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COMP/M. 4981 – AT&T / IBM

SECTION 1.2

Description of the concentration

On 30 September 2007, AT&T Corp. ("AT&T") and International Business Machines Corp. ("IBM") concluded an outsourcing agreement that calls for IBM to outsource the delivery and management of much of its global telecommunications services operations to AT&T. Since AT&T's acquisition of IBM's global network in 1999, the companies have a longstanding business relationship through which IBM has subcontracted to AT&T the provision of certain GTS for IBM and IBM's customers. By way of the 30 September 2007 agreement, IBM proposes to outsource further parts of its GTS business (functions and personnel) to AT&T. In addition, the parties are entering into an agreement whereby AT&T will become a designated provider of IBM for the provision and/or management of GTS. As IBM will continue to provide IT services to its customers, the proposed transaction will further AT&T's and IBM's ability to offer seamlessly integrated IT, network, and managed network solutions. Focusing on each company's core competency, IBM and its customers will benefit from AT&T's networking services expertise while continuing to reap the benefits of IBM's IT and computing expertise.