candidates, the AT&T Law & Government Affairs organization is the **only** organization within AT&T that may approve, offer and make such a political contribution. Any request for or interest in AT&T making a contribution to a political candidate or party must be forwarded to and handled by Law & Government Affairs.

The prohibitions described above are not intended to interfere with AT&T's administration of Political Action Committees (PACs) in the United States. These committees are supported by voluntary contributions from employees using their personal rather than company monies. Employees have the right to refuse to contribute to AT&T PAC and will neither be advantaged nor disadvantaged by their decision in this regard.

Political Involvement

AT&T supports employee participation in the political process. Employees, however, are prohibited from using their positions with AT&T, or AT&T's assets, to try

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to influence the personal decisions of others to contribute to or otherwise support political parties or candidates.

Interaction with the Media and Analysts

AT&T takes seriously its legal and business obligations to communicate accurately with the news media and financial industry analysts. Talking with the press or analysts calls for both clarity and consistency to ensure that we respect our securities laws obligations. Inappropriate comments can be very damaging. It is also a violation of federal securities law to selectively disclose material, non-public information about AT&T or other public companies. Therefore, employees who are contacted by the news media or investor analysts should not respond to the inquiry but should redirect the inquiry to the appropriate organization to respond. Calls may be directed to the employee's business unit public relations manager, or directly to Corporate Public Relations or Investor Relations.

External Communications

External statements to the general public by AT&T also call for clarity and consistency to ensure that the general public is accurately informed of AT&T's business and positions. Statements to the general public are therefore coordinated and made by Public Relations. AT&T employees must work with and through Public Relations when planning any announcement to the public. Any questions concerning this policy should be directed to Public Relations. See also AT&T's Disclosure Policy.

Similarly, AT&T's Law Division is responsible for planning and executing AT&T's communications with federal, state, local and foreign governments. AT&T employees should coordinate all communication efforts with government officials with the Law Division.

Environmental Protection

AT&T complies with all environmental, safety, and health laws and regulations of the countries where we conduct business. AT&T also:

- Promotes awareness about protecting the environment.
- Considers environmental criteria when evaluating projects, products, processes, and purchases.
- Encourages technologies that don't pollute.
- Employs processes and product designs that minimize waste.

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- Protects the environment by conserving resources, recycling, and reusing materials.
- Designs products that are safe for people to use and that meet or exceed all applicable government standards and regulations.

Contact the Environment, Health and Safety organization if you have questions about AT&T's environmental protection policy.

VII. COMPLIANCE

This Code affirms our commitment to the highest standards of integrity in our relationships with one another and customers, suppliers, shareowners, and others in the communities where we live and work. Each employee should obtain a personal copy of the Code to read carefully and keep for future individual use and reference. As a condition of being placed on the payroll, every new hire will be required to execute a written acknowledgment² in which the new hire acknowledges having a copy of the Code and agrees to abide by its provisions. Each U.S. based management employee will complete a Code of Conduct Acknowledgement electronically or, if that is not possible, manually via Form 181A, on an annual basis thereafter, which will evidence the employee's familiarity and compliance with the Code. When employee acknowledgements cannot be verified, supervisors will review the Code with people they support at least once every calendar year, certify in writing via Form 180 the fact that the review session occurred³, and file a copy of the certification and acknowledgement in each employee's personnel file.

While compliance is every person's responsibility, AT&T has established a compliance structure which assigns oversight responsibility to the Chief Compliance Officer, who is AT&T's Vice President-Law and Corporate Secretary. Business unit and division heads are responsible for establishing, implementing, and maintaining an effective program, including appropriate supplementary policies and practices, and a system of internal controls, to ensure compliance by everyone in their organizations with all laws and regulations and the provisions of the Code. The Code is also an important component in AT&T's compliance program with the Federal Sentencing Guidelines. People who supervise others have a special responsibility to show, through words and actions, personal commitment to the highest standards of integrity. In particular, supervisors — as coaches and leaders — must:

- Maintain an environment of open communication in which Our Common Bond values and the provisions of the Code and related policies and instructions are shared, and discussed.

² To be kept in the personnel file maintained by the employee's business unit or division with a copy to be kept in the employee's permanent personnel file.

³ Including the date and place of the review and the issue date of the Code that was reviewed.

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- Ensure that their people understand Our Common Bond values and the provisions of this Code, and give them additional training, when appropriate.
- Take reasonable steps to ensure that unethical conduct within their areas of responsibility is detected and addressed.
- Consider whether a person lives Our Common Bond values before placing him or her in a position of responsibility.

Every one of us must comply with the letter and spirit of all applicable laws and regulations, with the provisions of this Code of Conduct, and with other company policies and instructions. Ultimately, our conduct is our own responsibility. None of us should ever commit dishonest, destructive, or illegal acts even if directed to do so by a supervisor or co-worker, nor should we direct others to act improperly. In addition, employees may not deviate from AT&T's policies and instructions even if doing so appears to be to the company's advantage. Any waiver of the Code of Conduct for AT&T Executive Officers or a member of the Board of Directors can be made *only* by the AT&T Board of Directors or a committee of the Board of Directors and must be promptly disclosed to shareowners.

Employees are individually responsible for notifying Corporate Security immediately if they suspect, observe, or learn of unethical business conduct or the commission of any dishonest, destructive, or illegal act. Corporate Security will investigate all reports, including those made anonymously, and provide feedback when appropriate. There will be no reprisals against people who report suspected violations in good faith and their identities will be protected to the extent consistent with law and AT&T policy. Additionally, there will be no reprisals against employees who provide information to regulatory or law enforcement agencies or legislative bodies to the extent provided by applicable law. Employees should contact the Law Division for guidance on complying with the law.

Because AT&T believes so strongly in ethical behavior, employees who don't comply with the provisions of this Code of Conduct and other company policies and instructions may be disciplined, up to and including dismissal — even for a first offense in appropriate circumstances — and criminal prosecution if the law has been broken.