2007 Issue 3

THE RETIREE GUARDIAN

"the voice of 48,000 retirees in all 14 U S WEST/Qwest states"

Newsletter of the Association of U S WEST Retirees
www.uswestretiree.org or www.qwestretiree.org

Nacchio Gets 6 Years in Prison —Must Pay $71 Million —Bail Denied

—details on page 8

Former Qwest CEO
Joe Nacchio sentenced July 27

AUSWR President's Message

Why buy from Qwest?

Fellow Retirees,

I want to remind you of how important it is to retirees that Qwest be able to maintain and grow their revenues so that the company has the money to pay for retiree and active employees' benefits.

I am struck by the fact that when Mountain Bell (MB), Pacific Northwest Bell (PNB) and Northwestern Bell (NWB) merged at the AT&T divestiture in 1984 to form U S WEST, the combined companies had approximately 100,000 employees and about 30,000 retirees.

Mimi Hull
President, Association of U S WEST (Qwest) Retirees

Today, Qwest has about 39,000 employees and 49,000 retirees.

One way we can all help ensure that Qwest employees stay employed and that the Company grows, is for you, your families, and your friends to purchase all of the telecommunication and bundled services that you use from Qwest—(if they are available in your area) —not from the "Competitors." Not to do so, tells me that we are shooting ourselves in the foot which is never a good idea!

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.

Four Top Executives Leave Qwest

Retirees Seek Severance Details

Qwest CEO Richard Notebaert, 60, announced his retirement in June. Notebaert's announcement was followed by three other Qwest top executive departures. Qwest's top lobbyist in Washington, D.C., Gary Lytle is retiring after five years in the job. Chief Financial Officer Oren Shaffer left in April, and Executive Vice President Barry Allen left in June.

"Retiring" Qwest CEO Richard Notebaert

Shareholders Hazel Floyd and Mimi Hull, both officers of the Association of U S WEST Retirees, submitted a request to Qwest on July 19 for the full disclosure of the severance, pension, and benefits that will be given to Notebaert.

Their letter states that the "purpose of this demand is to help us, as shareholders, understand in a timely and comprehensive fashion, the cost of CEO severance and post-employment compensation so that we can communicate with our fellow shareholders and exercise our rights and responsibilities as shareholders in a more informed manner. Disclosure will also help us evaluate the performance of the directors making compensation decisions."

The request lists 14 components of anticipated severance and post-employment compensation arrangements for which they are asking descriptions and cost estimates.

These components include (among other items): Additional payments if a "Change in Control" occurs within two years of his departure; cost of lifetime reimbursements to maintain a private office and lifetime financial planning; value of back-up lifetime health care coverage if AT&T cancels his primary heath care coverage; cost of lifetime life insurance and death benefits payable to his estates; costs of other benefits payable; and tax implications of specific severance arrangements.

Responses from Qwest will be shared in future newsletters.

For an analysis of the compensation of Notebaert, please refer to the article "Notebaert's 'Hard Bargain'" on page 12 of this newsletter.

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Qwest Announces New CEO

Qwest Communications and its Board of Directors on August 13 announced that Edward A. Mueller (pronounced MILLER), a telecommunications veteran with high-level experience, has been named chairman and chief executive officer.

Edward Mueller, newly appointed Qwest CEO

Mueller, 60, has more than 34 years of telecommunications industry experience. He served as president and chief executive officer of Ameritech from 2000 to 2002; president of SBC International Operations from 1999 to 2000; and president and chief executive officer of Pacific Bell from 1997 to 1999. He joined SBC in 1968 and held other executive level positions in the company, including president and chief executive officer of Southwestern Bell Telephone.

Mueller left Ameritech and, in 2003, was elected CEO of Williams- Sonoma, after being named to its board in 1999. Williams-Sonoma owns and operates home-centered retail chains, including Williams-Sonoma and Pottery Barn. Mueller is a member of the board of directors of VeriSign Inc., The Clorox Company and GSC Acquisition Company.

A native of St. Louis, Mueller holds a bachelor's degree in Civil Engineering from the University of Missouri and an executive M.B.A. degree from Washington University.

Mueller said: "I have enormous respect for Dick Notebaert and for what he has accomplished during his highly successful tenure as CEO.

"Qwest has made great strides in upgrading and solidifying its infrastructure, and has built an impressive reputation for putting the customer first. I'm eager to get started and begin delivering on the promises we have made to our customers, our employees and all our stakeholders.

"When you combine the company's improved financial position and impressive set of assets, there's a great opportunity for continued growth."

How will the Qwest leadership change impact us?

Once again the retirees of U S WEST/Qwest faced uncertainty awaiting the announcement of CEO Dick Notebaert's replacement. He announced his retirement in June.

We do not know how "retiree friendly" the new Qwest leadership will be. We certainly intend to establish a dialogue with those who takeover the reins.

We welcome all opportunities to establish a positive working relationship with the new leader.

Some gains for our retirees will remain regardless of changes. Certainly, the pre-1991 retirees continue the assurance of health care benefits.

The outcome of our lawsuits on life insurance and the death benefit in the pension plan will be binding on Qwest no matter who the CEO and executive leaders are.

However, as we all know, changes in the telecommunications industry are rampant. There is no reason to believe that the pace of change will slow down anytime soon.

Mimi Hull, **AUSWR President**

Disbursement average $1,335 per shareholder

Justice for Qwest Investors

This settlement disbursement does not involve 401(k) plans. The funds in this article come from penalties and fines from alleged accounting and securities fraud by Qwest former executives.

The Securities and Exchange Commission (SEC) said Thursday, July 26, that it plans to begin sending checks totaling $267 million starting July 31 to about 200,000 current and former Qwest investors.

They must have purchased Qwest shares between July 27, 1999, and July 28, 2002, and have submitted valid claims to the court.

The payments launch a long-awaited disbursement from the government in its legal actions against the Qwest Communications and its former executives.

"...eligible investors must have purchased Qwest stock between July 27, 1999, and July 28, 2002 —and must have submitted a valid claim to the court."

On July 26, the SEC filed for permission from U.S. District Judge Wiley Daniel to mail the checks from the investors' fund.

The payments average out to $1,335 per investor. The money comes mainly from the SEC's 2004 settlement [known as the SEC Fair Fund] with Qwest, stemming from an investigation into accounting fraud under Nacchio.

Qwest paid $250 million without admitting to the SEC's accusations that the company "fraudulently recognized approximately $3.8 billion of spurious revenue and fraudulently excluded $231 million in expenses."

From Qwest's merger with U S WEST on June 30, 2000, until August 2002, Qwest's market value dropped by $91 billion.

The investors' fund includes money collected from other defendants in civil and criminal cases.

In May, former Qwest chief financial officer Robin Szeliga paid the SEC $577,000 to settle fraud charges against her. She paid $125,000 in restitution after pleading guilty to criminal insider trading in 2005, money that also went into the fund.

Others who settled with the SEC and paid restitution into the [SEC Fair Fund] include former Qwest executives Gregory Casey [$2.1 million], Augustine Cruciotti [$350,000], William Eveleth [$105,575] [Steven Haggerty $30,000], Roger Hoaglund [$300,000], [Mark Schumacher $40,000].

[See related story on page 6 about the hold on another $400 million in the SEC fund awaiting Qwest executives' appeals].

excerpts from Greg Griffin,
***Denver Post* staff writer, July 26, 2007**

Q & A: Curtis Kennedy

AUSWR Attorney Interview

excerpts from an interview
by staff writer, Andy Vuong
The *Denver Post* —July 21, 2007

Curtis Kennedy, attorney for the Association of U S WEST Retirees, won lifetime health-care coverage for 30,500 of them in an agreement that is binding on Qwest today. He counts it among his finest accomplishments.

Q. Why did you decide to do this type of work - taking on large corporations on behalf of retirees?
A: I've been doing this line of work for 25 years. Now that I'm into it, I can't leave it because these people continue to be mistreated and discarded by corporate America.

I got started years ago when I began to see that companies took advantage of retirees all for the goal of making more profit. What I saw in the early '80s is a trend in this country where corporations were casting aside their promises to retirees, and that's just not right.

When I first started doing this work, the people I helped out, they worked 35 to 40 years for one company. You don't see that anymore. That really had an impression on me that these people deserve the best help they can get.

Q: What was the first company you battled against on behalf of retirees?
A: It was known as Southern Bell Telephone Co., based out of Florida. It's a part of what AT&T had. It was a worker at Southern Bell who came to Denver, and then it was time to go back, and they didn't want him to come back. He came to Denver for training. That was my first exposure to companies not living up to their promises.

Q: How many Bell System-related cases have you handled over the years?
A: Over 70. Five are pending right now.

Q: How big is your firm?
A: It's just me. I don't have a paralegal; I don't have a secretary. ... I do it all. I do the typing. I physically run to the post office. I do all my delivering. I do all the research and writing.

Q: What was the significance of former Qwest chief Joe Nacchio's conviction on illegal insider trading for US West/Qwest retirees?
A: It's important that they see some justice. This is gluttony at its worst. ... He was so callous. He was so unconcerned about terminating employment. I saw that aspect more than I saw the investment losses.

Q: What has been the most gratifying moment of your career?
A: I stand proud that I helped ensure that 30,500 (US West) retirees received lifetime health-care coverage at no cost. I was able to get US West leadership to memorialize a guarantee of health-care coverage, which to this day is binding on Qwest. As a result of that litigation (in 1996), that outcome is worth hundreds of millions of dollars. The satisfaction I get out of it is knowing that it's worth more to those people than their pension payment.

Q: Who are your heroes?
A: That's been a troubling question for me because I can't put my finger on someone. ... But I can tell you that my heroes in the real sense were my schoolteachers. And my foster parents. Between those two sets of people, I wouldn't be where I am if it weren't for them.

Q: What do you do in your free time?
A: I spend all of my time with my children. I have three children - 11, 10 and 9.

Shareholder Lawsuit Legal Fees Reimbursed

AUSWR Intervention Wins $$

by Curtis Kennedy
AUSWR Litigation Attorney

Background:

The *Consolidated Federal Shareholder Cases* pending in Denver Federal Court is the series of cases with partial settlement and a $400 million Settlement Fund established to be used along with the $250 million plus fund established by the SEC (Securities & Exchange Commission) for payment to shareholders who endured losses due to the horrific Qwest securities debacle under the Joe Nacchio regime. The securities fraud cases are still pending against former Qwest executives, CEO Joseph P. Nacchio and CFO Robert S. Woodruff.

As reported to your earlier, the AUSWR and several retiree members filed objections to the Lead Counsel's [the San Diego-based Lerach, et. al Law firm] request that they be paid $96 million out of the $400 million recovery. We contended such a pay day would be way out-of-line and the award should be reduced to about $60 million at best. We also argued that some of the requested costs were excessive and unreasonable. Ultimately, Judge Robert E. Blackburn decided Lead Counsel, the Lerach law firm and others, should be paid $60 million, and, indeed, they have already been fully paid that sum from the Settlement Fund.

> **"...this is just another example of your retiree organization making a worthwhile legal challenge and getting full return on your investment."**
>
> **___Curtis**

The Settlement Fund is awaiting the go ahead to distribute the funds which are earning interest to shareholders who submitted timely written claims. But, all of that money has been tied up because -- you guessed it -- Joseph Nacchio and Robert Woodruff filed appeals complaining the settlement was unfair because the terms might affect their rights to seek indemnification or be fully reimbursed by Qwest. The appeals are pending in the Tenth Circuit Court of Appeals. Perhaps, a decision will be entered by the end of this year.

No settlement funds will be paid to Qwest shareholders until after all legal proceedings concerning the pending appeals are ended. There is no telling when. It's anyone's guess. But, the funds will continue to accrue interest.

Meanwhile, AUSWR and the individual objectors, Eldon Graham, Hazel Floyd and Mimi Hull, asked for an award of fees based upon my 90 billable lawyer hours and expert witness fees incurred in our effort to influence the outcome for a reduced fee award and reduced cost reimbursement to Lead Counsel. But, before our October 10, 2006, request could be addressed by Federal Judge Blackburn, the Lerach law firm filed a report with the Court on October 30, 2006, stating they would agree to pay the requested fees and costs of $64,570.60 out of their stash -- out of the $60 million they received. We promptly advised the Court that we accepted Lead Counsel's offer.

But, Lead Counsel awaited an order from Judge Blackburn before they would make the promised payment.

Update July 17th:

On July 17, Judge Blackburn entered his order addressing this matter stating, "***If lead counsel [Lerach law firm] has not already paid the amount sought by Graham, Floyd, Hull, and AUSWR, then I direct that lead counsel pay $64,570.60 dollars to counsel for***

(...Legal Fees ...continued on the next page…)

Kerber v. Qwest Effects Almost 48,000 Retirees

Group Life Insurance

The first and most important issue presented in the *Kerber v. Qwest Group Life Insurance Plan* case is whether or not Plan sponsor, Qwest, is bound by the rules that Basic Life Insurance Coverage "*shall not be reduced below*" the stated coverage amounts set forth in the 1998 Governing Plan Document. Plaintiffs-Retirees contend those rules circumscribe Qwest's discretionary rights under the 'reservation of rights' provision in the Plan, meaning it was illegal for Qwest to skirt the rules and implement Plan Amendment 2006-1 which was adopted on December 13, 2006.

On July 16, defense counsel for Qwest Defendants filed a 'reply brief' for the pending motion to dismiss. Bottom line: Qwest Defendants contend that since the rules about no reductions below the stated minimums did not appear in the same paragraph which gave the company the right to make changes (i.e., the 'reservation of rights' clause), the rules can be ignored. Qwest Defendants contend they acted to reduce coverage to $10,000 pursuant to the reservation of rights clause which did not incorporate the 'rules' forbidding reductions in coverage below the established minimum.

In other words, the Company's defense is if all the rules are not in a single big paragraph, in the same place as the 'reservation of rights' statement, the other rules can be ignored. Hopefully, before this year is out, we will learn whether that makes any sense to Denver Federal Judge Walker Miller who will decide this dispute.

The first court date for the *Kerber v. Qwest Group Life Insurance Plan* case is Monday, August 13, 2007 when the Magistrate Judge meets with all legal counsel and enters a schedule for the case. I will try to persuade him to set this case for a public hearing on the pending motion to dismiss at the earliest opportunity. A few days after the August 13 scheduling conference, the Court's Scheduling Order will be posted at the AUSWR website, where you can find all other significant court filings and documents concerning this litigation. See: **www.uswestretiree.org/legal2.htmt**. Or, contact your state newsletter editor for a copy of the *Kerber* court filings.

(...Legal Fees Reimbursed ...continued from page 6)

objectors Graham, Floyd, Hull and AUSWR on or before August 20, 2007. Given lead counsel's offer, the motion of Graham, Floyd, Hull and AUSWR for an award of attorney fees and costs, and their motion to alter the judgment to include the award, should be denied as moot."

Judge Blackburn continued in his order denying fees to anyone else. A week later, Lead Counsel, Lerach law firm, made full payment to me. AUSWR is being fully reimbursed for all fees the retiree organization paid to me last year for my 90 hours of work, plus $24,000, the cost expended for Professor Michael A. Perino's expert services.

A copy of the judge's July 17, 2007, is posted at the AUSWR website: www.uswestretiree.org/legal2.htm#consolidated. Or contact your newsletter state editor for a copy if you do not have access to our website.

Curtis CurtisLKennedy@aol.com
303-770-0440

Nacchio Sentencing

excerpts from Jeff Smith
Rocky Mountain News **--Friday, July 27, 2007**

Federal Judge Edward Nottingham sentenced former Qwest CEO Joe Nacchio to six years in prison for his conviction in the largest insider-trading case in U.S. history. Nacchio, convicted of 19 counts of insider trading, also was fined $19 million and ordered to forfeit within 15 days the $52 million he made from illegal stock sales.

Nacchio's motion for bail pending appeal was denied, and he was given 15 days to report to prison. He asked to speak to the court after sentence pronouncement, but Nottingham would not allow it in a dramatic end to the hearing.

Nacchio committed crimes of "overarching greed" __ Judge Nottingham

Nottingham said Nacchio should serve his sentence at the Schuylkill Federal Correctional Institution in Minersville, Pa. Nacchio's prison time would be followed by two years of supervised release.

After his sentence was announced, Nacchio stood up, pointed to his appellate attorney and said "I'm going to say something."

He walked toward the judge's bench, and said "I'm going to address the court. I'm the defendant. I promise it will be respectful."

Nottingham cut Nacchio off, saying he had the opportunity to make a statement earlier. He then ended the hearing.

Nottingham said Nacchio committed "crimes of overarching greed" when he profited from sales of Qwest stock even as he knew the company was in financial trouble. "He took this job ... because he couldn't turn it down. "He couldn't turn it down because it was too much money."

Troy Eid, U.S. Attorney for Colorado, said "The sentence proves no one, no matter how wealthy, is above the law."

"This is what the American criminal justice system is all about," Eid said. "Justice worked here."

Cliff Stricklin, lead prosecutor for the government, said the top priority for the government is getting the money Nacchio was ordered to forfeit into the victims' hands. The $52 million will be held in a trust pending Nacchio's appeal of his conviction.

If appeal fails, the $52 million will go to the SEC fund for distribution to shareholders, and the $19 million penalty will go to the Federal general victims fund.

How the cash will be distributed to Qwest shareholders who lost money has not been determined, but it could be distributed through a fund already set up by the SEC [known as the SEC Fair Fund].

Nottingham said Nacchio is to be commended for his acts of charity to his family and others, but said he didn't find them to be extraordinary. He said charitable works are expected of someone with so much wealth.

The judge also said there's no question Nacchio's oldest son David is ill and that Nacchio has been a wonderful father. But he noted that Nacchio also deprived his son when he decided to take the job at Qwest in Colorado, though he lived in New Jersey.

(Nacchio sentencing continued on page 9...)

Nacchio Sentencing

(continued from page 8…)

Nacchio's legal team, led by Herbert Stern, had argued their client should avoid jail time because of his son's health and because of health issues involving Nacchio's elderly mother.

"I bet you anything" that Nacchio wishes he walked away from Qwest in early 2001, Nottingham said, but the fact was that he didn't, instead negotiating a new contract. "Joe Nacchio was Qwest," Stricklin said.

Joe Nacchio was emotional when his sentence was read, wiping tears with a handkerchief. He had cried earlier during discussions about his family.

Stern argued earlier in the morning that there was no "rational" basis to calculate that the former CEO's stock gains totaled $52 million. That was the gross proceeds from his illegal stock sales in April and May 2001. Stern argued that at most Nacchio's gains were $28 million.

Nacchio Still Faces SEC Charges

Five Ex-Qwest Execs Face SEC Civil Trial in 2009

The government's civil fraud suit against five former Qwest executives, including former CEO Joe Nacchio, won't go to trial until 2009 based on the latest schedule issued July 20 by a federal magistrate.

U.S. Magistrate Judge Craig Shaffer set late 2008 deadlines for the exchange of evidence and remaining matters to be resolved beginning in January 2009.

The defendants and federal regulators have identified 201 people they want to interview, or depose, including 82 listed by Nacchio's defense team. Only 15 depositions have been completed.

While a trial isn't likely before 2009, the order indicated the parties have "considered the possibilities for a prompt settlement" and said settlement discussions may continue.

Shaffer's scheduling order came a week before Nacchio is to be sentenced on 19 counts of insider trading in a separate criminal case.

The SEC alleges Nacchio and the other defendants orchestrated or participated in a $3 billion financial fraud between 1999 and 2002. The civil fraud suit was filed by the Securities and Exchange Commission in March 2005.

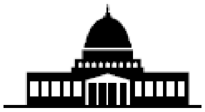
RETIREE ADVOCATES "Here to Help You"

- ►If you have questions about your benefits, contact the Qwest Benefit Office at 1-800-729-7526.
- ►Select Option 2 for retirees, then select the appropriate options on the menu.
- ► The address for the Benefit Office is: Qwest Benefits, 1801 California St., Denver, CO 80202.
- ►If you are unable to resolve your problem after contact with Qwest, contact your Retiree Advocate:

AUSWR Retiree 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

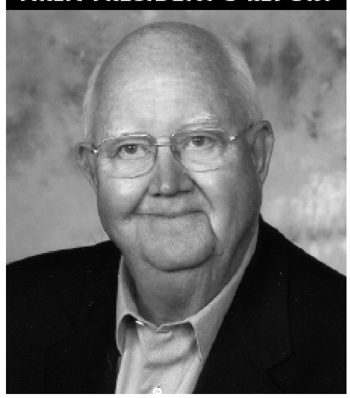
A View from Washington



Even though Congress tends to slow its activities this time of the year, even taking the month of August off, we have been busy on the "Hill" selling our legislative agenda. Last year, as you may know, our focus was on pension issues which resulted in the Pension Reform Act signed into law last year. We didn't get everything we asked for, but significant improvements in the law were achieved. This year our legislative agenda is heavily tilted toward health care issues.

Health care continues to be one of the most visible and controversial issues before Congress this session. Members of Congress are taking two different, yet related, tacks in dealing with health care. They are looking at the system in the United States as a whole as it affects children through seniors, and dealing with various parts of the system on an individual basis. The NRLN has been drawing the attention of Congress to the plight of retirees who have been abandoned by their former employers, in an effort to ensure that retirees are not abandoned by Congress as well.

NRLN PRESIDENT'S REPORT



A.J. (Jim) Norby

To that end, the NRLN has proposed that a hearing be held on the issue of retiree health care benefit promises that have been broken by companies, leaving formerly insured retirees to join the uninsured in this country. This is an issue that we have been discussing on Capitol Hill as it is a growing concern that is reaching alarming levels. The NRLN will continue to push vigorously for an opportunity to raise these concerns at an appropriate level.

The NRLN has also been on the Hill to discuss ways in which to encourage companies to maintain the health care benefits they promised to their retirees. Year after year we are seeing more and more companies dropping their health care benefits and breaking their promises to retirees. While current law allows them to do this, the NRLN is seeking ways to encourage these companies to keep their promises by finding suitable enticements for companies. In doing so, companies and Congress can find a mutually beneficial solution for retirees who are being crushed under the burden of increasing health care costs.

The cost of prescription drugs has also been an increasing burden on retirees. It has been estimated that approximately 40 million people in this country go without prescription drug coverage. Especially hard hit are retirees who need access to life-saving medications.

For this reason, the NRLN has been working with leaders on Capitol Hill to pass the Pharmaceutical Market Access and Drug Safety Act (S. 242 and H.R. 380). The bill would allow U.S.-licensed pharmacies and drug wholesalers to import FDA-approved medications from Canada, Europe, Australia, New Zealand and Japan and pass along the savings to prescription drug users in the United States. The price of prescription drugs in these countries is 35-55% lower than in the United States. This bill would allow Americans to benefit from these lower prices while still allowing consumers to receive medications at their local pharmacies or at FDA-inspected Canadian pharmacies. Without this legislation, the cost of prescription drugs will continue to increase at alarming rates, leaving many senior citizens in this country without the medicine so many need to live comfortably and safely on a daily basis.

Now for a here and now example of the NRLN's impact on congressional legislation. On the evening of July 24, the House Ways and Means and Energy and Commerce Committees unveiled a bill that would provide for our generation and our grandchildren's generation. The bill is called The Children's Health and Medicare Protection Act (H.R. 3162). This bill, if passed, would not only provide health care for uninsured children but would also improve aspects for Medicare for older Americans. The next day, July 25, NRLN issued a press release circulated nationally that vigorously supports this legislation.

Unless Congress comes up with a solution such as the one offered in this bill, physicians will face a 10% cut to Medicare payments on January 1, 2008. According to the American Medical Association, more than 60% of doctors say they will limit the number of new Medicare patients they will treat if the cut goes through. Many of us have already seen this trend. With more Americans reaching the age of Medicare eligibility, it would be foolish to curtail their access to medical care. Details of this bill can be reviewed by accessing the NRLN Website: **www. NRLN.org**

Grassroots Legislation Update

by Hazel Floyd, AUSWR Legislative Vice President

The AUSWR/NRLN Grassroots Network is for the 14 Regional States of the Qwest and former U S West corporate area, plus Wisconsin. For more information or to discuss state and national plans, please contact Hazel Floyd, hafloyd1@msn.com 303-455-1535

If you are an AUSWR State Legislative Leader, or if you are an AUSWR member wanting to participate in the political process, it is wise to join with other retiree groups when visiting any Senators or Representatives at their offices in your state.

When meetings are held in your area, such as visits with members of your AUSWR board, invitations should be issued to the local Senator or Representative offices. This gives all members present a chance to personally meet the Congressperson or his/her staff person, and they will feel more comfortable in making individual contacts at other times. If the person arranging the meeting has not invited a Senator or Representative Staff member, please ask that they do so. The local staff people are very easy to talk with and that way you will have a contact to telephone with any concerns later. Ask what Committees your Legislator serves on to determine their main influence in Congress.

Both the House and Senate will be on Recess during August and you may have opportunity to attend a Town Hall Meeting in your area. This time period before the 2008 elections is very important and can be used to get acquainted with your Senator or Representative. By learning about their interests concerning retiree issues, you will be prepared for the next elections. Let's all be heard for the retirees with your contacts and votes!

Your State Legislative Contacts are listed below. For those members living in Wisconsin, a Legislative Leader is located in Milwaukee and you may contact her with any questions concerning your state.

State Legislative Leader Contact Information

Roger Sanger – Arizona	rasanger@qwest.net	480-994-0081
Joe Halpern – Colorado	joehalpern@msn.com	303-761-7529
Gary Lewis – Idaho	mydodo@msn.com	208-888-4519
Ray Peterson – Iowa	jandrpete@aol.com	515-274-0082
Dick Johnson - Minnesota	ROKJohnson@aol.com	763-757-1962
Tom Simpson – Montana	thomass@cybernet1.com	406-642-3966
V. K. Ramsey – Nebraska	vkramsey@tconl.com	402-298-2821
Mack Haley – New Mexico	mwhaley@zianet.com	505-322-2716
John Postovit – North Dakota	johnandardis@msn.com	701-232-6401
Darrell Bender-South Dakota	d.i.bender@abe.medco.net	605-845-7550
Hy Bradley – Utah	bradleyhy@msn.com	801-543-4488
Judy Stenberg - Wash/Oregon	PECPresident@msn.com	425-746-5428
Melanie Palmer – Wyoming	pm1370@qwest.net	307-637-3007
Bonnie Murphy-Wisconsin	bemurphy41@sbcglobal.net	414-672-8759

Colorado and Wyoming Getting Acquainted Successes

Take, for example, some recent activity in Colorado and Wyoming. Your AUSWR Legislative Leaders have joined with retirees from other companies to form the Rocky Mountain Action Coalition (RMAC), which arranged a meeting with Representative Ed Perlmutter in his office on a recent Friday afternoon. The group included retirees from several corporations plus members of the Colorado Alliance for Retired Americans. We wanted to discuss health care reform with Rep. Perlmutter, and in Colorado we are lucky to have the Chair of the NRLN Health Care Advisory Committee, Ed Bettinardi, a retiree of Johns Manville, in the RMAC group. As a result of our visit with Rep. Perlmutter, we learned that Representative Diane DeGette is very active in the health care arena and, as a more senior Representative, is well-positioned to influence legislation. We next will visit with the Health Care Staff person in Rep. DeGette's office. On AUSWR's visit with our retiree members in Cheyenne, we invited two members of RMAC to accompany us, and made a contact with Senator Michael Enzi's office staff. We were invited to participate in a Video Conference with his Washington staff concerning the Kennedy/Enzi Wired for Health Care Quality Act (S.1693). All questions concerning this bill were answered to our satisfaction, and we support this bipartisan legislation. The report of our July meetings is included at the top of the Legislative Activities page on the AUSWR website.

You must remember that all contacts with Legislative Representatives must always be non-partisan. When you are representing 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.

Notebaert's "Hard Bargain"

By H. J. Cummins, ***Minneapolis Star Tribune***

When Qwest Communications went looking for a new CEO in 2002, Richard Notebaert could play hard to get.

Notebaert, who'd been CEO at two other telecommunications firms, drove a hard bargain. He negotiated a contract that, among other things, pays for his personal financial planning (plus some extra to cover the income tax he'll owe on that perk) and 5 million stock options. It credited him with 30.4 years worth of service toward his pension on his first day on the job. That gave him a $9 million head start toward retirement. In 2006 alone, Notebaert's total compensation was about $33 million.

Last year was not so kind to **Qwest retirees Mary Ann Neuman and Nancy Meister.** Neuman, a 61-year-old New Hope (Minnesota) resident, saw her monthly health insurance premium jump 79 percent, from $124 to $222. Meister, 57, of Plymouth (Minnesota), got word her former employer was cutting her company life insurance policy to about 15 percent of the payout she'd been promised.

"...extreme compensation for OK stock performance..."

_Pay For Failure report

Qwest says the reduced benefits for retirees have been made necessary by the increased costs it faces.

Top executives are being paid 262 times the average worker's wage, up from a multiple of 24 about 40 years ago, according to the Economic Policy Institute's most recent analysis in 2005.

Institutional Shareholder Services, a Wall Street research firm, calculated that for every $100 in 2006 net income at the 38,000-employee Qwest, $4.16 went to its CEO. Meanwhile, Qwest call center workers have complained in federal court that the company has been forcing them to work overtime without pay.

Reward without risk

Extraordinary CEO pay these days turns another core capitalist principle on its head --that great rewards go to those who take great risks -- said Stephen Young, executive director of the Caux Round Table in St. Paul, an international network of business leaders that looks at business standards.

Working Americans are bearing the risks of layoffs, outsourcing and lost retirement benefits, Young said. At the same time, top CEOs increase their multiples of pay and lock in their own retirement benefits.

For example, Notebaert has both regular employee and special executive pensions at Qwest, with a current combined value of $10 million. He has retiree health coverage from another employer, but Qwest promises that it will cover him if the former employer defaults for any reason.

"The Notebaert retirement -- that's all completely risk-free," Young said. "And health coverage? He's going to be covered one way or another. [Some] people are going to have a lot of fun trying to live on Social Security, while this guy is not."

Qwest spokeswoman Diane Reberger said changes to workers' and retirees' benefits were a prudent response to changes in the costs of providing such compensation. "It was a difficult decision, and not one taken lightly," Reberger said.

In its 2007 proxy statement, the company reported that Notebaert earned almost $33 million in 2006, including $1.1 million in salary, $4.1 million in bonus, $760,000 in perks, $18.4 million in stock options he exercised, and $8.4 million in stock grants that vested last year.

The filing also details for the first time Notebaert's package of perquisites, a new reporting requirement for all public companies in 2006. His perks include: $331,873 for use of the corporate jet, including travel by his wife; $55,921 for a personal assistant and office, and $17,113 for miscellaneous items such as club memberships and personal ground transportation. In addition, he's paid $75,000 for any other perks of his choice.

Notebaert's contract and the company's financial performance earned Qwest a place on the list of 12 worst companies in a "Pay For Failure" report by the Corporate Library, a Maine-based corporate governance research organization released earlier this month. Qwest's Reberger called the report unfair because it covers 2001-2006 and Notebaert didn't join Qwest until 2002.

The report's author, Paul Hodgson, stands by the analysis.

"My contention is he has been compensated extremely handsomely for what shareholders would see as an OK record in the last two to three years," Hodgson said.

A Merger or Takeover of Qwest Takes Lots of Time

"Stop Worrying"

The questions below were posed by Dick Johnson, President of the Northwestern Bell AUSWR Retirees (Iowa, Minnesota, Nebraska, North and South Dakota) in response to members who have deep concerns about the future of their pensions and benefits.

Curtis Kennedy, AUSWR Litigation Attorney gives his response below.

QUESTIONS:

Some of our members have asked for more specific information on what happens to our Pension Fund if QWEST is merged, bought, acquired, broken up, or other possibilities.

Curtis [Kennedy, AUSWR Litigation Attorney] has given brief answers in several membership meetings by pretty much saying "don't worry" and mentioning the Pension Benefit Guaranty Corporation (PBGC).

We can't anticipate every possibility, but some scenarios might be:

Merger.

If the merger is with a company that has an under-funded pension fund, can the two funds be merged, diluting ours so that it is no longer fully funded?

Is there anything to prevent the new company, or for that matter QWEST today, from using the Pension Fund for employee termination severance pay?

Purchase. (By another operating company, hedge fund or equity group.)

The purchasing company has no pension fund and after purchasing QWEST places its employees in our Pension Fund which becomes under-funded.

Purchasing entity breaks up the company, selling off the various pieces. Is the Pension Fund also broken up and the problems listed above come into play?

Pensioners. What is in the best interest of the Pensioners? Would we be better off if the Fund was transferred to an insurance company who would handle it as an annuity? Are there other possibilities?

The PBGC is not a good answer, it is only a last resort if everything else fails. As you know, not only does it have a cap, but there is a formula reducing the pensions for those who retired before 65.

We are not experts in this field, and these may not be the right questions. But at a minimum we should be prepared for waking up some morning and reading in the newspaper that such a transaction has occurred.

We should at least have a pension expert lined up so we can act quickly to protect our interests.

As we have discussed, the principal function of the AUSWR at this point in our history is protecting our members pensions. I believe there is a need to assure our members that the AUSWR is on top of this issue and will do everything we can to safeguard their pensions.

(Go to the next page for response by Curtis Kennedy, AUSWR Litigation Attorney…)

Response by Curtis Kennedy, AUSWR Litigation Attorney

Potential impacts on the pensions and benefits of retirees if a merger or takeover of Qwest

(See the questions posed to Curtis on the preceding page…)

"There is so much here to talk about, … There is so much legalese involved.

"Such a transaction cannot occur overnight - where one wakes up and either reads the newspaper or hears on TV that it is a done deal. Everyone should know by now, that any announced merger or sell-off involving Qwest (a public utility company) would require over a year of federal and state regulatory scrutiny and approval process in each of the 14 states where Qwest primarily operates. It took a full year involving U S WEST and Qwest.

"You just can't give a definite answer to any of these questions because too much depends on the other business entity involved as a merger partner or buyer of Qwest assets.

"One answer would apply if it involved a foreign company; another answer would apply if it involved another public utility company; another answer would apply if it involved a company with no defined pension benefit plan, and so and so on.

"Truly, the better course is for everyone to stop worrying.

"Just wait until the real issue arises - wait till there is a *proposed* merger announced, or a *proposed* big sale announced, such as what happened when Qwest Dex was sheared from Qwest, then, we can address the situation piece by piece when we know what business entity is involved and AUSWR can decide to do something if we "sniff out dead fish in the refrigerator."

milestones

Announcements of retirements and deaths reported were provided by the Qwest Pioneers who received the information quarterly from Qwest.

'Regrettably, due to privacy issues we will no longer be posting death and retirement listings.

__Qwest Pioneer Website

"We did not have the permission of the individual or in the case of a death, the individual's family to post information on a public web site. Unfortunately, with the Internet capabilities - an individual's identity can easily be stolen and firms prey on senior citizens. Because the Pioneers are funded by Qwest, we have agreed to make the Pioneer information available to retirees via the retirement package and then the retiree can decide if they want their information posted - both retirement and death." __Teresa Taylor,

Qwest Communications Executive Vice President & Chief Human Resources