AT&T INC. Form 8-K June 01, 2006			
UNITED STATES SECURITIES AND EXCHANGE CO.	MMISSION		
WASHINGTON, DC 20549	MVRSSION		
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) June 1, 2006			
AT&T INC.			
(Exact Name of Registrant as Specified in Charter)			
<u>Delaware</u> (State or Other Jurisdiction of Incorporation)	1-8610 (Commission File Number)	43-1301883 (IRS Employer Identification	ion No.)
175 E. Houston, San Antonio, Texas (Address of Principal Executive Offices)			78205 (Zip Code)
Registrant s telephone number, including area cod€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.

Throughout this document, the Registrant, AT&T Inc., is referred to as we or AT&T.

Hepting Litigation Plaintiffs filed this purported class action in U.S. District Court in the Northern District of California on behalf of all individuals in the United States that are current residential subscribers or customers of defendants—telephone services or internet services, or that were residential telephone or internet subscribers or customers at any time after September 2001, (Hepting, et al v. AT&T Corp., AT&T Inc. and Does 1-20). They allege that the defendants have disclosed and are currently disclosing to the U.S. Government records concerning communications to which Plaintiffs and class members were a party, including providing access to stored telephone and Internet records databases and permitting interception of telephone and Internet communications. Plaintiffs seek damages, a declaratory judgment, and injunctive relief for violations of the First and Fourth Amendments to the United States Constitution, the Foreign Intelligence Surveillance Act, the Electronic Communications Privacy Act, and other federal and California statutes. Management believes the action is without merit and intends to vigorously defend the matter. In April 2006, we filed a motion to dismiss the complaint. In May, the United States requested leave to intervene in this litigation, asserted the state secrets privilege and related statutory privileges, and filed a motion asking the court to either dismiss the complaint or issue a summary judgment in favor of the defendants on the grounds that adjudication of the claims may put at risk the disclosure of privileged national security information.

Since the filing of the complaint, several additional complaints have been filed in various jurisdictions making substantially the same claims, which management believes are likewise without merit.

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.

Signature

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: June 1, 2006 By: /s/ John J. Stephens

John J. Stephens

Senior Vice President and Controller