

AT&T INC.
Form 8-K
October 02, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) October 1, 2007

AT&T INC.

(Exact Name of Registrant as Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	1-8610 (Commission File Number)	43-1301883 (IRS Employer Identification No.)
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175 E. Houston, San Antonio, Texas (Address of Principal Executive Offices)	78205 (Zip Code)
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Registrant's telephone number, including area code (210) 821-4105

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item
8.01. Other
Events.

AT&T Inc. ("AT&T") and International Business Machines Corp. ("IBM") entered into a business arrangement. Under the terms of which, IBM will utilize AT&T's global telecommunications and network management services internally and externally to customers. As a result, AT&T expects to receive up to \$1 billion of additional annual revenue over the five year term of the agreements. While providing additional revenue, this agreement is not expected to have a material impact on AT&T's financial results. As provisions of the arrangement are enacted, AT&T expects to incur charges of approximately \$80 million over the next 12 months related to the arrangement.

Subject to completion of certain international regulatory approvals and works council consultations, the global telecommunication and networking services outsourcing agreement provides for AT&T to transition employment of associated IBM employees in over 30 countries.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

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

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AT&T INC.

Date: October 1, 2007

By: /s/ John J. Stephens
John J. Stephens
Senior Vice President and Controller