



THE RETIREE GUARDIAN

Newsletter of the Association of US West Retirees
News from Association members in all 14 US West/Qwest states
www.uswestretiree.org or www.qwestretiree.org

2006 Issue 2

Qwest Leader Addresses Retirees At AUSWR Meeting

Richard Notebaert, CEO and Chairman of the Board of Qwest, presented his views of the past, present, and future of Qwest to an audience of retirees in a Cedar Rapids, Iowa, April meeting.

A record number of more than 500 AUSWR NWB Annual Meeting attendees listened to Notebaert describe the conditions he found in 2002, when he assumed Qwest leadership. He stated that "customers were down on us."

"If they [survey companies] rated 16 companies, we were number 20. If there were 34 categories, we were the bottom of every category," Notebaert told the audience. He included the city, county, state and federal regulators in his portrayal of Qwest's down-turn in public opinion.

"Customers equal work and work equals jobs and that's why we exist and that's why the whole thing is there."

He stated that local Better Business Bureaus refused to have Qwest as a member because there were "too many complaints." Poor quality customer service was causing "billion dollar fines."



Richard Notebaert, Qwest CEO & Chairman of the Board

Notebaert described the financial situation as "kind of ugly." Qwest had \$26.5 billion of debt —net debt with no cash. Profits were from the sale of assets and not from operations. Both the SEC and the Department of Justice reviewed Qwest's financials and forced a restatement of \$2.6 billion.

He discussed the litigation of the 14 or 15 lawsuits pending in 2002.

"The media was having a field day," Notebaert said. He described a visit to the Denver newspapers, *Denver Post* and *Rocky Mountain News*, as a time when he heard of a pool —like a football pool —that was betting "you're [not] going to make it out of 2002 without going bankrupt."

Moving to the present state of Qwest, Notebaert assured the audience that "we just had the highest positive ratings we've ever had in the history of US West or Qwest for quality of service."

(Notebaert continued on page 11)

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WE WERE THE OPERATORS AND REPAIR CLERKS, THE INSTALLERS AND LINEMEN, THE ENGINEERS AND NETWORK PLANNERS, THE CRAFT AND MANAGEMENT EMPLOYEES OF EVERY DESCRIPTION WHO BROUGHT TELECOMMUNICATIONS TO THE HOMES, BUSINESSES, AND INSTITUTIONS OF 14 STATES. NOW WE ARE UNITED IN OUR COMMITMENT TO PRESERVE AND ENHANCE THE RETIREMENT BENEFITS PROMISED TO US AND TO THOSE WHO FOLLOW US AS TODAY'S ACTIVE EMPLOYEES.

ADVOCACY:

Guarding Our Benefits

AUSWR Advocates are volunteers who have access to a network of contacts inside the Qwest benefits organization and are frequently able to help retirees and former employees cut through the maze, red tape, and confusion that we often encounter —saving everyone time and sparing frustration.

AUSWR Advocates are at work in each state helping to get answers to your questions about pensions, health care, and other benefits.

Recent Questions and Answers:

AMBULANCE CHARGES:

A number of questions have been received regarding the amount of charges that are covered by United Health Care (UHC) Health plans for ambulance charges.

Following is the response received from UHC. The SPD reads on page 19:

"The plan pays 100% of R&C [reasonable and customary] charges for covered *services rendered in the outpatient department or ER of a Hospital, an urgent care treatment center or a physicians office.*"

The following may be considered in *making a determination* as to whether the illness was sudden and serious:

- Hospital, urgent care facility or Physicians office statement
- Type of transportation to hospital or Ambulatory Surgical facility.
- Time of arrival for medical attention

It does not say that ambulance services are to be paid at 100%, only that ambulance services may be considered in making the determination that the medical services rendered were emergency services. Since the SPD does not specifically state that ambulance services are covered at 100%, therefore, they fall under "other covered Charges", which are payable at 80%.

by Howard Rickman,
AUSWR Ombudsman
email: teach39035@aol.com
tel.: 503-648-4848

If you have a question or issue that you are unable to resolve during your inquiries to Qwest and other benefits providers, please contact your state Advocate for assistance.

AUSWR STATE ADVOCATES:

Arizona	Don Gillespie	602-275-4213
Colorado/Wyo	Jim Heinze	303-442-1831
Idaho/Montana	Shirley Moss	208 342-3449
Iowa/So 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

Retiree Association President's Message

A Membership Invitation to All from AUSWR...

"The Association serves all US West and Qwest retirees, whenever they may have retired and wherever they may live. Its members were the operators, repair clerks, installers, linemen, engineers, network planners, craft, management, and officers . . . , employees from every department who worked to provide reliable, quality telephone service to homes, businesses, institutions and governments in the fourteen states served by US West and Qwest."

The statement above appears on the opening page of the Association of US West Retirees' website—and it is meant with all of our hearts and souls. As President of the Retiree Association, I travel around the 14-state region often with others. We hear disturbing reports that many people consider this Retiree Association to be a "management retiree" organization. Nothing could be further from the truth. Former bargained-for retirees sit on our various Boards and Committees throughout the region.

When we fight to preserve the benefits that we were promised in retirement, we do not fight just for managers' benefits, but for benefits for all.

We are currently engaged in a preemptive lawsuit with Qwest to preserve the Death Benefit in the Pension Plan for all retirees' qualified beneficiaries —no matter what the retiree's job title was when he or she was an active employee at US West or Qwest or any of its predecessor companies.

When some retirees lost their local telephone concession, we negotiated a settlement in a class action lawsuit [Colvin vs. Qwest], and over 3,000 retirees who live outside the Qwest local service area ended up with free long distance for life — and a one time \$300 payment. It did not matter what their title was before they retired.

We constantly monitor the Qwest Pension Plan funding to ensure that the dollars will be there to pay our hard-earned pensions. Everyone's pension comes out of the same pot of money. The Pension fund doesn't care what you did when you were an active employee. It is in all of our interests to see that the Pension fund remains well-funded.



Mimi M. Hull

So, if you know of someone who is or has been reluctant to join our Retiree Association organization because they think it is for management only — please ask them to reconsider.

Any of our local or regional leaders, many of whom are former union officials, will be happy to talk with them, and let them know that our doors are open to all. We're fighting the fight for all of us.

2006 AUSWR Officers

Executive Director — Nelson Phelps
President — Mimi Hull
Regional Vice Pres -Legislation — Hazel Floyd
Treasurer — Phil Graham
Secretary — Ed Kerber

2006 Board of Directors:

Arizona President — Sue Woodworth
Colorado/Wyo President — Jack Beattie
New Mexico President — Irene Chavira
NWB Chairman — Dick Johnson
Oregon/Washington President — Judy Stenberg
Ore/Wash Vice President — Eldon Graham
Utah/Idaho/Montana Chair — Donnetta Mitchell

Counsel **Curtis L Kennedy**

by Curtis Kennedy, AUSWR Attorney

Phelps v Qwest EDC

Final Ruling and Settlement With Qwest

By Settlement Agreement dated May 25, 2006, Qwest leadership and AUSWR leadership put an end to this almost three year old battle between USWR and the Administrators of the Qwest Pension Plan in the Employee Retirement Income Security Act (ERISA) case known as *Phelps v. Qwest Employee Benefits Committee*. The case resulted in a victory for AUSWR which had inquired into how pension plan administrators were investing billions of dollars of Qwest Pension Plan monies.

In August 2003, Nelson Phelps, Executive Director of AUSWR, submitted a written demand under ERISA for disclosure concerning the pension plan's operations. In January 2004, Mr. Phelps made a more specific request, demanding, for himself and the entire AUSWR group, transparency about how pension monies were being invested.

"AUSWR inquired into how pension plan administrators were investing billions of ...Pension Plan monies"

The strong policy of ERISA is that a retiree should be allowed to police his or her pension plan. Contrary to ERISA, the persons in charge of the Qwest Pension Plan steadfastly refused to turn over any of the investment guidelines/policies. Mr. Phelps only recourse was to commence a formal lawsuit in the Denver Federal Court. Staying true to the conviction that retirees have no right to see investment information, Qwest argued for dismissal of the lawsuit. Chief Judge Babcock denied the request and he granted Phelps an order requiring the pension plan administrators to turn over the requested investment guidelines/polices.

See: www.uswestretiree.org/Order120205Phelps.pdf

Nevertheless, even after that ruling, Qwest Pension Plan Administrators sent to Mr. Phelps "redacted" documents, withholding certain information. This

caused Mr. Phelps to seek another order and he sought a penalty payment from Qwest as allowable under ERISA.

On February 23, 2006, Federal Magistrate Judge Hegarty granted Mr. Phelps' request and he recommended Chief Judge Babcock order Qwest to pay a daily penalty running from February 9, 2004.



Curtis Kennedy, AUSWR Atty

See his ruling at: www.uswestretiree.org/Docket25-OrderGrantingMotiiontoCompel.pdf

Chief Judge Babcock agreed and entered the same order. In the end, on May 25, 2006, Qwest paid the ERISA imposed penalty in the total amount of \$18,925. Plus, Qwest paid attorney's fees and expenses which AUSWR agreed to reduce and limit to only \$25,000. Of course, in the written settlement agreement, Qwest EBC will admit no wrongdoing.

The outcome of this case is very important for retirees. No other retiree group has made such a legal challenge. Certainly, there has been no other case like this one filed anywhere within the federal courts making up the 10th Circuit Court of Appeals (i.e., Colorado, Kansas, New Mexico, Oklahoma, Utah and Wyoming). The legal issues resolved in the *Phelps* case are significant not only for AUSWR, but for other retiree groups and individual retirees who want to police their pension plan and, therefore, make written requests for information concerning pension plan investments and operations.

Retirees should not have to pursue a federal lawsuit simply to learn how the pension plan is being managed or mismanaged. AUSWR will continue to seek information and disclosures about the Qwest Pension Plan. Certainly, we can expect better cooperation from those persons in charge of pension plan administration.

by Curtis Kennedy, AUSWR Attorney

Hull v Dep't of Labor

Final Ruling and Judgment Against the DOL

[Another AUSWR Win!!]

By order dated May 30, 2006, Chief Judge Lewis Babcock of the Denver Federal Court put an end to the two year old battle between AUSWR and the United States Department of Labor (DOL) in the Freedom of Information Act case known as *Hull v. Department of Labor*.

The case resulted in a victory for AUSWR which had inquired into what was being accomplished by the federal agency with its 'investigation' of the Qwest Pension Plan.

Mimi Hull, President of AUSWR, submitted a FOIA request in March 2004 for the federal agency's file concerning the investigation. Ms. Hull demanded the DOL disclose its entire Qwest Pension Plan investigation case file, consisting of about 6400 pages. The strong policy of the FOIA is that the public is most entitled to know what the federal government is doing and why. Nevertheless, contrary to FOIA, the DOL steadfastly refused to turn over any records until months after a formal lawsuit was underway in the Denver Federal Court.

The case turned into a protracted 'tug of war,' eventually resulting in the release of almost 6,000 pages of documentation. In this case, Chief Judge Babcock granted Hull and AUSWR the unusual step of conducting an *in camera* review of some of the disputed records the federal agency refused to produce. In December 2005, after privately reviewing certain records, he ordered production of some of the withheld papers and issued a ruling describing the history of the case up to that point in time.

See his ruling at: www.uswestretiree.org/Order120205.pdf

Even after that ruling, it was discovered the DOL had additional records which had not been disclosed and there was further litigation maneuvering resulting in AUSWR's request for a judicial sanction against the DOL and an award of reimbursement of costs plus payment of attorney's fees.

See www.uswestretiree.org/Order120205.pdf

Mimi Hull and AUSWR contended the DOL had engaged in obdurate behavior and bad faith. On May 31, 2006, a Final Judgment was entered against the DOL to pay costs of \$570, plus attorney's fees of \$28,950.

**"members of AUSWR have
witnessed unrecoverable disasters..."**

—Chief Judge Lewis Babcock

In his ruling directing a judgment against the DOL, Chief Judge made these observations about AUSWR:

"The AUSWR is a nonprofit organization of over 20,000 current and future retirees. In addition to advocating for its own members, it is part of a broader network of similar entities that advocate for the rights of retirees nationwide. . . The members of AUSWR have witnessed "unrecoverable disasters across the nation with respect to many defined pension plans. . . Under these circumstances, millions of Americans, and not just the 20,000 members of the AUSWR have an interest in the status of the QPP and the effectiveness of the DOL in ensuring that private pension plans remain solvent and viable."

See this ruling at: www.uswestretiree.org/Docket53-OrderAwardingAttorney'sFees.pdf

TO: Mimi Hull, President AUSWR
 Nelson Phelps, Executive Director
 ASSOCIATION OF U S WEST Retirees (AUSWR)
 AUSWR Board members

I want to report an important appellate court ruling concerning Qwest and formal discovery that is ongoing in the pending Consolidated Federal Securities Cases, the same case wherein AUSWR objected to the Lerach law firm's request for a \$96 million pay day out of the partial settlement fund of \$400 million.

As you know, Qwest has been *relentlessly* investigated by both the Securities Exchange Commission (SEC) and the Department of Justice (DOJ) and during the course of those investigations the company turned over millions of documents. Indeed, Qwest gave both the SEC and the DOJ about 220,000 pages of documents that Qwest considers to be protected by either the attorney-client privilege or the attorney work product privilege. Qwest gave the federal agencies those papers, nevertheless, in part, so as to be perceived as being '*cooperative*' with the federal investigations. But, Qwest decided to withhold from both federal agencies another 390,000 pages it considered protected by the attorney client privilege. Essentially, there was a 'selective waiver' by Qwest of the attorney-client privilege.

Naturally, the plaintiffs in the many pending federal securities cases demanded Qwest produce to them the same papers - the 220,000 pages. Qwest adamantly refused. Eventually, after much brouhaha between the litigants, Judge Robert Blackburn ordered Qwest to turn over the papers. However, Judge Blackburn stayed his order allowing Qwest the opportunity to appeal that ruling to the Tenth Circuit Court of Appeals. Qwest promptly appealed and while the appeal was pending held on to the 220,000 pages the plaintiffs have been waiting to see.

Yesterday [June 19], the appellate court made its ruling in the case of *In re: Qwest Communications Int'l Inc.*, No. 06-1070 (10th Cir. June 19, 2006). In this important ruling, a case of first im-

pression within the 10th Circuit Court of Appeals, the appellate court declined to apply a rule of "selective waiver," which would allow Qwest to make production of allegedly attorney-client privileged and work-product documents to the SEC and the DOJ without waiver of further protection for those materials from disclosure to other parties. In other words, the appellate court ruled that Judge Blackburn did not abuse his discretion when he ordered Qwest to produce the same 220,000 pages of paper work to the plaintiffs. The appellate court denied Qwest's appeal and ruled that since Qwest had already given the 220,000 pages

of paperwork to the SEC and the DOJ, there was no longer an attorney client privilege. Now, all those papers *must* be turned over to the plaintiffs in the pending securities cases.

It may be that much of the 220,000 pages that Qwest now has to turn over

will prove particularly damaging to either the company or Joseph Nacchio as the defendants continue to fight off the dozen or so institutional investors who have pursued their own litigation trying to get a better settlement. Certainly, this information to be gleaned from the 220,000 pages will help the plaintiffs' attorneys put more puzzle pieces together.

No doubt, you will be hearing about this significant court ruling in some media news reports. Since the appellate court ruled the attorney-client privilege no longer applies to the 220,000 pages of paperwork, it will be interesting to see how much of that information becomes publicly distributed. You can read the full appellate court ruling either at: <http://laws.lp.findlaw.com/10th/061070.html> or <http://www.kscourts.org/ca10/cases/2006/06/06-1070.htm>

Curtis
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**"Now, all those papers
must be turned over to the
 plaintiffs [AUSWR] in the
 pending securities cases."**

Grassroots Legislative Network

When was the last time you contacted your state or U.S. Senators, Representatives or candidates running for a state or federal office to tell them how you felt about the issues that affect retirees?

Never? Well, you are not alone! Surveys show that 90 percent of American adults have never written a letter to a Member of Congress.

To have an impact on the legislative and electoral process, former employees and retirees must communicate with their state and federal Senators and Representatives for them to understand your concerns. You must provide them with factual information about issues affecting you and members of your family.

Legislators and Congressional Members want your opinions, especially on subjects that directly affect you such as pensions, health care and other benefits. They need your special insight and real-life experiences to address the issues intelligently.

Who knows the issues and impacts affecting retirees more than you?

THE AUSWR/NRLN LEGISLATIVE GRASSROOTS NETWORK

*by Hazel Floyd, AUSWR Regional Vice President for Legislation
email: hafloyd1@msn.com
tel. 303-455-1535*

AUSWR is establishing our portion of the NRLN Grassroots Network for the 14 Regional States, plus Wisconsin. The NRLN assigns each state to member Retiree Organizations who have the majority of NRLN members in each state.

The Grassroots Network consists of named State Leaders in each state, plus Legislative Leaders in each of the Congressional Districts within each state. In our region, we have named State Leaders in all 14 states at this time; however, we do not have named Legislative Leaders for all Districts in all States —yet.

This leadership process is necessary, as Congressional Representatives will listen to those citizens who reside within their districts or state.

Our goal is to populate all the Legislative Districts with named Legislative Leaders who reside in each of the districts. Retirees who are interested in keeping abreast of Congressional action that concern all of us should contact their appropriate State Leaders and guidelines will be given for you to participate in this important advocacy outreach. Elections are coming, and we have the time to create educated, dynamic voices if you will participate with us.

State Leaders are provided with up-to-date reports on the issues which may have an effect on our members, along with recommendations from both AUSWR and NRLN on any actions for us to take. Training and education resource materials are available —just ask.

You may reach your Congressional Representatives by using the AUSWR Legislative Website at www.uswestretiree.org/legislative2htm. Then click on the **Legislative Directory**, where you will reach a link to the **Congressional Directory**.

It is important that you remember all contacts with Legislative Representatives must always be non-partisan. When you are representing the AUSWR in any matter, you cannot take any one political party's position. This would be against the law concerning our IRS non-profit status.

Grassroots State Leaders:

Arizona	Roger Sanger	480-994-0081	rasanger@msn.com
Colorado	Joe Halpern	303-761-7529	joehalpern@msn.com
Idaho	Gary Lewis	208-888-4519	mydodo@msn.com
Iowa	Ray Peterson	515-274-0082	iandrpete@aol.com
Minnesota	Dick Johnson	763-757-1962	rokjohnson@aol.com
Montana	Tom Simpson	406-642-3966	thomass@cybernet1.com
Nebraska	Diane Burton	402-490-5966	dianbur7@aol.com
New Mexico	Mack Haley	505-522-2716	mhaley@nmsu.edu
No Dakota	Larry Smith	701-235-1300	ljs1938@cableone.net
Ore/Wash	Judy Stenberg	425-746-5248	pecpresident@msn.com
So Dakota	Darrell Bender	605-845-7550	d.i.bender@abe.midco.net
Utah	Hy Bradley	801-543-4488	bradleyhy@msn.com
Wyoming	Melanie Palmer-Lewis	307-637-3007	m.palmer-lewis@bresnan.net

A VIEW FROM WASHINGTON

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

Special to the Retiree Guardian

NRLN is tightly focused, as this is written, on the conciliation process taking place in Congress with Pension Reform Legislation. I realize this is old news since we have been pounding away on this since this time last year, but the stakes are high.

We don't feel as though we can take our eyes off the ball until this legislation becomes law. We continue to do everything possible, our daily contacts with members of the Committee of Reconciliation, and with pressure from our Grassroots Organization, with letters, e-mails and telephone calls. Since March 12, 2006, Committee members have received over 12,000 letters and e-mails from NRLN membership. The Committee continues to debate the issues, and they have not arrived at a compromise.

“Every letter represents a voter, so they have to respond, especially in an election year.”

The Board of the NRLN meets in late June to consider this year's progress on legislation and determine strategy for the remainder of the congressional session. We, also, will be taking a “first look” at next year's legislative agenda.

On pension reform legislation...

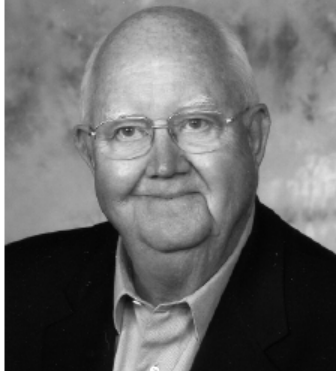
Right now, the key bill for us is in a conference committee which is negotiating two pension reform bills passed in the House and Senate. It's very dynamic because you have different forces at work. You have corporate America that's not only trying to protect their own interests – they're trying to gain momentum on some things that they want to do that could hurt retirees. Our side is looking for true pension reform. We want to make sure that if something comes out that it really works for us. We have to wait and see.

On health care legislation...

We've been very active supporting the Pharmaceutical Market Access and Drug Safety Act which would permit U.S. consumers to buy safe prescription drugs from Canada and

other countries. That bill was introduced by Sen. Byron Dorgan (D-N.D.) with bipartisan support from several senators including Olympia Snowe (R-Maine), Chuck Grassley (R-Iowa), John McCain (R-Ariz.), Edward Kennedy (D-Mass.) and others. I touched base with Sen. Dorgan's staff which is trying to attach the bill to another piece of legislation that might be moving, but that's always a tough thing to do.

NRLN PRESIDENT'S REPORT



A.J. (Jim) Norby

On the current mood in the House and Senate toward retiree issues...

From both a policy and a political perspective, members of Congress are very, very concerned. In terms of policy, they're very concerned because there's going to be a growing number of retirees now that the baby boomers are starting to retire. And there is a financial concern about how much this is going to cost us in a deficit situation in terms of the U.S. government. From a political perspective they are concerned because it's an election year and we have a very dissatisfied constituency. You've seen in the press all these accounts of people who are trying to fill out their Medicare prescription forms and it's very complex. And many retirees and older workers believe it was very poorly managed and members of Congress are hearing their dissatisfaction. Whether that concern translates into proactive measures it's hard to tell.

On competing against corporate interests...

We can do it through NRLN's grass roots effort. If there's anything that members of Congress listens to it's when they get a flood of letters or e-mail from people who live in their state or in their home district. Every letter represents a voter, so they have to respond, especially in an election year. Our strength is that we have a very educated, activist membership. And that makes all of the difference when you're lobbying.

On dealing with members of Congress...

One thing the NRLN is very aware of is that a member of Congress who may not be with you on one issue could very well be your champion on another

(NRLN continued on page 7)

A VIEW FROM WASHINGTON

(NRLN continued from page 6)

issue. And the players change all the time in terms of who is with us and who is not. Not everybody is going to agree on everything and it depends on the issues as to who is your champion and who is your nemesis.

On dealing with congressional staff members...

When you're dealing with staff members on Capitol Hill you're dealing with a lot of young people who aren't always aware of what retirees and older workers actually confront on a monthly basis when they're facing bills and mounting costs. So a lot of what we do is an education process – educating people who may not have an awareness of what daily life is for a retiree in this country.

On effective communications ...

Some of our members visit with members of Congress or their staffs in their district offices and that makes a big difference. We also use the Cap Wiz system, which has been very, very effective. In terms of what type of communication works best, it may be different from legislator to legislator. By using a combination of visits to district offices and correspondence by mail or e-mail, we've been able to get our message across and been very effective.

On keeping track of retiree issues ...

It's a challenge because you have more than 400 members of Congress on the House side and 100 senators on the Senate side and they're introducing bills all the time that affect retirees. We can keep track of everything electronically, which is one of the tools we use, but we are now in a position where people on The Hill know the NRLN and want to

“A member of Congress who may not be with you on one issue could very well be your champion on another issue.”

hear where we stand on issues. So the policymakers call us to ask what we think because they have a bill and they want to find out our response to it.

On key committees to watch...

In the Senate, the two committees that are most active on retiree issues are Health, Education, Labor and Pensions and the Finance Committee. In the House, we have the Ways and Means Committee which has jurisdiction over some of our issues and the House Committee on Education and the Workforce. Health care is especially difficult to monitor because you have so many members of Congress who will drop a bill into the hopper. And whether or not the bill goes anywhere, just the fact that it's been introduced means you

have to take a look at it.

On future issues affecting retirees...

Health care issues are going to be extremely important to the NRLN. And even if pension reform goes through, the pension issues aren't going to go away because you have the Pension Benefits Guaranty Corporation (PBGC) that's running into a deficit. Not every pension issue is being addressed in this bill. You're always going to have corporations running back to Congress trying to get things through that aren't in the best interest of older workers or retirees. In some ways the issues that we address today are going to be the same issues that we address tomorrow and the next year and the next. But, because of the complexity of the issues, not everything is addressed every single time. So that's going to continue to be the focus of the NRLN.

On what the future holds...

As long as retirees are willing to speak up for their rights, there is always hope that they can get their message across and that that message will translate into good policy.



NRLN represents more than 20 major companies' retiree organizations which include more than 2 million members. To learn more about NRLN and their activities go to:

WWW.NRLN.ORG

Arizona Telephone Retirees are affiliated with NRLN through our support of AUSWR.

Milliman 2006 Pension Study

Milliman Consultants and Actuaries, an international corporation, completed its sixth annual study of the financial reports of the 100 largest U. S. corporations that sponsor defined benefit pension plans.

Below is a selection of the data about Qwest.

Milliman also stated these conclusion about all the pension plans in the study:

- The average actual investment return on pension assets for 2005 was 11.3% which exceeded expected rates of return.
- The funded status of the pension plans improved slightly during 2005.

- 2006 will be a year of “reaction” as pension plan sponsors decide on their response to pension funding reform legislation, new accounting standards, and emerging demographic trends.

The source of the data is from pension plan information disclosed in the footnotes of the companies' 2005 annual reports. The complete Milliman Pension Study is found at : www.milliman.com/pension_fund_survey/pfs_index.php



Study Rank	Company	Market Value of Plan Assets				Projected Benefit Obligation (PBO)			
		eoY 2005	eoY 2004	eoY2003	eoY 2002	eoY 2005	eoY 2004	eoY2003	eoY 2002
(\$ in millions)									
30	Qwest	9,348	9,133	9,010	8,427	9,013	8,988	9,008	8,812
Median of All Companies in the Study		5,512	4,954	4,388	3,646	6,689	5,878	5,251	4,682
Other companies of interest									
8	Lucent	34,004	32,073	30,148	28,598	31,311	31,301	31,235	30,312
5	AT&T	48,755	48,323	45,709	40,602	46,176	44,805	43,384	41,133
7	Verizon	40,990	39,106	42,776	38,644	37,561	37,395	40,968	37,875
15	Bell South	16,315	15,612	14,605	13,338	11,900	11,725	11,620	11,386

Study Rank	Company	PBO Funded Ratio				PBO Funded Status			
		eoY 2005	eoY 2004	eoY2003	eoY 2002	eoY 2005	eoY 2004	eoY2003	eoY 2002
(\$ in millions)									
30	Qwest	103.7%	101.6%	100.0%	95.6%	335	145	2	(385)
Median of All Companies in the Study		89.4%	89.6%	85.7%	81.2%	(615)	(641)	(724)	(846)
Other companies of interest									
8	Lucent	108.6%	102.5%	96.5%	94.3%	2,693	772	(1,087)	(1,714)
5	AT&T	105.6%	107.9%	105.4%	98.7%	2,579	3,518	2,325	(531)
7	Verizon	109.1%	104.6%	104.4%	102.0%	3,429	1,711	1,808	769
15	Bell South	137.1%	133.2%	125.7%	117.1%	4,415	3,887	2,985	1,952

(Notebaert continued from page 1)

"I think a lot of people in this room are customers. And we thank you for the business. It means a lot to us. We need the business," Notebaert told the retirees.

Notebaert said that Qwest is now considered a leader at the federal level on activities such as network neutrality and reciprocal compensation "because we've taken the side of the customer."

"You have to embrace the future and be a part of it," he stated. At a recent meeting in Washington, D.C. about 60 members of Congress came to talk about the telecommunications industry and how well Qwest is doing.

"...it says the spirit of service."

Notebaert stated that the financials today include a debt reduction of \$11.5 billion. His goal is to reduce the remaining debt down to \$10 or \$11 billion - a further reduction of \$4 or \$5 billion. He stated that the cash flow "has doubled every year."

"We now have a little bit of revenue growth. Four years ago we were declining at 8 percent a year," he stated.

Notebaert continued to list the progress under his leadership that has included settlement of some lawsuits, the decline of negative media stories, and the improvement of employee morale.

"Employees now are very proud of who we are," Notebaert told the audience.

His statements of the future were described as "where we go from here." Where telecommunications is at this time and where it appears to be going could not be predicted when the Bell System broke up in 1984 he stated. New technology, cable telephony, wireless devices and consolidations are driving the industry today.

Notebaert reminded the audience that cable com-casting is only a small part of providers that Qwest must consider as competition. EBay, Google, and others now provide telephony services.

Qwest plans to meet competition with services such as Voice Over Internet Protocol (VOiP) that is available in 250 cities and satellite television via

DirectTV offerings.

"Another new product on the horizon" is "called Internet protocol television, IPTV," he said. The function of IPTV allows the customer to select from various cameras used to transmit the event. For example, a viewer of a football game could select from more than one camera to see the action.

"The company's spectrum is huge," Notebaert assured the audience. But he reminded the group that "it's service and the human interface" that will make the difference in enhancing the business.

Notebaert accepted questions and comments from the retiree audience. When asked where retirees fall on his list of objectives, he reminded the audience of his financial and customer objectives to ensure a future for Qwest. He stated that Qwest does have a fully-funded pension fund and will "continue to provide the benefits and the health care."

When asked to comment on the perspective of national companies cutting retiree benefits and denying pension increases while increasing executive compensation, Notebaert agreed that a "recalibration is needed."

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Qwest Annual Meeting

The *Denver Post* reported that the May 24, 2006, Annual Meeting of Qwest shareholders was a mix of new strategies and a new image with lots of old Qwest issues about retiree health care, the pension fund, and the disparity between executive and rank-and-file retirement packages.

Richard Notebaert, CEO and chairman of the board, told the audience "We're looking at every option and evaluating every opportunity...[for] the returns absolutely right for our owners."

Notebaert assumed leadership of Qwest in 2002. For 2005, he received \$4.25 million in base pay plus 1 million shares of restricted stock and options for 2 million additional shares.

Four governance proposals put forth by activist shareholders all failed:

- A request that in the event of a substantial

restatement of financial results, the board of directors would pursue recovery of some performance-based compensation. A request that the company seek shareholder approval of certain pension plan or retirement benefits for senior executives.

- A proposal that in non-contested director elections, a director nominee would need a majority of votes rather than a plurality.
- A proposal that the board of directors split the CEO and chairman of the board into two individuals.

Mimi Hull, AUSWR President, said, "We're very supportive of the leadership and the steps they've taken to turn the company around. Our only issue is don't do it on the back of retirees by taking away benefits earned in our working years."