

MEMORANDUM OF AGREEMENT
BellSouth Medical Assistance Plan
BellSouth Retiree Medical Assistance Plan

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 a revision to the BellSouth Medical Assistance Plan and the BellSouth Retiree Medical Assistance Plan as follows:

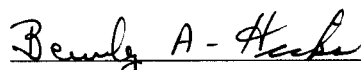
The BellSouth Medical Assistance Plan and the BellSouth Retiree Medical Assistance Plan as in effect on May 1, 2007 shall remain in effect for the life of the applicable collective bargaining agreements for all bargaining units currently participating in the Plans with the following revision:

Effective January 1, 2008:

Survivors of active employees and retirees will have the option of participating in the AT&T pilot to permit survivors to drop the Company’s medical coverage without the concern of irrevocably forfeiting access to coverage through the Company until such time as the pilot is terminated by the Company. However, there will continue to be no reinstatement of coverage for lapse of coverage due to nonpayment of premium.

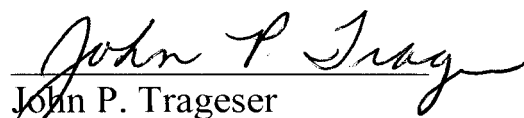
The terms and conditions of the AT&T pilot apply.

For the Union



Beverly A. Hicks
Assistant to the Vice President
CWA District 3

For the Company



John P. Trageser
Senior Director – Labor Relations
AT&T Southeast

Attachment

AT&T Pilot Description

During annual enrollment for Plan Year 2008, eligible survivors will be offered, on a trial basis, an opportunity to drop the Company's medical coverage without permanently forfeiting coverage.

Any eligible survivor who:	Will be allowed to:
<ul style="list-style-type: none"> • is enrolled in a Company-offered medical plan through December, 2007; • drops RMAP coverage as of 12/31/2007 (for any reason); • would not otherwise have exhausted his/her right to coverage in 2007 as a result of another provision of the plan; and • at the time of annual enrollment for 2009, can demonstrate continuous enrollment in medical coverage during 2008. 	<ul style="list-style-type: none"> • Re-enroll in a Company-offered medical plan during annual enrollment for coverage to be effective 1/1/2009

- There will continue to be no reinstatement of coverage for lapse of coverage due to nonpayment of premium.
- Survivors who elect this option will not be eligible for any subsidy toward the cost of the non-Company sponsored coverage they select, if otherwise eligible, since such payments are made only to eligible survivors who participate in RMAP.