

**MEMORANDUM OF AGREEMENT**  
Payroll Deductions for Employee Paid Benefits

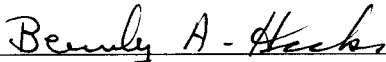
This Memorandum of Agreement is entered into as of June 27, 2007 between the Communications Workers of America (“CWA” or the “Union”) and BellSouth Corporation, a wholly-owned subsidiary of AT&T Inc., and the BellSouth subsidiaries who are parties to current CWA collective bargaining agreements (collectively referred to as the “Company”) regarding payroll deduction for employee paid benefits.

The BellSouth Group Life Plan (Group Life), Medical Assistance Plan (MAP), Dental Assistance Plan (DAP), and Vision Assistance Plan (VAP) as in effect on May 1, 2007 shall remain in effect for the life of the applicable collective bargaining agreements for all bargaining units currently participating in the Plans, with the following revision:


Effective with the AT&T payroll system conversion in December 2007:

Employees will have the option to select either before tax or after tax deductions for supplemental AD&D under Group Life (employee, spouse, and child), MAP, DAP, and VAP wherever employees are required to pay for these coverages. The option chosen will apply to all of these deductions. If an election is not made, the deduction will default to before-tax.

For the Union

  
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Beverly A. Hicks  
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For the Company

  
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John P. Trageser  
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