

AT&T Plans Renewable Energy System for San Ramon Campus

Company Collaborates With SunPower to Host 1-Megawatt Solar Power System

SAN RAMON, Calif., Oct. 1, 2008 — AT&T Inc. (NYSE:T) today announced that it is working with SunPower Corporation (Nasdaq: SPWRA, SPWRB), CH2M HILL, Pacific Gas and Electric Company (PG&E) and Morgan Stanley (NYSE: MS) to install and operate a 1-megawatt solar power system on AT&T's facility at the Bishop Ranch office park in San Ramon. Scheduled for completion in late 2008, the system was partially funded by incentives provided by PG&E under the California Solar Initiative (CSI). The power produced by the system, which is expected to equal up to 25 percent of peak power and 5.5 percent of the facility's annual electricity consumption, is equivalent to the electricity required to power more than 165 homes each year.

"Installing this solar power system on our roof reflects AT&T's commitment to balance the business need for affordable energy with the need to identify solutions that have less impact on the environment in the communities we serve," said Shawn McKenzie, senior vice president of Corporate Real Estate at AT&T. "This effort will help us learn more about the benefits of renewable energy for our business and allow us to make educated decisions as we pursue future uses of alternative forms of energy."

The project is being constructed by SunPower, a Silicon Valley-based manufacturer of high-efficiency solar cells, solar panels and solar systems. SunPower will install the SunPower® T10 Solar Roof Tile commercial system, a non-penetrating solar system that tilts at a 10-degree angle to increase energy capture.

The solar system on AT&T's San Ramon facility, which will include nearly 3,700 solar panels, is expected to generate more than 1.6 million kilowatt hours (kWh) of electricity a year. It is expected to replace the building's normal power consumption by more than 4,300 kWh per day.

As an alternative to an outright purchase of the commercial system itself, AT&T will purchase electricity for the facility from an entity in which financier Morgan Stanley owns a major interest in under SunPower Access™, a power purchase agreement program. That entity will own the system as well as the associated renewable energy credits, which it may retire or sell. The electricity will be competitively priced against retail rates, providing AT&T with a long-term hedge against rising peak power prices.

"SunPower Access is an easy, affordable way for leading companies like AT&T to support the use of clean, emission-free solar power," said Tom Werner, chief executive officer, SunPower. "The high-efficiency SunPower solar system that AT&T will host on its roof will maximize the amount of energy produced within the limited roof space, enhancing both the environmental and financial benefits."

Edward Levin, vice president of Morgan Stanley, said, "We are glad to maintain our commitment to the clean tech sector by continuing to provide the renewable energy financing solutions in the marketplace."

State and federal governments play an important role in helping companies like AT&T make investments in alternative energy. California offers incentives for solar projects such as the one at San Ramon through CSI. This program is overseen by the California Public Utilities Commission and provides \$2.1 billion in rebates and cash incentives on solar systems. The Federal Investment Tax Credit — a credit of up to 30 percent of a project's cost — is set to expire Dec. 31, 2008. AT&T supports efforts to extend the federal credit, which would serve as a positive incentive to move forward with more widespread deployment of solar panels.

"I want to congratulate everyone who contributed to this forward-looking project around clean, renewable power," said Sen. Tom Torlakson (D-Antioch). "California should continue providing incentives for companies like AT&T to invest in alternative power sources."

Assemblyman Mark DeSaulnier (D-Martinez) said: "Projects like San Ramon are why the legislature has worked so hard to pass landmark legislation making California the nation's leader in solar power. By offering financial incentives for solar power projects, we are inviting strong companies like AT&T to make their investments in our state."

PG&E is the local electric utility provider for AT&T and also a program administrator of the CSI. PG&E has now interconnected 25,000 customer-owned, solar-generating systems to the power grid — representing more than 200 megawatts of electricity — more than any other utility in the nation. PG&E, under the CSI, provided \$2.1 million, the maximum incentive for the San Ramon project.

"PG&E is delighted to work with AT&T to facilitate on-site solar generation with this incentive," said Wendy Pulling, director of Environmental Policy, PG&E. "Since the inception of the California Solar Initiative, PG&E has distributed almost \$80 million to program participants, leaving us an additional \$880 million to distribute through 2017. Along with energy efficiency, renewables are a critical component of PG&E's strategy to address climate change, and relationships with our customers are an important part of our program to fight global warming."

AT&T collaborated with environmental engineering firm CH2M HILL, a leader in the design and implementation of sustainable energy solutions. CH2M HILL determined the initial scope and feasibility of the project and provided guidance during project development and implementation.

"CH2M HILL is committed to helping our clients develop sustainable solutions that respond to global issues like climate change," said John Hoffner, project manager, CH2M HILL. "We're proud to build on our commitment by working with a strong partner like AT&T to expand the use of renewable energy in San Ramon."

AT&T is working to minimize the environmental impact of its operations in a number of ways. AT&T works to enhance energy performance and minimize energy consumption in company buildings, IT systems and networks, and the company is evaluating alternative energy sources such as wind and solar power. The company conserves natural resources through waste reduction, recovery and recycling efforts, and it helps its customers do the same. AT&T also helps customers further manage their own environmental impact through intelligent use of AT&T products and services, such as teleconferencing, video conferencing and other broadband applications.

About AT&T AT&T Inc. (NYSE:T) is a premier communications holding company. Its subsidiaries and affiliates, AT&T operating companies, are the providers of AT&T services in the United States and around the world. Among their offerings are the world's most advanced IP-based business communications services and the nation's leading wireless, high speed Internet access and voice services. In domestic markets, AT&T is known for the directory publishing and advertising sales leadership of its Yellow Pages and YELLOWPAGES.COM organizations, and the AT&T brand is licensed to innovators in such fields as communications equipment. As part of its three-screen integration strategy, AT&T is expanding its TV entertainment offerings. In 2008, AT&T again ranked No. 1 on Fortune magazine's World's Most Admired Telecommunications Company list and No. 1 on America's Most Admired Telecommunications Company list. Additional information about AT&T Inc. and the products and services provided by AT&T subsidiaries and affiliates is available at <http://www.att.com>.

© 2008 AT&T Intellectual Property. All rights reserved. AT&T, the AT&T logo and all other marks contained herein are trademarks of AT&T Intellectual Property and/or AT&T affiliated companies. All other marks contained herein are the property of their respective owners.

Note: This AT&T news release and other announcements are available as part of an RSS feed at www.att.com/rss. For more information, please review this announcement in the AT&T newsroom at <http://www.att.com/newsroom>.

About CH2M HILL

Headquartered near Denver, Colo., employee-owned CH2M HILL is a global leader in engineering, construction, management and operations for government, civil, industrial and energy clients. With \$5.8 billion in revenue and more than 25,000 employees, CH2M HILL is an industry-leading program management, construction management and design firm, as ranked by Engineering News-Record (2008). The firm's work is concentrated in the areas of energy, water, transportation, environmental, nuclear and industrial facilities. The firm has long been recognized as a most-admired company and leading employer, including being named by FORTUNE as one of the 100 Best Companies to Work For and one of America's Most Admired Companies (2008). Visit www.ch2mhill.com.

About Morgan Stanley

Morgan Stanley (NYSE: MS) is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. The Firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 35 countries. For further information about Morgan Stanley, please visit www.morganstanley.com.

About PG&E

Pacific Gas and Electric Company, a subsidiary of PG&E Corporation, is one of the largest combined natural gas and electric utilities in the United States. Based in San Francisco, with 20,000 employees, the company delivers some of the nation's cleanest energy to 15 million people in northern and central California. For more information, visit www.pge.com/about/.

About SunPower

SunPower Corporation (Nasdaq: SPWRA, SPWRB) designs, manufactures and delivers high-performance solar electric systems worldwide for residential, commercial and utility-scale power plant customers. SunPower high-efficiency solar cells and solar panels generate up to 50 percent more power than conventional solar technologies and have a uniquely attractive, all-

black appearance. With headquarters in San Jose, Calif., SunPower has offices in North America, Europe Australia and Asia. For more information, visit www.sunpowercorp.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements that do not represent historical facts. The companies use words and phrases such as "working to install and operate," "is expected," "will," "plans," "would," and similar expressions to identify forward-looking statements. Forward-looking statements in this press release include, but are not limited to, the companies' plans and expectations regarding: (a) the companies installing and operating a 1-megawatt solar power system by late 2008; (b) the system generating up to 25 percent of peak power and 5.5 percent of the AT&T facility's annual electricity consumption, equivalent to the electricity required to power more than 165 homes each year; © installing a SunPower T10 Solar Roof Tile commercial system; (d) securing financing from a third party financier, and such third party owning and operating the solar generating system and selling electricity to AT&T; (f) the financier owning the associated renewable energy credits, and being able to sell or retire such credits; (g) the electricity being competitively priced against retail rates, providing AT&T with a long-term hedge against risking peak power prices; (h) the project including nearly 3,700 solar panels, producing more than 1.6 million kilowatt hours annually and reducing the building's normal power consumption by more than 4,300 kWh per day; and (i) the system maximizing the amount of energy produced within the limited roof space, enhancing both the environmental and financial benefits. These forward-looking statements are based on information available to the companies as of the date of this release and management's current expectations, forecasts and assumptions, and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond the companies' control. In particular, risks and uncertainties that could cause actual results to differ include: (i) construction difficulties or potential delays in the project implementation process; (ii) unanticipated delays or difficulties securing necessary permits, licenses or other governmental approvals; (iii) the risk of continuation of supply of products and components from suppliers; (iv) unanticipated problems with deploying the system on the sites; (v) actual electricity generation; (vi) the actual energy consumption rate; (vii) unexpected changes in utility service rates; (viii) variations in carbon dioxide emissions reductions; (ix) obtaining third-party financing; and (x) other risks described in the company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2008, and other filings with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the companies' views as of any subsequent date, and the companies are under no obligation to, and expressly disclaim any responsibility to, update or alter their forward-looking statements, whether as a result of new information, future events or otherwise.

For more information, contact:

Lauren Craig, AT&T

Office: 608-497-1616

E-mail: lcraig@attnews.us

Tamar Sarkissian, PG&E

PG&E News Line: 415-973-5930

Jennifer Sala, Morgan Stanley

Jennifer.Sala@morganstanley.com

Ingrid Ekstrom, SunPower Corporation

Office: 510-260-8368

E-mail: iekstrom@sunpowercorp.com

John Corsi, CH2M HILL

Office: 720-286-2087

E-mail: john.corsi@ch2m.com