

**MEMORANDUM OF UNDERSTANDING REGARDING BASE PAY
TREATMENT FOR ACCOUNT REPRESENTATIVE AND SALES
REPRESENTATIVE WITH LESS THAN 26 WEEKS IN A COMMISSIONABLE
JOB TITLE AS OF AUGUST 12, 2007**

EFFECTIVE AUGUST 24, 2007

This Memorandum of Understanding is entered into by Southwestern Bell Yellow Pages, Inc. (the "Company") and Communications Workers of America (the "Union") for the purpose of conducting a trial program to provide an increased salary to Account Representatives and Sales Representatives during their initial 26 weeks in their new commission title. The Company or the Union may terminate the trial at any time after having provided reasonable written notice to the other. Furthermore, the Company shall be under no obligation to continue the program as a result of the trial.

This trial program will be offered to all Account Representatives and Sales Representatives with less than 26 weeks in a commissionable job title as of August 12, 2007. This program replaces the current Cash Flow Assurance Program, but incumbents on the Cash Flow Assurance Program will have the option to continue to be paid under the contractual wage rates and receive supplemental payments under the program until their debit balance is zero or they reach the end of their two year eligibility period at which point no further supplemental payments will be made.

The procedures associated with the trial will be implemented as follows:

- The new base pay rates will be applied, retroactively, effective August 12, 2007 with wages appearing on the September 14, 2007 paycheck.
- Base pay for both Account Representatives and Sales Representatives will be at \$726 per week for 26 weeks, or 13 consecutive pay periods for a total of \$18,876 for that time period.
- A review will be completed at the six-month anniversary of the implementation of this trial (and each six-month time period thereafter that the trial is in effect) to determine if there were any current Sales or Account Representatives with six-month's time in a commissionable job title that had total earnings less than the \$18,876 provided by the trial during the comparison six-month period. Representatives on sales performance PIPs for more than two consecutive months, on disability, serving as Average Pay Representatives, and Representatives incurring less than 95% of the available sales days (excused paid days; i.e., vacation, DH, EWP, EWN, funeral, jury duty, union time, will not be included in this calculation) during the six-month comparison time period will be excluded. Any qualifying Representative who earned less than \$18,876 during the six-month time period will be provided supplemental

funds equal to the difference between their total earnings and \$18,876 in the form of a pay protection payment.

- Current representatives with less than 26 weeks on a commissionable title and future Sales Representatives and Account Representatives who are newly hired or transferred from a non-commissioned position, regardless of the subsidiary, are eligible for the new base rate thru their 26th week.
- Those who transfer in from a commissionable job title at another AT&T Advertising and Publishing subsidiary are eligible for this rate during the training time period only, unless they had less than 26 weeks of service in the previous commissioned position. Those with less than 26 weeks of service in a previous commissioned position are eligible for this rate until the end of training or the 26th week, whichever is later.
- Representatives with less than 26 weeks in a commissionable job title who are currently participating in the Cash Flow Assurance Program will be offered to transition immediately to the new wage rates, and any deficit balances will be reduced under the terms of the Cash Flow Assurance Program after their 26 weeks are complete. Representatives will have to option to continue to reduce their deficit balance during this time period.

FOR THE UNION:

Mark Franken

FOR THE COMPANY:

R.M. Edwards