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Shareholders Act on Concerns about AT&T Sharing Consumer Records with Government

SAN FRANCISCO – AT&T's reported release of customer telephone and e-mail data to federal security agencies without a court order raises serious concerns about the credibility of its consumer privacy policies and threatens share value, says a stockholder group that has filed a proposal on the issue with the company.

Due to potential legal liabilities from consumer and class action lawsuits seeking billions of dollars of damages, and significant reputational harm to the company from negative press, a diverse group of stockholders have filed a resolution for AT&T's spring shareholder's meeting. They are asking the company to report on its privacy policy and the potential ramifications of cooperating with the National Security Agency (NSA) by releasing customer data without a court order.

The shareholder group, led by As You Sow, a corporate social responsibility organization based in San Francisco, is asking the company to report on the impact of the alleged sharing of customer records and to become an industry leader in defense of privacy protection rights. The proposal asks AT&T's board to issue a privacy rights protection report, providing information about disclosure of customer records to government agencies; to propose policies ensuring future confidentiality of customer information and to only release such records when required by law; and to disclose expenses spent on attorney fees and public relations related to the alleged warrantless information sharing program.

"In recent months we've seen a lot of damage to AT&T's reputation" said Larry Fahn, a shareholder and the Executive Director of As You Sow. "AT&T has some history of keeping its customers' information private and has progressive corporate social responsibility policies on diversity and charitable giving. As shareholders however, we are concerned these current domestic surveillance allegations have eroded AT&T's good will and the potential legal liabilities may seriously jeopardize its share price," Fahn added.

The resolution states "We believe this alleged practice is seen by millions of Americans, including customers, shareholders and employees of AT&T, as a violation of our customers' privacy expectations and basic right to have phone and e-mail records kept confidential."

"Not only should AT&T shareholders be concerned, but BellSouth shareholders should also be concerned," adds Lora McCray, Social Research Analyst at Calvert, a mutual fund company best known as a leader in social investing and one of the filers. Calvert owns 962,013 shares of AT&T and 497,750 shares of BellSouth Corp. "If the two companies' merger is completed, BellSouth shareholders' may be faced with liability from the many current lawsuits pending against AT&T. In addition, there is a risk that BellSouth customers may not want to have their accounts with a company that has a reputation for sharing private information," McCray added.

The filers expect to vote on the resolution at the next AT&T annual meeting in April 2007. Leading up to the meeting, the filers anticipate a vigorous outreach and education campaign to solicit votes from shareholders.

Filers include: Adrian Dominican Sisters, As You Sow Foundation and Calvert Group, Ltd.

A copy of the full resolution follows.

As You Sow is a non-profit organization that utilizes capital markets, shareholder leverage, innovative legal strategies and grant making to transform corporate behavior and create a more socially and environmentally just society.