



Issue 1 Spring 2006

THE RETIREE GUARDIAN

NEWSLETTER OF THE ASSOCIATION OF U S WEST RETIREES
Now bringing you news from Association members in all 14 U S West states.

INSIDE THIS ISSUE:

- *Are We For or Against Qwest?* ...page 2
- *New Threats: New Legal actions to protect Pension Death Benefit and Concession* ...page 3
- *Who is Curtis Kennedy, AUSWR Attorney?* ...page 6
- *NRLN Report* ...page 7
- *Renew membership* ...page 9
- *Nacchio requests dismissal of charges ...* page 10
- *Nacchio witnesses* ...page 11

A MESSAGE FROM THE PRESIDENT

As we enter the New Year, you can't help but notice the onslaught of detrimental changes that are being foisted on America's current and "soon to be" retirees.

Other benefits are also threatened. For Qwest retirees and other former Bell System "spin off company" retirees, the threatened loss of the death benefit to a qualifying beneficiary, and/or the reduction in life insurance benefits are devastating the estate plans of retirees who had counted on these to provide for their loved ones after their death. Now they have no recovery time. They cannot affordably replace these losses with additional life insurance because of age or health.

Corporate bankruptcies cause pension obligations to be turned over to the Pension Benefit Guaranty Corporation (PBGC) resulting in reduced pensions for some retirees. Many defined benefit pension plans are severely underfunded. A trend is developing in which corporations are dropping traditional defined benefit pension plans in favor of 401k plans, which shifts all of the risk to the future retiree. Most companies have ceased granting ad hoc or "cost of living" pension increases to retirees, in favor of an increased bottom line, to boost executive compensation.



Mimi M. Hull

Long promised health care benefits are being cancelled or so drastically cost-shifted to retirees that they can no longer afford the cost of coverage and have to join either the ranks of the uninsured or go without supplemental coverage to Medicare. Health care costs themselves are sky-rocketing at multiple times the inflation rate, eating up

more and more of the fixed income of many retirees.

Through corporate lobbying and influence, many of the provisions that were in place to protect retirees have been eroded. Monies which were once reserved for the payment of pensions can now be used, in some instances...

How did we get here? This is not the scenario that Congress intended when it passed the Employee Retirement Income Security Act (ERISA) in 1974.

Through corporate lobbying and influence, many of the provisions that were in place to protect retirees have been eroded. Monies which were once reserved for the payment of pensions can now be used, in some instances...

(...continued on page 10, President's message...)



Are We For or Against Qwest? *The Peculiar Relationship Retirees Have With Their Former Employer*

by Arnie Albrecht, Director NWB-US West-Qwest Retiree Association

Some of our members have understandably questioned the seemingly contradictory relationship that the retiree organization has with our former employer. On one hand, we actively support Qwest on business, marketing and regulatory issues. On the other hand, we vigorously oppose the Company when it attempts to reduce or eliminate the benefits retirees were promised.

Are we for or against Qwest? Here is the twofold answer:

First, we want Qwest to be a successful business, and therefore we support them when the action will strengthen the Company. The better the Company does, the better are our chances of having our promised benefits continue. When Qwest is in financial difficulty, it has a greater incentive to cut or eliminate retiree benefits in order to reduce costs. If the Company should go bankrupt or out of business, our benefits would be at serious risk. So we help Qwest by:

- Buying and urging our friends to buy Qwest services such as local, long distance and DSL.
- Supporting Qwest's efforts to obtain fair treatment at Regulatory and other government bodies by writing letters, attending hearings and submitting oral and written comments. Qwest has thanked us for our "significant contribution" to their causes.

Mr. Notebaert: The retirees thank you for guiding the Company through difficult financial times and not allowing it to go into bankruptcy or out of business.

Second, we want Qwest to honor its promises to retirees. So we carefully watch what they are doing to retiree benefits, and strongly oppose them when they reduce or threaten to reduce those benefits. We believe the Company leadership looks upon retirees as a financial liability. They are doing everything they can to reduce and eliminate the costs associated with their former employees. So we have brought lawsuits:

- To preserve health care benefits for pre-1991 retirees.
- To preserve the Pension Death Benefit.
- To preserve concession telephone service.
- To obtain a copy of the investment policy for our Pension Plan.
- To restore to the Pension fund the \$8 million that was improperly used for other Company expenses.

We also have initiated other legal actions, negotiations and shareholder proposals to protect our rights. None of these actions will push Qwest into bankruptcy or significantly affect their financial standing. But not only won't Qwest keep promises to retirees which cost money; they won't even do things for us that don't have costs. They have refused to give us a copy of the Pension Plan investment policy. They have refused to give us the names, addresses and telephone numbers of new retirees. How can we urge retirees to support Qwest if we don't know who the retirees are?

So that's why we are in this peculiar relationship with Qwest. We want Qwest to be successful by doing honest business, selling their products and obtaining fair regulation. But we will energetically use any means possible to oppose Qwest as they attempt to renege on promises that were made to retirees.

Mr. Notebaert: Tell your Legal and Human Resources Departments to quit picking on the people who built this business, and to issue a guarantee in writing that retirees will receive the benefits we were promised.

Letters to the Editor:

Your opinions and questions are welcomed by the Telephone Retirees of Arizona Board of Directors and the Association of US West Retirees Board of Directors (14-state leaders) ; please email to:

kathleen_kennedy@earthlink.net or write to:

**TRA-AZ, P.O. Box 47098,
Phoenix, AZ 85068-7098**

Answers will come from the appropriate TRA-AZ or AUSWR leader.

*Report from Curtis Kennedy, AUSWR attorney**Pension Death Benefits case (Kerber v. Qwest)*

On December 22, 2005, Qwest responded to the second Amended Complaint which now has 5 named plaintiffs. Nelson Phelps and Ed Kerber are trying to represent the interests of persons who retired before 2004. Joanne West, Nancy Meister and Thomas Ingemann are trying to represent the interests of persons retiring after January 1, 2004. You can download and read the Second Amended Complaint (57 pages) by going to this URL at the AUSWR website: <http://www.uswestretiree.org/MotiontoFileSecondAmendedComplaint.pdf>

On December 22, 2005, Qwest's team of defense attorneys filed a "Motion to Dismiss" the claims asserted by Nelson Phelps and Ed Kerber. You can download and read the motion to dismiss paper (35 pages) at this URL: <http://www.uswestretiree.org/QwestMotionToDismiss2nd&3rdClaimsWithExhibits.pdf>

Qwest contends there is no actual case or controversy concerning Phelps and Kerber, because the Pension Death Benefit has not yet been taken away from them and any other persons who retired before 2004. But, Qwest refuses to commit to admitting that the promised Pension Death Benefits cannot be taken away. Qwest takes the position that the Pension Death Benefit is not a vested benefit and the promised benefits can be taken away at anytime, at the whim of Qwest leadership. Qwest will not renounce that position. Therefore, the threat still exists and there are other legal reasons Phelps and Kerber should continue with their claims in the Kerber case. Our position on those issues will be addressed in a legal brief... [filed February 7, 2006]. Meanwhile, on December 22, 2005, Qwest filed an "Answer" to the claims asserted by Joanne West, Nancy Meister and Thomas Ingemann concerning the rights of persons retiring after January 1, 2004. You can download and read the Answer paper (36 pages) at this URL:

<http://www.uswestretiree.org/AnswerToSecondAmendedComplaint.pdf>

"Qwest contends there is no actual case... because the Pension Death Benefit has not yet been taken away..."

On January 10, 2006, there was a two-hour settlement conference at the Denver Federal Court supervised by Magistrate Judge Coan. Nelson Phelps, Mimi Hull and I attended for the Plaintiffs-retirees' side. Qwest's hired attorney Beth Kiovsky and Qwest's in-house attorney Cindy Delaney attended on behalf of Qwest-Defendants. Of course, as expected, no settlement was reached. Neither side has budged from the positions taken and discussed during the summer of 2005. But, we did reach agreement to have the case transferred out of the hands of Judge Marcia Krieger. Judge Krieger became a federal judge -- appointed by President Bush in January 2002 - after she had experience serving as a bankruptcy judge. Judge Krieger has no real experience with either complex labor law litigation or ERISA cases. Neither side is particularly enthusiastic about her continued involvement in this extremely important and complex ERISA case. We prefer one of the more experienced Magistrate Judges make the important decisions. Of course, any decision by the Magistrate Judge can be appealed by the disappointed side. So, both sides agreed to have the case reassigned to a Magistrate Judge. The Clerk of the Denver Federal Court randomly selected Magistrate Judge Boyd N. Boland to take over the Kerber case. You will hear more about this in future updates.

Presently, we are in the discovery phase of the Kerber case. Qwest-Defendants were supposed to produce numerous requested documents on December 15, 2005, but, the company didn't and almost 3 weeks later, we still don't have the requested papers and discovery responses. So, [February 7, 2006] I submitted a motion to the Court asking for an order to compel Qwest-Defendants' production of documents and to have certain discovery deadlines extended for the benefit of Plaintiff's side. Meanwhile, Qwest-Defendants have asked Phelps, Kerber, West, Meister and Ingemann to respond to formal discovery. We will play fair and get responses back to Qwest on the due date in a couple of weeks.

by Curtis Kennedy, AUSWR Attorney

(Pension Death Benefit continued from page 3...)

If you have squirreled away any old announcements or official papers you received from Mountain Bell, Pacific Northwest Bell, Northwestern Bell, or U S WEST about the Pension Death Benefit, please mail that material to me. Please make photocopies of your papers and send the copies to me. I will not be able to return to you any original papers, so keep the original papers for yourself. If you have previously sent me information about the Pension Death Benefit, please don't repeat this exercise. I am trying to assemble a complete history of what was said about the Pension Death Benefits, the same as we accomplished in the Colvin (Telephone Retiree Concession) case, which effort really paid off. You don't need to call me or ask me or worry about sending me a duplicate of something I might already have received from someone else, just go ahead and mail me your copy of whatever Pension Death Benefit paper(s) you have.

As a reminder, there is still pending in the New Jersey Federal Court, Foss v. Lucent Technologies (Pension Death Benefits) case, and that consolidated proceeding has many of the same claims and contentions as we have pending in the Kerber case. When I learn of important developments or rulings in that case, I will tell you.

There will be further updates about the Kerber case as matters develop and you can keep informed by checking the AUSWR website: <http://www.uswestretiree.org/legal2.htm#death>

NOTE: If you want to send information to Curtis Kennedy, here is the address:

Curtis L. Kennedy
 Attorney-at-law
 8405 E. Princeton Ave.
 Denver, CO 80237-1741
 CurtisLKennedy@aol.com
 Telephone: 303-770-0440
 Fax: 303-843-1060

CurtisLKennedy@aol.com 303-770-0440

(Pension Death Benefit Breaking News continued from last page...)

We told Judge Boland that last week Qwest Defendants finally and reluctantly told us that the actuaries for the pension plan consistently prepared financial projections and prepared annual reports including the Pension Death Benefits in the "vested benefits" column. Those annual financial reports were filed with government agencies, the IRS and the Department of Labor, after being signed by U S WEST/Qwest Pension Plan administrators under penalty of perjury. You can see one such report, the year 2004 Form 5500, at the AUSWR website: http://www.uswestretiree.org/111705_PensionPlan5500.pdf If you look at page 15 of the accompanying "Notes to Financial Statements", you will see an amount shown for "vested benefits" and that figure includes Pension Death Benefits: <http://www.uswestretiree.org/Qwest%20Pension%20Plan%20Accounting%20and%20Financial%20Summary.pdf> (Go to page 15).

We informed Judge Boland that we need additional time to gather additional proof that U S WEST treated the Pension Death Benefits as being vested and that prior members of the Employee Benefits Committee made representations, decisions, declarations, and interpretations that gave the Pension Death Benefit a protected or a vested status. Since the former EBC members, former officers of U S WEST, are scattered all over the country, we need time to conduct interviews and get statements from them. Also, there are plenty of additional records we will be seeking from Qwest Defendants.

At the conclusion of the more than one hour long hearing, Judge Boland granted new deadlines and established a trial date. Expert witness reports are to be provided by July 3, 2006. All discovery is to be completed by September 8, 2006, which is also the deadline to file a request for class certification. This case is set for a 4 day trial to Judge Boland starting on January 22, 2007. There will be further updates about the Kerber case as matters develop and you can keep informed by checking the website: <http://www.uswestretiree.org/legal2.htm#death>

[Curtis—CurtisLKennedy@aol.com—303-770-0440]

by Curtis Kennedy, AUSWR Attorney

Qwest Pension Plan / Year 2004 Form 5500 report. . . 12/1/2005

I recently received from Qwest officials the Qwest Pension Plan annual report for year 2004, the most current report available.

Federal regulations allow a plan sponsor like Qwest to wait until October to file the prior year's report. So you'll learn 2005's Qwest Pension Plan financial condition about October 15, 2006.

The good news—the 2004 annual report shows a small increase (about \$100 million) in total value of plan assets over year-end 2003. What happened since December 2004, we don't know. From December 1999 to December 2004, there was a tremendous decline in total assets of the U S West/Qwest Pension Plan. Total net assets at the end of year 1999 were \$14.6 billion. Total net assets at the end of 2004 were \$9.2 billion. The decline is attributable to the following primary factors:

- a) Payment of Pension Benefits - Several billion dollars left the trust in the form of monthly annuities and lump sum payments that were earned by more than 20,000 departing workers; just in year 2004, there were 4,773 persons receiving lump sum payments from the pension plan;
- b) Payment of Retiree Health Care Benefits - When the trust had a surplus, several hundred millions of dollars left the trust fund and were spent on retiree health care benefits, as allowed by Internal Revenue Section 420;
- c) Payment of 'Severance' Benefits - Between August 11, 2000 and June 30, 2003 about \$480 million was paid from the trust fund in the form of a special 'severance payment,' the Qwest Management Separation Plan benefit; and
- d) Investment Losses - There have been significant investment losses.

In addition, the trust fund spends well over \$50 million each year for "administrative expenses." The year 2004 report discloses administrative expenses over \$58 million. Federal regulations here are completely deficient. There is no absolute requirement on the plan sponsor, such as Qwest, to explain to you, outside of pending federal court litigation, what all these expenses are about. For instance, Qwest reports that the pension plan had over \$27 million of what Qwest labels as "other" expenses. You are left to guess what that means.

Your AUSWR organization leaders are at the forefront of providing retirees with information about your pension plan. Special thanks go to Donnetta Mitchell of Salt Lake City who scanned each page of the year 2004 Form 5500 report (63 pages) so it could be posted at the website for you to view:

http://www.uswestretiree.org/111705_PensionPlan5500.pdf

Furthermore, you're encouraged to look at the October 14, 2005 "Qwest Pension Plan Financial Statements and Supplemental Schedules" report (105 pages), also posted at the AUSWR website:

<http://www.uswestretiree.org/Qwest%20Pension%20Plan%20Accounting%20and%20Financial%20Summary.pdf>

Viewing this information will better inform you about aspects of the financial health of the Qwest Pension Plan.

Meanwhile, AUSWR will continue to monitor status of the Qwest Pension Plan, and press forward efforts to inspire Congress and federal regulators to strengthen laws and disclosure requirements about a crucial part of the pension business: the consultants and money managers who help decide how your pension monies are invested.

Again, take a look at the year 2004 Form 5500 report, Schedule C, showing millions of dollars spent on "service providers."

Curtis CurtisLKennedy@aol.com

What have you done for me...

by Kitty Kennedy, AUSWR Retiree Guardian Editor

At a recent retirees' meeting in Phoenix someone in the audience asked, "Why do we need a high-powered attorney?" On the way out someone said to a friend, "Just look at what they are doing for me," --the inference is that one person could not do it alone.

The start of a new year is time to take stock of what and why AUSWR really is all about. "What is it doing for you..."

First in defining what AUSWR is doing for you is to tell you about Curtis Kennedy —our AUSWR attorney. Recently a *Denver Post* columnist described Curtis as "scrappy," and someone "who knows phone companies and their employee pension funds." The *Post* article focused on efforts by Curtis to track the Qwest pension funds, especially the Department of Labor review from 1996 to 2000 that resulted in the \$83,821 plus interest of \$16,097 refund last year.

The DOL case is small money. In 1998 after a four-year action Curtis led, Qwest refunded \$8 million that had been improperly charged for administrative expenses. Curtis' work includes 60 actions over 22 years against US West and Qwest to protect the pensions and benefits of telephone retirees. His victories are many and famous and you should know them because they are your moments of victory too.

One of Curtis' current issues is the challenge of lawyers' fees from the \$400 million Qwest civil-fraud allegations settlement. The San Diego law firm of Lerach Coughlin Stoia Geller Rudman & Robbins (160 lawyers) is asking for \$96 million in fees plus \$5.2 million in expenses —that amounts to 24% of the settlement. Note that Qwest shareholders are expected to get about 19¢ --that's right nineteen cents—on the dollar.

The *Denver Post* quotes Curtis as saying, "I'm going to be right in their face arguing that these attorneys' fees are obscene —that this is just gluttony."

"When it comes to pensions, you can't depend on the government, and you certainly can't rely on the fox guarding the chicken house," Curtis is quoted as telling the *Denver Post*.

Curtis is our watchdog, our "homeland security" over those who see enormous personal gains at the expense of retirees. He takes his watch seriously to track those who will take without ever looking back at who made the pot of gold from which they take.

Curtis is a major force in "What AUSWR is doing for you..."

Curtis L Kennedy Vitae

EDUCATION

1982 J.D., University of Colorado College of Law, Boulder, Colorado
1979 B.A., University of Oklahoma, Norman, Oklahoma

LEGAL EXPERIENCE

1983 - Present Solo Practice. Emphasizing federal employee benefits law (Employee Retirement Income Security Act), federal age discrimination (Age Discrimination in Employment Act), and other employment related issues on behalf of plaintiff workers and retirees. Providing pro bono legal representation in federal COBRA law related claims.

1982 - 1983 Associate, Calkins, Kramer, Grimshaw & Haring, Denver, CO. General business litigation and employment litigation.

1981 Law Clerk, Hall & Evans, Denver, CO. Natural Resources litigation.

ADMITTED / LICENSED TO PRACTICE LAW

State of Arizona
State of Colorado
State of Oklahoma
State of Texas
District of Columbia
United States Supreme Court
Tenth Circuit Court of Appeals
Ninth Circuit Court of Appeals
Sixth Circuit Court of Appeals
Fifth Circuit Court of Appeals
District of Columbia Court of Appeals
United States Tax Court
District of Arizona
Northern District of California
District of Colorado
Northern District of Oklahoma
Western District of Oklahoma
Northern District of Texas
Southern District of Texas

ASSOCIATIONS

Arizona Bar Association
Colorado Bar Association
District of Columbia Bar Association
Oklahoma Bar Association
Texas Bar Association
National Employment Lawyers Association
Plaintiff's Employment Lawyers Association - Colorado

SIGNIFICANT LABOR LAW CIVIL ACTIONS INVOLVING U S WEST/QWEST SUCCESSFULLY CONCLUDED

(* Denotes either a class certification in part or class-wide settlement) (** Denotes consolidation of several cases)

(*** Denotes where served as special or pro hac vice co-counsel)

Walker, et al v. The Mountain States Tel. & Tel. Co.,
Case No. 84-M-790, District of Colorado
ERISA / ADEA / Common Law
Holder, et al v. The Mountain States Tel. & Tel. Co.,
Case No. 85-M-122, District of Colorado
ERISA / ADEA / Common Law
Reed v. The Mountain States Tel. & Tel. Co.,
Case No. 85-M-1368, District of Colorado
ERISA / Common Law
Kendall, et al v. The Mountain States Tel. & Tel. Co.,
Case No. 85-M-2004, District of Colorado
ERISA / Common Law
Martin, et al v. The Mountain States Tel. & Tel. Co.,
Case No. 85-M-2696, District of Colorado
ERISA / Common Law
Mulcahy, et al v. The Mountain States Tel. & Co.,
Case No. 86-M-596, District of Colorado

...Plus 50 more cases that space prevents listing here

A.J. (Jim) Norby President NATIONAL RETIREE LEGISLATIVE NETWORK, INC.

2005 was a landmark year for the National Retiree Legislative Network [NRLN]. We achieved more in terms of our legislative agenda than in the five years since we were founded. I'm not big on looking through the rear view mirror, but maybe a short review is in order.

First of all, we beefed ourselves up a bit by pulling together a professional, experienced team that functions as our staff in Washington. Because national legislation is what we're about, our focus must be in Washington, D.C. In a word, our lobbying efforts are beginning to pay off. We invested the better part of a year in voicing our views, supported by facts, before House and Senate committees charged with the development of Pension Reform Legislation. In the House this became the Pension Protective Act of 2005 (HR 2830). And, in the Senate it was the Pension and Security Pension Act (S.1783). This action by Congress came as a result of the constant barrage of letters, e-mails, and telephone calls to Congress. With the resulting publicity in our newspapers and broadcast media, it finally dawned on our elected officials in Washington that we were serious, angry, and carried a pretty big stick. There were endless compromises because of the formidable attack made to the committees' members by business interests. The going was tough. In the end, we were satisfied that we had done all we could do. We wanted more, but are willing to accept the Senate's compromise bill.

We found much in the House version that we wanted changed, and we're busy working on that. Both of these bills now go to "Conference" whereby House and Senate representatives sit as a committee to reconcile the differences between the two bills. April is the target date for this process to begin.

Looking forward, the details for this year's legislative agenda are on our Website; but, essentially, in summary form, this is the program on pensions:

- Strengthen ERISA (Employee Retirement Income Security Act) from corporate renegeing.
- Tighten rules that corporations must follow in the use of the Pension Trust Funds.
- Require faster and more complete reporting to participants of the financial status of their Pension Trusts.

Our agenda for 2006 includes a follow up effort to impact the Pension Reform Conference Committee decisions. We intend to lobby hard on several issues as a part of that process.

- Oppose any retroactive legalization on "Cash Balance" plans and promote provisions that protect older workers from discrimination.
- Oppose, so called, "420" transfers, which is language that allows the funding threshold on pension trust funds to be lowered from 125% to 115%.
- Promote stronger disclosure and reporting requirements on pension plan and investment allocation guidelines

NRLN PRESIDENT'S REPORT



A.J. (Jim) Norby

continued from previous page...

On health care we are working on the following issues:

- Promote legislation that requires competitive bidding for prescription drugs (Medicare Part D).
- Increase Part D subsidy for employers that offer coverage more generous than Part D.
- Preserve retiree health coverage by restructuring HR 1322 in order to garner bi-partisan support.
- Support and lobby for passage of Bill S.334 (Dorgan, McCain, Snowe, and Kennedy) allowing for the importation of prescription drugs.
- Support S.2007, the National Committee on Health Care Act, a Salazar and McCain bill, that creates a commission that would examine health care problems and issues and recommend to Congress, in a year's time, a comprehensive plan for affordable health care.

Other issues on the agenda, as time and funding permit, are:

- Back FASB (Financial Accounting Standards Board) to demystify pension and health care accounting.
- Eliminate income tax on Social Security income.
- Promote legislation to eliminate AGI (Adjusted

Gross Income) requirement for deduction of non-Medicare health care premiums.

Much of our work necessitates the aid of other organizations with similar interests. They include the AARP, The Committee for the Protection of Social Security, The Pension Rights Center, and others. We do not agree on all things, but on those that we do, we form an alliance and work together as a team. This has proven to be a helpful strategy.

This month the NRLN is 6 years old, and we have come a long way. We have progressed because of the continued support we have enjoyed from folks like you. As you can tell from the preceding, there is much to be done. We will accomplish more as our funding permits. One of our adversaries in Washington is a lobbyist organization that represents big business, ERIC, that spends more in one month in its lobbying efforts than our entire annual budget. When we go to the "Hill" and present our case to Congress and their aides, they know we represent real people with real problems. Again, I can report to you that the NRLN is now considered a source of factual information that Congress can use in the formulation of legislation.

Please share with your friends and neighbors what the NRLN is about and what it is trying to do for our older and retired citizens.

We need all the help we can get. Stay tuned for reports and information by going to our Website: <http://www.nrln.org/>

ADVOCACY: *Guarding Our Benefits*

Our Retiree Advocate program:

Our Advocates have access to a network of contacts inside the Qwest benefits organization and are frequently able to help retirees cut through the maze, red tape and confusion that we often encounter --saving everyone time and frustration. These volunteers are available to assist you with retiree pension and benefit problems or questions that you may not be able to resolve.

Association of US West Retirees web site:
www.uswestretiree.org

Arizona	Don Gillespie	602-275-4213
Colorado/Wyoming	Jim Heinze	303-442-1831
Idaho/Montana	Shirley Moss	208 342-3449
Iowa/South Dakota	Vikki Farrand	605-332-3670
Nebraska	Milt Jenner	402-333-4455
New Mexico	Monte Shriver	505-258-8640
No Dakota	Arnie Pauls	701-451-0771
Minnesota	Barb Hermanson	763-757-4985
Oregon	Barbara Brown	541-382-5544
Oregon	Howard Rickman	503-646-4848
Utah	Dick Johnson	801 963-6220
Utah	Byron Lemmon	801 295-4653
Washington	Shirley Jones	206-368-8686

IN THE MEDIA

From media coverage

around the region and nation.



To view these and many other articles that may affect Qwest retirees, go to our new and improved website: www.qwestretiree.org and click on In the Media.

Notebaert: Qwest hopes to post profit after restructuring debt

by Sandy Shore, *The Associated Press* *Denver Post* Thursday, January 11, 2006

The head of Qwest Communications reiterated Wednesday [January 11, 2006] his belief that the Denver-based phone company may turn a profit this year after restructuring debt and improving its balance sheet. Qwest revenue has been flat to slightly higher in the last four to five quarters as sales have risen, chief executive Dick Notebaert told analysts at the Citigroup Global Entertainment, Media and Telecommunications Conference in Phoenix.



"We see the opportunity this year to cross over into profitability, which for us would be, we think, another milestone of where we are going," he said.

Qwest last posted a quarterly profit in January-March 2005, when results were buoyed by the sale of wireless assets to Verizon Communications. The last time Qwest posted an annual profit was in 2003, which was largely attributed to the sale of its phone-directory business. Notebaert first mentioned the opportunity for a profit in November when he discussed third-quarter results and a \$400 million settlement of a key shareholder lawsuit stemming from an accounting scandal that forced the company to restate billions of dollars in revenue.

Richard Notebaert, Qwest CEO

2006 MEMBERSHIP RENEWAL with TRA-AZ, P.O. Box 47098, Phoenix, AZ 85068-7098

(Affiliated with Association of US WEST Retirees (AUSWR) with more than 20,000 members. NOT associated with Telephone Pioneers).

Please complete or Check each applicable item(s):

New Member _____ Renewal _____ Active Qwest Employee _____

Type membership: Individual Member (\$18) _____ Household Membership (\$25) _____

(Our Dues Year Starts Jan. 1, 2006, and ends December 31, 2006. Mailing labels indicate "paid to" date)

First Name _____ Init _____ Last Name _____

If household membership, names of other voting age members: _____

Street Address _____ City _____ St _____

Zip _____ - _____ Telephone # (_____) _____ Alt # (_____) _____

Fax # (_____) _____ E-mail _____

Congressional District _____ Company retired from _____ State _____ Year _____

Newsletters via e-mail: Y _____ N _____ E-mail updates throughout month: Y _____ N _____

I will help by: Serving on/as: TRA-AZ Board _____ Calling Committee _____

Area or Local Representative _____ Legislative Issues _____

Other _____

EXTRA DONATION \$ _____ (If you can give extra it will help with legal fees and the dues of those who are unable to pay. **Please NOTE:** If you are unable to afford annual dues, you may still be a member. Check here to request a complimentary membership for 2006 _____.

For up-to-date information, please visit the TRA & AUSWR web site at
www.uswestretiree.org or www.qwestretiree.org

IN THE MEDIA

From media coverage

around the region and nation.



Nacchio wants case dismissed

The Rocky Mountain News reported February 10, 2006, that Former Qwest CEO Joseph Nacchio asked a judge to dismiss the 42 charges of insider trading against him, saying prosecutors haven't alleged he had information that would have prevented him from legally selling stock.

In a motion filed in U.S. District Court, Nacchio says the government's case is insufficient because it is alleging he was told the company "might not" meet its goals, not that Qwest "would not" or "could not" make its numbers or that Nacchio "knew" this was the case. "As a matter of law, this is insufficient to charge the crime of insider trading," according to the motion.

In addition, the government has conceded that Qwest's financial reporting during the relevant period was fully accurate and complete, the motion states. The company met its financial goals from Jan. 2, 2001, through May 29, 2001, the period during which Nacchio sold his stock. The court has previously ruled that a failure to disclose financial risks is not a concealment of material information, according to the motion.



Joseph Nacchio, former Qwest CEO

(...continued from page 1, "President's Message")

to pay severance to laid off employees or diverted to pay health care from pension monies rather than operating expense.

Health Care promises are revocable because Congress has never acted to make them a vested benefit. Fortunately, that is not the case for our pre-1991 retirees thanks to the efforts of Nelson Phelps and the newly formed Retiree Association during 1995-1996.

The Association of US West Retirees exists solely to fight the erosion of our benefits which we believe are deferred compensation. To this end, we are a founding member of the National Retiree Legislative Network (NRLN), a lobbying organization headquartered in Washington DC, consisting of 20+ corporate retiree associations representing over two million corporate retirees. This group lobbies our Senators and Representatives to uphold the security of America's private sector retirees.

2006 is a crucial election year and an ideal time for you to make your voice of concern heard by every political candidate in whichever party or candidate that you support. If you are currently a member of the affiliated associations of the AUSWR, we thank you for your support, both of us and the NRLN. If you are not a member, we welcome you to join and help us in this important effort. If you do not live in the traditional fourteen state serving area of Qwest, please join any of our affiliates.

National Retiree Group Condemns Corporate Lobbying To Protect the Stripping of Pension Plans

Congress Urged to 'Show Resolve'

(WASHINGTON, Feb. 1, 2006) –The leader of a national retirees organization [NRLN] today condemned corporations that have wrecked their pension plans and are now lobbying Congress for protection from employees' and retirees' lawsuits.

"This is a classic case of adding insult to injury," said A. J. (Jim) Norby, president of the National Retiree Legislative Network (NRLN). "Blue-chip companies are walking away from their pension obligations to workers and retirees while lobbying Congress to sanction their sins through provisions in pending pension reform legislation."

Norby pointed out that members of Congress are covered under a pension plan that is secured by the very taxpayers who are now being stripped of their retirement benefits by corporations.

"When the corporate lobbyists swarm on Capitol Hill, Representatives and Senators should think about what they would do if their pensions were at risk," Norby said.

For more on this story and more on Congressional actions for pensions, go to: WWW.NRLN.ORG

What did Nacchio know and when did he know it?

"The Road to Incarceration"

EDITORIAL

by Jerry Miller, NWB Retiree Guardian Editor

Every phone company retiree I've talked with has a single firm conviction about the Joe Nacchio era—that it should end in multiple convictions for all of those who engaged in dishonest and illegal behavior. It's uncertain what pains retirees more—the loss of significant financial resources as stock plummeted and pensions were threatened, or the wanton destruction of the good name and excellent reputation of the company to which these loyal employees devoted a large portion of their lives to build and support.

Now, as many of the usual suspects plea-bargain their way to minimal or suspended sentences in exchange for testimony against Joe Nacchio, retirees await news reports from the courts in anticipation of what they hope will be "The Road to Incarceration."

Unfortunately this is no Bing Crosby-Bob Hope comedy road movie, but a tragedy affecting many thousands of good people.

Witnesses Against Nacchio

Former Chief Financial Officer Robin Szeliga already has pleaded guilty to insider trading in relation to a [\$125,000] stock sale in April 2001, with her sentence dependent on her cooperation and possible testimony. Szeliga said in her plea agreement that other Qwest senior executives knew by at least April 24, 2001, that Qwest was boosting its numbers through questionable, undisclosed deals. Nacchio sold about \$50 million of stock in a three-week flurry starting April 26, 2001. [January 22, 2006, *Rocky Mtn News* reports that Szeliga "has pulled out of a tentative civil fraud settlement with the Securities and Exchange Commission". [*Rocky Mtn News* added "two lower-level accountants - **James Kozlowski** and **Frank Noyes**" to the indictments of the \$3 billion fraud.]

Afshin Mohebbi, former president and chief operating officer, has agreed to cooperate with the government in exchange for immunity from criminal prosecution. [He did not sell stock during the alleged insider-trading period].

Prosecutors are trying to negotiate a tougher deal with **Drake Tempest, Qwest's former chief legal officer**.

Tempest, who did sell stock in the spring of 2001, could be an even more important government witness if a deal is reached. Besides being the top chief legal officer, Tempest was close to Nacchio, often commuting with him to the East Coast on weekends and having dinner with him in Denver.

Former Qwest Communications executive Marc Weisberg pleaded guilty to wire fraud and agreed to cooperate with federal prosecutors trying to convict former Chief Executive Joseph Nacchio of illegally dumping more than \$100 million in stock.

Weisberg, a former senior vice president who oversaw investments, mergers and acquisitions for Denver-based Qwest Communications International Inc., had faced eight counts of wire fraud and three counts of money laundering; he pleaded guilty to a single count of fraud.

Other possible witnesses against Nacchio could include **Gregory Casey, Qwest's former top sales executive**. Casey has settled civil-fraud charges related to his role in fudging network-capacity deals.

Mark Iwan, a former Arthur Andersen audit partner, was disciplined by the Securities and Exchange Commission but doesn't face fraud charges. He raised red flags about Qwest's deals and disclosures to the company's audit committee chairman and finance executives in the spring of 2001.

Prosecutors wrung an agreement to cooperate from **former Qwest senior vice president Thomas Hall**, and **Grant Graham, the former chief financial officer of the company's global business unit**. The two men were accused of participating in a scheme to improperly inflate Qwest's revenues by \$34 million in 2001.

Hall pleaded guilty to a single misdemeanor count of falsifying documents after a jury deadlocked on a broader set of fraud charges. In exchange, prosecutors dropped three counts of wire fraud and one count of securities fraud. In the same case, Graham pleaded guilty to one felony count of being an accessory after the fact to wire fraud with reckless indifference. His plea deal calls for a maximum of one year of probation and a \$5,000 fine.

A number of former Qwest executives also have settled with the Securities and Exchange Commission after they were named in a civil accounting fraud case. The SEC said their actions allowed Qwest to improperly report approximately \$3 billion in revenue that helped clear the way for its 2000 acquisition of U S West.

They are: **Greg Casey, former executive vice president of wholesale market; former pricing manager Roger B. Hoaglund; former senior vice president of finance William Eveleth; former controllers Mark A. Schumacher and Bryan K. Treadway**.



TELEPHONE RETIREES' ASSN
 OF ARIZONA, INC.
 PO BOX 47098
 PHOENIX, AZ 85068-7098



**PLEASE,
 PLEASE,
 RENEW
 YOUR
 MEMBER-
 SHIP
 NOW
 —SEE
 PAGE 9**

(See "Pension Death Benefit Breaking News" - continued on page 4...)

Several dozen retirees attended the court hearing during which we educated Judge Boland about the pending dispute over the Pension Death Benefits and our efforts to obtain necessary evidence from Qwest Defendants. We explained that a central issue in this case is whether or not the Pension Death Benefit is a "vested" benefit, not subject to being taken away at the whim of Qwest leadership.

On Friday, February 10, 2006, Judge Boland of the Denver Federal Court conducted a status conference and hearing on our request to have some deadlines extended. We had to ask him to reset and extend deadlines because Qwest Defendants had been very slow to respond to our initial formal discovery requests.

by Mimi Hull, President AUSWR

Pension Death Benefit Case: Breaking News!