

MEMORANDUM OF UNDERSTANDING

This Memorandum is made and entered into this 15th day of November 2004, with respect to the following collective bargaining agreements: BellSouth Telecommunications, Inc.; BellSouth Advertising & Publishing Corporation; BellSouth Affiliate Services Corporation; BellSouth Billing, Inc.; BellSouth Corporation-Headquarters; and Utility Operations (the BellSouth Companies which employ individuals in these bargaining units are, for ease of reference, herein collectively referred to as the "Company"). This memorandum sets forth the terms and conditions under which the Company will withhold and remit union dues on behalf of Company employees who are represented by the Communications Workers of America (herein referred to as the "Union").

Whereas, the Company and the Union have agreed that the terms of this agreement have been in effect since August 8, 2004 and will apply retroactively to that date, and

Whereas, the Company and the Union have agreed in the Payroll Dues Deduction articles of their Working Agreements, that the Company make payroll deductions of Union dues or an amount equal to Union dues upon the written direction and consent of eligible employees of the Company, and

Whereas, the Company and the Union desire to set forth in this Memorandum the procedures to be followed in the operation of this payroll deduction plan,

Now, therefore, the Company and the Union agree as follows:

1. It is the intent of the Company to comply with the terms and conditions contained in payroll deduction authorizations signed by participating employees, including time periods specified in such authorizations for participating employees to cancel authorizations for such payroll deductions. The parties acknowledge the existence of several types of deduction authorization cards issued by the Union prior to the date of this Memorandum that remain in effect and whose provisions will be honored by the Company.
2. It is understood and agreed that only two (2) types of cards, lettered "C-KP" and "G" and attached hereto, will be provided by the Union and will be accepted by the Company on and after the effective date of this Memorandum. The card lettered "C-KP" has been and will continue to be used only in states where mandatory dues payments are lawful, and where contract terms necessary to effect such deductions have been included in the Working Agreement in effect at the time that the deductions are to be made.

3. The Company agrees to make authorized deductions from only the first two payroll periods ending in each month. For an authorized deduction to be effective, for any payroll period, the card must have been received by the Company's Payroll Office by the last work day before the end of the given payroll period (usually the Friday before a payroll period closes on Saturday). Authorization cards should be forwarded to the Company's Payroll Office as they are accepted by the Union.
4. The Union agrees, before transmitting such payroll deduction authorization cards to the Company's Payroll Office handling the payroll, to review them and verify they have been properly completed by the employee and the employee is within the bargaining unit represented by the Union. Insofar as it is able to do so, the Union agrees not to transmit to the Company any card that has not been so verified. In forwarding said authorization cards to the Company's Payroll Offices, the Union agrees to transmit with said cards an invoice showing the date of forwarding and the name of each employee covered by an authorization.
5. Deductions will not be made for less than the full amount authorized by the employee.
6. When there are insufficient funds to cover all payroll deductions authorized by the employee, then Union dues deductions and deductions for allotments to the Savings and Security Plan, respectively, shall have priority over all authorized deductions except those required by law and those authorized deductions for insurance.
7. The Company agrees, where necessary, to provide for make-up of missed deductions for two bi-weekly pay periods, where failure to deduct is the result of insufficient pay for reasons other than unauthorized absence. If such deductions are missed for three biweekly pay periods, there will be no make-up through payroll deduction of any such missed deductions.
8. Deductions made during a month in which an employee's status changes so that such deductions are no longer applicable will be remitted for the partial month in which they were collected prior to the change.
9. The Union agrees that the Company may refund to employees deductions, which are improperly made and deduct the amount of such refunds from a subsequent remittance to the Union.
10. The Union shall indemnify and save the Company harmless against any and all claims, demands, suits, litigation expenses (including attorneys' fees) or other forms of liability which may arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions

of this Memorandum, or in reliance on any authorization or assignment furnished under the Memorandum.

11. Remittance of deductions made in any month will be made by the Company to the Union by not later than the 15th of the following month. Separate remittance will be made for amounts deducted by each of the Company's Payroll Offices. Remittance will be made by Locals based on the location of the employee at the end of the month. Each remittance will be in the form of an electronic Union Dues Remittance along with related summary statements. The electronic transmittal will contain the information listed below which will be sequenced in the manner in which it appears on the transmittal for each employee. The sequence of employees will be numerical according to Social Security Number in ascending order.

- (A) Transaction Code
- (B) Social Security Number
- (C) Exchange
- (D) Employee Name
- (E) Job Class
- (F) Local Number
- (G) Authorized Dues Amount
- (H) PAC Collected Month to Date
- (I) PAC Collected Year to Date
- (J) Geographic Location Code
- (K) Activity Date
- (L) Company Code
- (M) Net Credited Service Date
- (N) Job Title Code
- (O) Collected Dues Amount
- (P) Basic Rate of Pay
- (Q) Department
- (R) Action/Reason Code
- (S) Home Address - unless the employee requests, in writing, that the Company not furnish the address to the Union
- (T) Sex
- (U) Birth Date
- (V) Basic Hours

The Transaction Codes are defined as follows and pertain to the status of the employee as of the last deduction period ending in the month:

- A Transfer to non-eligible title
- B Local number change
- C Employee transferred in (from another area)
- D Returned from leave of absence
- E Non-member paying amounts equal to Union Dues (Agency Shop states only)
- G Authorization canceled
- H Suspension
- I New Hire
- J Separation
- K Name Change
- M Dues amount change
- N Reclassified (status RF, TF, etc.)
- O Location change
- P Pre-engagement
- Q Make-up collection
- R Home-address change (Members Only)
- S New Authorization
- V NCS Date
- W Retirement
- X Change in basic pay
- Y Transfer to acting management
- Z Transfer from acting management

The Company will keep the Union informed as to change or revisions in Transaction Codes.

12. The Company will notify the Union each month of the name, department, and work location of all represented employees who retired during the preceding month.
13. The Company will recognize five methods of determining the amount to be deducted in accordance with paragraph 3 above. These are:
 - a. A specific dollar and cents figure.
or
 - b. A specific weekly percent of weekly basic pay.
or
 - c. A table of dues deductions applicable to weekly basic pay.
or
 - d. Two and one-fourth hours basic pay per employee who has authorized such deductions per month.

or

- e. Two and one-fourth hours basic pay per employee who has authorized such deductions per month, plus a specific dollar and cents figure (divisible by two) per month.

The amount of the deductions (for the purpose of payroll deductions only) will be the specific dollar amount or percent or appropriate amount from the table of dues as certified to the Company by the Secretary-Treasurer of the Communications Workers of America as provided in paragraph 13 of the Memorandum. The table amount or specific dollar amount or percent of such regular monthly deductions may vary from Local to Local but shall be uniform within a Local. All such monthly deductions will be equated to a payroll period basis for the purpose of making deductions.

- 14. The Union will furnish the Company a list of dues rates or percentages by Locals showing the jurisdiction of each Local and will keep the Company currently advised of any change in such dues rates or percentage or jurisdiction. Changes by a Local from a specific dollar and cents amount to the "percent of basic pay" method of determining deductions, or vice-versa, will be handled as follows:
 - a. The term "Basic Pay" as used in the "Hours Pay Method" and the "Percent of Basic Pay Method" is defined as the rate of pay, exclusive of all differential or extra payments, as shown in the company's respective wage scales.
 - b. The Company will convert one Local per month per the Company's Payroll Office to the percentage basis, or vice-versa, of deducting Union Dues. Certification to the Company regarding such a conversion, which is received from the Secretary-Treasurer of the Union by the 20th of the month, will be effectuated in the first payroll period ending in the following month. Should more than one Local per month be certified to the Company as having authorized a change in the method of dues deductions, the Secretary-Treasurer of the Union, or his agent, shall designate which Local is to be handled first.
 - c. Once a Local has been converted to the percentage basis, or vice-versa, the Company will not honor an authorization for that Local to convert back to the original basis for a period of 12 months.
 - d. Under the percent basis for determining deductions, the Union will certify to the Company a percentage for each Local, to the nearest hundredth of a percent, which is to be applied to the basic pay as defined in paragraph 14a above.

- e. Where percentage or hours pay authorizations are used the rate of pay to which the percentage will be applied will be the employee's rate in effect for the payroll period being processed.
 - f. Where the methods used by a Local in determining the amount of Union Dues in paragraphs 13a, b, or c above do not produce a dues amount equal to that which would have resulted under paragraph 13d, then the Company will utilize paragraph 13d to determine the amount of Union Dues to be deducted for that employee during that pay period.
 - g. The Union agrees to compensate the Company for programming, labor and other expenses associated with any conversion to a different dues deduction methodology.
15. Changes in dues rates or percentages authorized by a Local will be certified to the Company by the Secretary-Treasurer of the Union. Such certifications received by the 20th of the month will be effectuated in the first payroll period in the following month. Certifications received after the 20th of the month will be effectuated in the first payroll period in the second following month.
 16. Employees who are promoted to acting management titles shall continue to have deductions made at the same dollar amount that was in effect immediately preceding the appointment to the acting title.
 17. The Company will notify the Union forthwith of the name, department, work location, date of cancellation of all authorizations canceled at the request of the employee.
 18. Authorizations for deductions will be automatically canceled when an employee leaves the service of the Company or goes on a leave of absence for longer than a month. However, if an employee has on file a written order authorizing a dues payroll deduction, he will not be required to sign a new order when he returns from a leave of absence to have such deduction resumed unless employee is gone for over one year.
 19. Type "G" authorization cards may be revoked only during the ten-day periods referred to in the Working Agreement. Authorization cards, which by their terms are revocable at will, are not subject to the ten-day period referred to in the Working Agreement. The Union will ensure that the appropriate Payroll Office copy of the multi-copy authorization card is sent to the Company's Payroll Office.
 20. Authorizations of employee dues deductions will automatically be transferred in case of Inter-Company and Intra-Company movement by the employee. Dues collected at the transferor and transferee locations will be remitted by those locations.

21. This Memorandum of Understanding shall expire contemporaneously with the termination date provided in the Duration of Agreement article of the Company Working Agreements that are subject to this Memorandum.

IN WITNESS WHEREOF, the foregoing Memorandum has been executed in the day and year first above written.

Communication Workers of America

BellSouth Telecommunications, Inc.


BellSouth Advertising and Publishing Corp.

BellSouth Affiliate Services Corp.

BellSouth Billing, Inc.

BellSouth Corporation-Headquarters

Utility Operations


Noah V. Savant
Assistant to the Vice President
District 3


Michael L. Matthews
Executive Director – Corporate Labor Relations

Date: 11.15.04

Date: 11/15/04

Exhibit 1

"G" Form
PAYROLL DEDUCTION AUTHORIZATION

(Print)	Last Name	Given Name	Middle Name or Initial
Department	Social Security Number		Local Number
Work Location (City or Town)	State	Zip Code	

Beginning in _____, _____, I hereby authorize _____

to deduct each month from my salary or wages, sickness or accident disability payments, other benefit payments, or vacation payments, an amount equal to the regular monthly Union dues as certified to the Company by the Secretary-Treasurer of the Communications Workers of America. This authorization is voluntarily made and is neither conditioned on my continuing as a member of the Union, nor given as the consideration for membership. Each amount so deducted shall be remitted by the Company to the Secretary-Treasurer of the Communications Workers of America or his duly authorized agent. If for any reason the Company fails to make a deduction, I authorize the Company to make such deduction in a subsequent payroll period.

This authorization shall continue in effect until canceled by written notice from the Secretary-Treasurer of the Communications Workers of America, or until canceled by an individual notice signed by me, and sent individually by

certified mail to the Company with a copy to the Union, postmarked during the ten (10) day period prior to the termination date of the current or any subsequent Agreement between the Company and the Union, or during the same ten (10) calendar days in each year prior to the termination date of the then existing Agreement.

Date

Signature of Employee

Exhibit 2

"C-KP" Form
PAYROLL DEDUCTION AUTHORIZATION

(Print)	Last Name	Given Name	Middle Name or Initial
Department	Social Security Number		Local Number
Work Location (City or Town)	State	Zip Code	

On the effective date entered on this card as indicated below, and continuing until canceled by written notice from me or from the Secretary-Treasurer of the Communications Workers of America, I hereby authorize the Company to deduct each month from my salary or wages, sickness or accident disability payments, other benefits payments, or vacation payments, the amount of my regular monthly dues or an amount equal to the monthly dues applicable to members as certified to the Company by the Secretary-Treasurer of the Union. Each amount so deducted shall be remitted by the Company to the Secretary-Treasurer of the Union or his duly authorized agent. If for any reason the Company fails to make such deduction, I authorize the Company to make such deduction in a subsequent payroll period.

Date

Signature of Employee