



**2007 Issue 4**

# 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

## Qwest CEO Rejects Offer to Meet



**Mimi Hull**  
President,  
Association of  
U S WEST /  
Qwest Retirees

*“...with your arrival at Qwest, and your long-term association with former Bell Companies, we are hopeful that we can establish a meaningful dialogue and bring the relationship into a more cordial framework. To that end, I would like to request...[we] meet with you sometime in mid-October for an hour or so...”*

*To read the full text of the request letter from Mimi Hull to Qwest CEO Edward Mueller*

*—go to Page 2.*

**Edward A. Mueller**  
Chairman &  
Chief Executive Officer  
Qwest Communications  
International, Inc.

Dear Ms. Hull:

Thank you for welcoming me to Qwest and Colorado. As you might imagine, I am working extremely hard learning about the Company and all of its constituencies that have an interest in our success.

Right now, I think I have a pretty good sense of the issues that are of concern to the retirees, including those members of your organization, so a meeting in October would probably not be a good use of your time. However, perhaps there will be a time in the future where a meeting would make sense.

Best of luck and thank you for all your efforts on behalf of Qwest retirees.

Sincerely,



### INSIDE

2	5-6	7-8	10	11	12-13	14	15-16
Letter to Qwest CEO Mueller	LEGAL Pension Death Benefit Update	401-k Plan Settlement Summaries	Why Curtis is “Best Lawyer in America”	Union-run Retiree Healthcare	Lucent Retirees Tell Their Story	New Threat to Pension Funds	UHC — Nexium Update

*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.*

# AUSWR Letter to Qwest CEO

Mr. Ed Mueller  
Chairman and Chief Executive Officer  
Qwest Communications Inc.  
1801 California Street, 52<sup>nd</sup> Floor,  
Denver CO 80202

Mr. Mueller:

Welcome to Qwest and to Colorado. Let me introduce myself. My name is Mimi Hull and I am a 1995 retiree of U S WEST and am currently the regional President of the Association of U S WEST (Qwest) Retirees. This organization is made up of six associations from the 14 state traditional phone company territory of U S WEST, and our approximately 20,000 members are all retirees of Pacific Northwest Bell, Northwestern Bell, Mountain Bell, U S WEST or Qwest.

As our website ([www.uswestretiree.org](http://www.uswestretiree.org) or [www.qwestretiree.org](http://www.qwestretiree.org)) indicates, "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."

The formation of our Association began in about 1995 and since

## Are We Too Adversarial With Qwest?

As the relationship between Qwest Communications and the Association of U S WEST Retirees (Qwest retirees) becomes more adversarial, many members become more uncomfortable and ask why our relationship has taken this direction. Members are asking if AUSWR actions are provoking retaliation from Qwest.

Negative stories continue about the Qwest executives who seem to change names while the CEO profile and decision-making remains the same. Retirees have taken severe hits from Trujillo, then Nacchio, next Notebaert, and now Mueller. Each of these former CEOs worked for years in Bell operating companies, but have chosen to pursue the denial of the earned pensions and benefits to their former workers while they reap huge personal profits.

As U S WEST or Qwest retirees you should expect to hear exactly what is happening to endanger your pension and your benefits—losses led by corporations who have deep pockets for lawsuits and lobbying legislators to change the very laws you have believed will protect your future.

Each change of leadership at Qwest brings another round of hits at retirees.

On Pages 1 and 2 of this issue you have read about renewed efforts to communicate with the new executive team at Qwest and how we were met with a nicely worded rebuff. Edward Mueller seems to believe he "has a pretty good sense of the issues of concern to the retirees." Meeting to discuss our issues are not "a good use of time" according to him.

AUSWR President Mimi Hull acknowledges the attitude change from past attempts to partner with Qwest into one in which each side advocates for their position and expects a judge to determine "the truth." She avows that AUSWR will determinedly, continuously,

that time, we have met with successive management teams to open a dialogue with Senior Management about issues that are of importance to retirees, and to offer support to the company in various endeavors. Frankly, these encounters have not always been successful and at times the relationship has become contentious.

However, with your arrival at Qwest, and your long-term association with former Bell Companies, we are hopeful that we can establish a meaningful dialogue and bring the relationship into a more cordial framework. To that end, I would like to request that my Executive Director, Nelson Phelps, one of our Retiree Advocates, Jim Heinze and myself meet with you sometime in mid October for an hour or so.

Establishing a meeting date and time sooner than that is not practical, since I know that you have higher priorities as you immerse yourself into the business, and my travel schedule will keep me away for most of the interim period. Any time after October 15 would work for us and we can be very flexible in setting a meeting time, as your busy schedule permits.

Thank you for your consideration and I await your response.

Sincerely,  
Mimi M. Hull  
President,  
Association of U S WEST Retirees

### 2007 AUSWR Officers

*Executive Director —*

**Nelson Phelps**

*President —*

**Mimi Hull**

*Regional Vice Pres —Legislation —*

**Hazel Floyd**

*Treasurer —*

**Roger Sanger**

*Secretary —*

**Ed Kerber**

### 2007 Board of Directors:

*Arizona President —*

**Kitty Kennedy**

*Colorado/Wyo President —*

**Joe Halpern**

*New Mexico President —*

**Irene Chavira**

*NWB Chairman —*

**Dick Johnson**

*Oregon/Washington President —*

**Judy Stenberg**

*Utah/Idaho/Montana Chair —*

**Donnetta Mitchell**

*Litigation Attorney*

**— Curtis L Kennedy**

## “...not the telephone company you once knew...”

and relentlessly fight to protect pensions and benefits and regain losses proposed to the death benefits and the life insurance.

Qwest quarterly financials in the 3<sup>rd</sup> quarter caused what has been described as frustration in the financial markets. Profits appeared to soar because of tax credits, but revenues dropped 1.5%. Qwest stock prices have declined more than 14% in recent months to around \$7.00.

AUSWR leaders recognize that Qwest must solidify financials. Qwest chooses to do what many other corporations in America

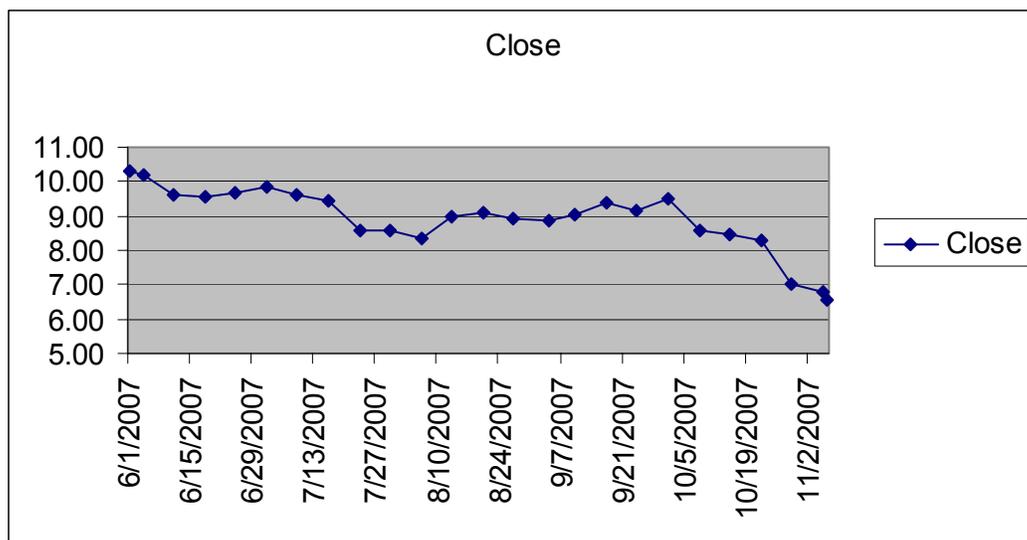
are doing to their retirees all in the name of improving the corporation's quarterly reports explains Joe Halpern, Colorado/Wyoming President.

Qwest portrays retirees as “legacy liabilities.” Unloading all retiree obligations is in the best interest of Qwest.

Qwest has made it clear that it will reduce all retiree benefits to the limits allowed by the courts and the legislators. The cuts in life insurance and the caps on healthcare prove their intentions.

What does this mean for our future as retirees? Marked differences of opinion frame our retiree future relationships with

### Qwest Stock Prices Fall Under Mueller



## “ERO” Retiree Healthcare Benefits

Recently, a U S WEST retiree questioned the benefit status of the almost 250 Occupational workers who took the 1992 special “Early Retirement Offering”

**Response by Curtis L. Kennedy,  
AUSWR Litigation Attorney:**

Since, today, there are less than 200 of you 'ERO's' alive out of the almost 250 Occupational workers from U S WEST who took that special retirement offering in 1992 deal which was bargained between the CWA union and U S WEST. We don't often take the time to spell out the differences and talk about the health care protections accorded to ERO retirees.

Yes, you and others in that group are protected, but, it is not exactly the same as the guarantee extended to all Pre-1991 Retirees. It would take me far more than several hours to explain all of the intricate differences and to answer all your questions. That is one reason we don't always mention this situa-

tion in articles published in the *Retiree Guardian*. Just for me to start talking about it causes a few to start flooding me with endless questions and *what ifs?* But, suffice it to state, you are protected, and you are far better off than any other Post-1990 Retiree.

I suggest you read the written commitment that is memorialized in the Qwest Health Care Plan - which commitment is guaranteed and binding upon Qwest and any successor company. Long ago, we posted the 12 page 'commitment' that resulted from the *Phelps v. U S WEST* federal case AUSWR fought almost 12 years ago at the AUSWR website near the bottom of the Legal Developments page. Please check it out: [http://www.uswestretiree.org/LifetimeGuarantee\(Phelps\)Info.pdf](http://www.uswestretiree.org/LifetimeGuarantee(Phelps)Info.pdf)

Again, this outcome was due to your AUSWR organization battling to protect your rights. We saw the future and acted accordingly for your benefit. Many other ERO retirees don't know that fact, and they are not members of AUSWR. Unfortunately, we do not have a list of those persons.

# What to do in case of the death of a retiree

## Life Insurance Update

by *Curtis Kennedy*  
AUSWR Litigation Attorney

Every U S WEST and Qwest retiree who earned a service pension and 'retired' before 2006 should be certain their family members are aware of the following information about two 'death' benefits payable upon the death of the retiree.

### Pension Death Benefit

For over 50 years and prior to 2006, the pension plan always provided that a retiree who earned a service pension was entitled to have paid to his or her surviving spouse who was then living with the retiree a Pension Death Benefit equivalent to the retiree's last annual salary -- paid directly from the pension plan to the surviving spouse. If no surviving spouse, no payment. If the surviving spouse is either divorced or no longer living with the retiree, there is no payment. Also, if there are 'dependent' children or 'dependent' parents, and no surviving spouse, the Pension Death Benefit is supposed to be paid to the surviving dependent children or dependent parents. In short, unlike the Basic Life Insurance benefit, the Pension Death Benefit is only payable when there is either: a surviving spouse living with the retiree; dependent children; or dependent parents.

There are rules about what constitutes 'dependency' in order for there to be a payment to dependent children or dependent parents. If the former worker has already received a lump sum pension distribution which included a reduced present value payment of the Pension Death Benefit, no further payment will be made. In late 2003, Qwest leadership ended the Pension Death Benefit for persons who 'retired' beginning January 1, 2004. Even worse, company leaders threatened to end the benefit for all other retirees. The company had notices placed in fully addressed envelopes with postage affixed ready to mail to all retirees, when AUSWR leadership stepped-in to thwart that devious scheme.

The situation eventually led to AUSWR filing a preemptive strike lawsuit, now pending in Denver Federal Court. The *Kerber, et al v. Qwest Pension Plan, et al* case has been hard fought for several years and, now, is awaiting some major court decisions. Yet, AUSWR's efforts have helped to preserve the status quo of the Pension Death Benefit for thousands. Today, the Pension Death Benefit is handled by Watson Wyatt, a company with primary offices in Denver, Colorado.

Contact Watson Wyatt in Denver, Colorado (i.e., Qwest Services Center) by telephone:

800-729-7526, option 3, option 1, option 1.  
'Representatives' are supposed to be available Monday through Friday, 9:00 a.m. until 5:00 p.m., Mountain Time, excluding holidays.

### Basic Life Insurance Benefit

For over 50 years, there has been another benefit payable upon the death of a U S WEST and

Qwest retiree who earned a service pension. The Basic Life Insurance payment is provided to designated beneficiaries pursuant to the terms of a group life insurance plan, first administered by AT&T, then U S WEST, then Qwest. Historically, the Basic Life Insurance benefit has been equal to the retiree's last annual salary, rounded up to the nearest thousand dollars. This benefit remained the same until the retiree reached age 66 years, 1 month, when the benefit was reduced by 10%. Each year thereafter, the benefit is reduced another 10% until, at age 70, the benefit is equal to one-half the original annual salary amount. After age 70, the benefit is no longer reduced.

In late 1997, U S WEST leadership announced new rules put in place to provide minimum Basic Life Insurance coverage. The rules state that the Basic Life Insurance benefit for a retiree who retired before January 1, 1996 would not be reduced below \$20,000. And, the rules provided that the Basic Life Insurance benefit for a retiree who retired after January 1, 1996 would not be reduced below \$30,000. The rules are very clearly worded . . . using the phrase "*shall not be reduced below.*"

However, last year, in complete disregard of the rules, Qwest leadership decided to reduce the Basic Life Insurance benefit for all retirees to a mere \$10,000. Hence, the reason for the current lawsuit (*Kerber, et al v. Qwest Group Life Insurance Plan, et al*) in Denver Federal Court.

You can find a great deal of information about the life insurance lawsuit posted on the 'Legal Developments' page: <http://www.uswestretiree.org/legal2.htm> There, you can see the rules of the governing life insurance plan document and, in chronological order, all major developments in the pending litigation.

The objective of the case is to have the rules enforced for the benefit of 48,000 retirees and their beneficiaries.

The Basic Life Insurance benefit is paid by a subsidiary of Prudential Life Insurance Company. Surviving family members can go to the 'Benefits' page at the AUSWR website and get a claim form: <http://www.uswestretiree.org/Group%20Life%20Insurance%20Claim%20Form.pdf> . For more information about contacting Prudential and documentation required for a claim, see: <http://www.uswestretiree.org/Prudential%20General%20Information%20about%20Claims.pdf> also posted on the 'Benefits' page at the AUSWR website.

At this time, only a \$10,000 Basic Life Insurance payment will be provided to the designated beneficiary of a deceased retiree.

However, we are very confident about the likely outcome of the Kerber case litigation, as we do expect to win and the Court will

## If a U S WEST or Qwest Retiree Dies...continued

strike or void the change which ignored the rules against reductions below the stated minimums.

Therefore, additional Basic Life Insurance benefits will have to be paid by Qwest, plus interest. Anyone's acceptance of the \$10,000 payment will not jeopardize or adversely affect rights to receive additional payment. The *Kerber* case litigation will take some time, even several more years. We are seeking class certification and, when granted, an official written notice will be sent out to all retirees.

Meanwhile, family members of deceased retirees paid only the minimum \$10,000 Basic Life Insurance benefit should mail me copies of papers showing the reduced payment received.

Curtis L. Kennedy, Attorney-at-Law  
8405 E. Princeton Ave.,  
Denver, CO 80237-1741

## 401-k Settlement Summaries

By Curtis L. Kennedy  
AUSWR Litigation Attorney

As far as the **primary shareholder lawsuits** that were pending in Denver Federal Court in which the San Diego law firm of Lerach, et al, and other law firms obtained a \$400 million settlement out of Qwest -- \$60 million of that fund has already been paid to the attorneys ( . . . Remember, that thanks to AUSWR objectors, the requested \$96 million fee payment was *reduced* down to \$60 million. And, some of the requested costs were disallowed).

Meanwhile, the balance of that settlement fund is completely held up by the federal appeals court proceedings undertaken by lawyers for former CEO Joe Nacchio (i.e., "Jumpsuit Joe," as he is referred to here in Denver) and former CFO Robert Woodruff.

Since those two former officers have appeals pending concerning that settlement fund, none of that settlement fund money will be paid out anytime soon. The appeals have to be fully processed. And, that could take another year. Meanwhile, those monies are earning interest at the U.S. Treasury rate. For more on that matter see: <http://www.gilardi.com/qwst1/index.html>

Albeit, that web page is not very helpful. If you want more information, contact the entity with the responsibility to process claims and, eventually, send out the checks:

Gilardi & Co. LLC  
3301 Kerner Boulevard, San Rafael, CA 94901  
Tel: 415-461-0410 / Fax: 415-461-0412

(ask to speak to a customer representative)  
website: [classact@gilardi.com](mailto:classact@gilardi.com)

Unfortunately, you are likely to get the proverbial 'run-a-round.' Yet, I still encourage you to give them a call. Again, that outfit is being paid several millions, so, someone there *should* answer your questions.

As far as the *SEC v. Qwest* settlement fund of \$250 million, my understanding is that the payments have already been sent out. If you were entitled to a payment, you should have received it by now.

For more information, see the following SEC announcement <http://www.sec.gov/news/press/2007/2007-156.htm> Again, if that is not helpful, and you still have questions, contact the Gilardi outfit (See No. 1 above).

Regarding the U S WEST dividend lawsuit (i.e., *Brody v. Hellman, Nacchio, et al.* - \$50 million settlement fund less \$15 million already paid in attorneys fees) you will recall that AUSWR objectors appealed the award of legal fees and costs. We were only partially successful.

Unfortunately, the appeals court upheld the full fees award of \$15 million, but the case was sent back to the trial court for reexamination of the costs charged.

On reexamination, we convinced the attorneys to drop about \$40,000 in costs charged to the settlement fund. And they agreed to pay AUSWR's legal fee for efforts in the case, and the organization has been fully reimbursed legal fees paid. See the latest posted at the Legal Developments page at the AUSWR website under *Brody*.

Soon (hopefully within the next 4 months), the settlement fund will be distributed. Meanwhile, don't go spend your money, it will not be very much.

As far as the *Brooks v. Qwest Savings Plan, et al* (401-k fund where \$55 million is the settlement fund less payment of attorney's fees, leaving only \$37 million to be distributed, truly, all such

questions about the 401k Savings Plan Settlement Fund, should be directed at the law firms (again, the attorneys have already been paid millions out of the 401k Settlement Fund). So, if you want answers - i.e., where's my settlement money? - be *persistent* and either telephone or email the following persons:

## 401-k Settlement Summaries...continued

Jane B. Stranch, Esq., *Class Counsel*  
Branstetter, Stranch & Jennings, LLC  
227 Second Ave, North 4<sup>th</sup> Floor.,  
Nashville, TN 37101-1631  
Tele: 615-254-8801 . Fax: 615-250-3937  
[jbs@branstetterlaw.com](mailto:jbs@branstetterlaw.com) (Jane Stranch, Esq.)

Glen M. Connor, Esq., *Class Counsel*  
WHATLEY DRAKE, LLC  
P.O. Box 10647, Birmingham, AL 35202  
Tele: 205-328-9576 / Fax: 205-328-9669  
[gconnor@whatleydrake.com](mailto:gconnor@whatleydrake.com)

As a “Class Counsel,” it should be their responsibility and obligation to respond to your questions about when and how the 401-k Savings Plan settlement fund will be distributed.

### “What If” Qwest Defaulted on Retiree Pensions?

*By Curtis Kennedy,  
AUSWR Litigation Attorney*

During recent AUSWR group meetings, several retirees asked me to explain what the maximum amount of his or her monthly pension benefit from the Qwest Pension Plan is protected or guaranteed by the Pension Benefit Guaranty Corporation.

When ERISA was signed into federal law in 1974, Congress created the Pension Benefit Guaranty Corporation (PBGC), an insurer akin to the Federal Deposit Insurance Corporation, to provide some protection for defined benefit pension plans against employer insolvency. The PBGC, an agency (or federal corporation) run by a board that includes the U.S. secretaries of Labor, Treasury and Commerce, receives no funds from general tax revenues.

Presently, the PBGC, insures the pensions of about 44 million workers. The PBGC currently pays monthly benefits to about 610,000 persons. And, presently, the PBGC's obligations for future benefits is about \$69 billion. You can obtain the PBGC's recent annual report at: <http://www.pbgc.gov/about/annreports.html>

The PBGC finances its operations from mandatory insurance premiums paid by companies, like Qwest, that sponsor defined pension benefit plan. For instance, this year Qwest paid to the

PBGC just over \$3 million as an insurance premium at the rate of \$31 per plan participant.

The PBGC also receives investment income and recoveries, if any, from employers whose underfunded plans have terminated. When employers who pay insurance premiums to the PBGC can no longer support their defined benefit pension plans, the agency takes over the assets and liabilities and pays certain minimum pension benefits to the pension plan participants and beneficiaries.

The maximum pension benefit guaranteed by PBGC is set by law and adjusted yearly.

Today, the PBGC announced that the maximum annual benefit for plans taken over in 2008 will be \$51,750 for retirees who are at least age 65 years when the pension plan is taken over by the PBGC. Thus, a retiree who is at least age 65, should his or her pension plan be taken over next year, is guaranteed a top payment of \$4,312.50 monthly. Persons who are younger than age 65 years when a pension plan is taken over are guaranteed smaller benefits. Soon, the PBGC will post a chart showing the amounts guaranteed next year for persons at age 65 years, down to age 45 years.

See: <http://www.pbgc.gov/workers-retirees/find-your-pension-plan/content/page789.html#2008>

### Qwest Savings Plan 401-k Settlement Status

Gerald G. Dashow, a U S WEST 1990 Retiree who lives in Apple Valley, Minnesota, questioned the proposed 401-k settlement plans with attorneys who are knowledgeable about the fund distribution.

Dashow addressed his request for information to Jane Stranch and Glen Connor of the Whatley, Drake & Kallas law firm in Birmingham, Alabama. He asked in his message dated October 4, 2007:

“This requests the status and payment strategy for the Qwest Savings Plan/401K settlement distribution. As you would

be aware, we have a significant number of affected retirees who are part of this settlement.

Because our Retiree Legal group was not part of the legal proceedings any award details, detailed information, and timing has not been made available to the affected participants.

We have a large population of affected individuals that have strong concerns in this matter and have a desire as to the status and timing of payment, etc.”

Glen Connor, Esq., responded with the following information about the proposed 401-k distribution plans:

## Qwest Savings Plan 401-k Settlement Status...continued

"The amount of distributions will be calculated pursuant to the Plan of Distribution which was approved by the Court. The funds are currently in an interest bearing escrow account. The Funds will initially be paid to the Plan. For current participants in the Plan, the Plan will credit the funds to their accounts in accordance with their investment elections.

For individuals who are not current participants in the Plan, the Plan will open an account in his or her name and invest the funds in the default investment option. Once the distribution is made to their account, the funds will be subject to all Plan rules, including the rules regarding disbursement or withdrawal.

We are working diligently with the Administrative Contractor to make certain the funds are distributed as soon as possible. A definite date for distribution has not been determined. If you have any further questions, please do not hesitate to contact me."

Glen M. Connor, Esq.  
 Whatley Drake & Kallas  
 2001 Park Place North, Suite 1000,  
 Birmingham, Alabama 35203  
 Tel. 205-328-9576 / Fax. 205-328-9669

## What clients said when Curtis Kennedy was named one of the 'Best Lawyers in America'

"Curtis, besides being very good at what he does, is also very fair and trustworthy. An example of his fairness came forth when we asked him to represent Patty in a dispute with the company she worked for. He did so in a timely and professional manner and she received a substantial settlement. We paid Curtis the fee he was entitled to for his efforts. What impressed us was that Curtis later sent us a refund of part of his fee and stated that the original fee was too much for the amount of work performed. We believe that action is very unusual and that is why we believe he is the best lawyer in America. "

—Dan and Patty Nagel

"Curtis was top notch! When I found myself in the undesirable position of challenging a Fortune company, he identified a defensible strategy early in our discussions and was able to build an effective case, which was so strong that I not only received the money owed to me, but I also received the cost of legal fees and the arbitration. I hear that is highly uncommon in arbitration cases of employee vs. Big Corporation suits. My arbitration lasted more than a year, and he provided me with confidence during that period—which was not simply based on hope, but on strong precedence and experience. In other words, he told me very early on what would happen and he was precise and accurate on every account along the way. He's a conscientious person and a real advocate for the little guy. He is highly

professional and a rare pleasure to deal with. Once again, I offer my sincerest thanks to you Curtis! "

—Gary Iles, Director, DigiTrip, Inc.

"Mr. Kennedy was retained by the class action suit the first level retirees started against the company, as we were misled by the Zip Program that was offered to us before the break-up of the Bell Companies. They stated there would be no other program offered to first level management, which a few months later we found out was not true as they came out offering all first level managers a year's salary, along with the Zip program. Mr. Kennedy won the case for us in the Denver Courts, and we were paid our back pay. He has represented us retirees very well, and he has been most informative about the progress of the various things the retirees have been involved in. I am glad he is still the representative and lawyer for the AUSWR group."

—Jessie McGee, Supervisor, Mountain Bell

"Curtis Kennedy is one very unusual individual and one very interesting attorney. "Curt" takes on corporate giants, such as the former U.S. West Communications Corp., QWEST Communications Corp., and Verizon Communications Corp. without blinking. He does this with personal commitment to the employees and retirees, who in most cases have no one to turn to for

<b>RETIREE GUARDIAN STAFF</b>	
AUSWR and Arizona Editor: Kitty Kennedy tel. 520-883-8272 / Email: kathleen_kennedy2@comcast.net	Oregon/Washington Editor: Gary White
Colorado/Wyo/New Mexico Editor: Bill Pittman tel. 303-773-0238 / Email: wepittman@comcast.net	tel. 253-952-4612 / Email: garyw39@aol.com
Utah/Idaho/Montana Editor: Susan Johnson tel. 801-963-6220 / Email: dick.sooz@comcast.net	Iowa/Minnesota/Nebraska/ No Dakota/ So Dakota Editor: Jerry Miller tel. 763-424-3524 / Email: jerrymiller1215@earthlink.net

## Client Comments About Curtis Kennedy...continued

assistance. Besides being nearly 100% successful in his legal suits, he carefully and sincerely maintains not only a close working relationship with his clients, but he is also considered "part of the family" by everyone that he represents. I know of few lawyers who have his knowledge and experience with ER-ISA and corporate benefits plans. When he is invited to speak at annual retiree membership meetings, the senior audience never falls asleep as they are fixated on his subject matter, demeanor, and ease of understanding delivery. Curt is truly appreciated by everyone he helps and probably feared by those he documents as doing the wrong thing. He is professional, a true friend, ingrained in his specialty pursuits, and dedicated to serving those

in need without putting his personal compensation in the forefront. CURT IS THE BEST!"

—Robert Rehm, Chief Financial Officer &  
Board Member Association of BellTel Retirees, Inc.

"Mr. Kennedy is very honest about what to expect. He has explained to me similar cases, so I was able to make a decision. He responds very quickly and keeps in touch weekly. He closes each meeting with a statement that covers all we talked about so everything is always very clear to me."

—Helen Shafer, Retired

### Automakers & UAW made deals to shift retiree healthcare to unions

### AT&T, Verizon May Shift to Union-run Health Funds

"AT&T Inc., the biggest U.S. phone company, and No. 2 Verizon Communications Inc. may follow General Motors in trying to shift retiree health-care liabilities to a union-run fund, a trend that has broad implications for American workers."

— Bloomberg News

Retirees in the automobile industry are facing the news that unions are taking over the management of health care funds such as the agreement with General Motors.

The question now is asked by telecommunications retirees, "What about our retiree health care future?"

**Curtis Kennedy, AUSWR Litigation Attorney, directs the following information to all U S WEST/Qwest retirees:**

I believe it is very important for all retiree groups to become aware of this trend as, now, news media pundits speculate the trend is moving into the telecommunications industry.

The legal implications for shifting to union run retiree health care plans are too varied for me to give uniform comment. Each voluminous contract, as developed between a union and corpo-

rate entity is substantially different, and each contract has to be separately scrutinized and analyzed in light of many other plan documents, IRS regulations and DOL regulations. Hence, there is no generalized legal approach to enable me to give correct answers.

*But, please don't bother to start asking me a myriad of questions. .*

Especially, don't bother to email or call me and ask me questions, such as what if? . . . what if Qwest. . . ? . . . what if Lucent? . . . etc.

I will not have any answers, because, presently I'm in no position to provide any answers. At this stage, It would be akin to me providing speculative answers to your speculative questions -- and that's not very helpful.

Certainly, we can [and will] monitor and review developments, should this trend actually move towards affecting retirees of Qwest, Verizon, Lucent, etc. . .

And, if we sniff out "dead fish in the refrigerator," we can take appropriate legal action. But, nothing has happened yet. So, simply hold on to your questions, as you read the news reports.

### 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. 1.
- ▶ 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	No Dakota	Arnie Pauls	701-451-0771
Colorado/Wyo	Jim Heinze	303-442-1831	Minnesota	Barb Hermanson	763-757-4985
Idaho/Montana	Shirley Moss	208 342-3449	Oregon	Barbara Brown	541-382-5544
Iowa/So Dakota	Vikki Farrand	605-332-3670	Oregon	Howard Rickman	503-646-4848
Nebraska	Milt Jenner	402-333-4455	Utah	Dick Johnson	801 963-6220
New Mexico	Jim Heinze	303-442-1831	Utah	Byron Lemmon	801 295-4653
			Washington	Shirley Jones	206-368-8686

## ***Lucent Retirees Confront Changing Landscape***

Telephone Retirees across the nation must deal with the changes and losses of pensions and benefits. AUSWR invited the Lucent Retirees' Organization (former Western Electric, Bell Labs, and AT&T Network Systems) to tell you about the challenges facing their retirees.

***By Ed Beltram, LRO Communications Director***

*Email: [edbeltram@msn.com](mailto:edbeltram@msn.com) Phone: 719-687-6157*

*Address: 420 Fairfield Lane - Woodland Park, CO 80863*

In the course of a little more than 10 years, Lucent Technologies retirees—most of whom had never worked for the AT&T spin-off—have seen the telecommunications equipment company go from the darling of Wall Street, to near bankruptcy, to being acquired by France's Alcatel.

Since January 2003, the Lucent Retirees Organization (LRO) has endeavored to help 114,000 retirees from Western Electric, AT&T Network Systems, Bell Labs, and subsidiaries such as Teletype and Sandia, plus their 68,000 dependents deal with the retirement roller coaster ride.

The LRO was originally founded with the idea to leverage members' Lucent stock ownership power and their longstanding relationships with Lucent's customers to assist Lucent in returning to its former position as the premier telecommunications equipment leader in the world. But as the old saying goes, "Something happened on the way to the forum." That "something" was a letter from Lucent on January 3, 2003 that the management retirees' Death Benefit (one-year's salary) would be eliminated effective February 1, 2003.

Lucent's action gained the immediate attention of Ken Raschke, the LRO's President, and the members of the fledgling LRO Board. They concluded there was a bigger role for the LRO, that being to safeguard the retirees' pensions, healthcare, prescription drugs and life insurance benefits, plus other issues that could impact the quality of life for retirees and their spouses.

"All of a sudden, the LRO was thrust into the role of a Lucent watchdog and the voice of our retirees," Raschke said. "From the time Lucent eliminated the death benefit, the LRO's primary focus has been the protection of Lucent retirees' pensions and benefits that they earned during decades of their labor."

The LRO's thrust has been to assist the attorneys representing the Lucent retirees in the death benefit lawsuit filed against Lucent. The first of three lawsuits was filed in October 2003 in U.S. District Court in Newark, NJ, and the Court subsequently combined the lawsuits. In October 2005, retirees filed a lawsuit claiming that Lucent, following transfers—beginning in 1999—of nearly \$900 million from the Management Pension Plan, violated a requirement to maintain the retirees healthcare benefits.

One of the things the LRO did to assist the plaintiffs' attorneys with their lawsuits against Lucent was to create a Documents Library. LRO members were solicited to submit letters, retirement papers, benefits plan summaries and other documents they had retained from the former Bell System companies and Lucent stating the benefits due to retirees. Hundreds of documents have been scanned into digital files, catalogued and stored in an online electronic database. The attorneys have made use of these documents in their lawsuits.

On November 28, 2006, the LRO learned that the U.S. District Court judge had awarded "summary judgment" in the death benefit case in favor of the company and dismissed the case.

On April 20, 2007, the attorneys for the Lucent retirees filed an appeal of the dismissal with the U.S.

Court of Appeals for the Third Circuit in Philadelphia. The healthcare benefits lawsuit against Lucent is pending in the federal court in New Jersey.

"The LRO Board was extremely pleased when the National Retiree Legislative Network decided to file an Amicus Brief—often called a 'friend of the court' brief—in support of the Lucent retirees' appeal of the dismissal of the death benefit lawsuit," Raschke said. "We believe that Curtis Kennedy, who has extensive experience as the AUSWR's legal counsel, wrote an excellent brief for the NRLN urging reversal of the U.S. District Court's dismissal."

Raschke noted that the NRLN went a step further and issued a national news release. NRLN President Jim Norby stated, "When an employer eliminates our members' retirement benefit that should be protected by law, the NRLN has a duty to seek justice for the affected retirees."

"We recognize that the NRLN has a rock-solid track record of speaking out for retirees who have been treated unjustly," Raschke said. "AUSWR members may recall that the NRLN issued a news release condemning Qwest's announcement in 2006 that it would cut its retirees' healthcare and life insurance benefits and called on Congress to intervene on behalf of the retirees."

Raschke said the LRO has found that it can depend on the NRLN to be a strong and creditable voice for retirees with members of Congress, federal agencies and the news media.

"I would be remiss if I didn't also give credit to the Association of U S WEST Retirees and the Association of BellTel Retirees (Verizon) for the advice provided when the LRO was being formed," Raschke said. "Nels Phelps, AUSWR, and Bill Jones, ABTR, provided us with valuable guidance as we worked on obtaining our charter and writing our bylaws."

## Lucent Retirees' Organization...continued

On November 30, 2006, France's Alcatel acquired Lucent Technologies, including Bell Laboratories, once the crown jewel of the Bell System. "This foreign ownership has provided the LRO with challenges that most retiree associations in the United States don't have to deal with in their efforts to protect retirees' pensions and benefits," Raschke said.

As this article was being written, Alcatel-Lucent management retirees are "waiting for the other shoe to drop" on 2008 healthcare and prescription drug benefits. In July, management retirees received a letter from Alcatel-Lucent that the LRO interpreted as saying serious changes are going to happen to retirement healthcare and prescription drug benefits in 2008.

Alcatel-Lucent stated, "We encourage you to explore other benefit options you may have available to you such as coverage through a spouse's employer, commercial coverage or offerings through associations such as AARP...."

In anticipation of unwelcome changes by Alcatel-Lucent, the LRO Benefits Team has been working with a healthcare consulting firm to develop documents that will help Lucent retirees compare Alcatel-Lucent's healthcare plans with commercially available healthcare plans. The intent is to help Lucent retirees determine which coverage and cost makes the most sense for them, their spouses and any additional dependents.

"The landscape for LRO members is constantly changing," Raschke said. "The LRO Board sees its responsibility to keep them informed, advocate their interests with Alcatel-Lucent, and work with the NRLN and its affiliated associations to pass legislation to advance retirement security."

To know more about the Lucent Retirees' Organization, please go to their website at:

[www.lucentretirees.com/](http://www.lucentretirees.com/)

## NRLN Opposes Financial Firms' Proposals To Buy Out Corporate Pension Plans

### A View from Washington by NRLN President Jim Norby

Washington, D.C. (October 19, 2007)

-- The leader of the National Retiree Legislative Network (NRLN) voiced opposition to efforts by financial firms to clear a regulatory path that would allow them to buy out corporate-sponsored pension plans.

"The livelihoods of millions of retired Americans depend on the pensions from their former employers," said A. J. (Jim) Norby, NRLN President. "It is not in the interest of retirees to have their pension trust funds taken over by financial companies whose main motivation would be corporate profits and not the welfare of retirees."

**The buyout proposals by a number of major banks and investment firms vary, but generally seek to take over pension plans that have been frozen by their corporate sponsors. The Wall Street companies propose to accomplish this either directly or by setting up investment management companies.**

Norby said he has sent letters to leaders of two Congressional committees contending that the pension buyout issue is too important to be left up to Washington bureaucrats who are not accountable to voters, millions of whom are retirees who spent decades earning their pensions from their former corporate employers. The NRLN letters were sent to the leaders of the Senate

Committee on Health, Education, Labor and Pensions, plus the House Committee on Education and Labor.

"I've pointed out to the Senators and Representatives that just a little over a year ago, Congress passed the Pension Security Act of 2006 that provides stronger protections for pension plans and requires more disclosure on the financial status of pension trust funds," Norby said.

"Given all of the effort that went into the Act by lawmakers, retiree groups and other interested parties, the NRLN's some 2 million members expect their elected representatives to keep a watchful eye on the financial firms and the federal agencies that are reviewing the buyout proposals."

Norby said the NRLN believes that the proposed buyouts of corporate pension plans that have some \$2.3 trillion in assets are a dangerous idea that would lead to diminished pension benefits.

"Shareholders of financial companies would expect executives to maximize profits and the firms would have no loyalty to retirees and the employees who will be future retirees," Norby said. "It is unlikely that any surplus in the pension plans would be applied to the benefit of the plan participants. Cost-of-living increases to retirees would most likely totally disappear."

## Retiree Advocate News: United Healthcare Update

by *Howard Rickman*,  
*AUSWR Ombudsman*

I have received numerous calls and e-mails regarding UHC (United Healthcare) being dropped by many clinics and hospitals and they are, in turn, notifying their patients that they do not or will not have coverage provided by UHC.

This problem exists in all states and is NOT just Qwest, so don't blame Qwest this time.

UHC has switched to a new carrier who is "bowing their back" at the increased costs by the physician and hospital providers. The largest hospital in the Seattle area admitted that the impasse was because they and the doctors working there insisted on extensive increases. They just extended this contract for two months.

The overall situation is not new because it is contract renewal time or because companies are preparing their open enrollment packages.

The real problem is that the providers are using a different tactic this year. They are notifying the people who have coverage that it is being eliminated or reduced. This way they hope that the 'retirees', etc., and companies like Qwest will put pressure on UHC. As you may know, Qwest is self-insured, so UHC isn't out anything regardless of how it all comes out.

Qwest is well aware of all of these concerns. This problem exists in all 14 states served by Qwest and in other states that UHC serves, i.e., California, etc.

I have been in continuous contact with Qwest Benefits regarding our on-going concerns about Hospitals, Clinics, etc. notifying retirees and the general public that they will not accept the patient who has UHC (United Healthcare) insurance.

AUSWR has been advised to have our retirees get the required services anyway, and send the bill to UHC (using the "Medical Claim" form).

Erik Ammidown, Director Qwest Health Care Benefits, will get the Qwest Benefits' staff involved and see that the claim is honored if denials of payment occur.

## United Healthcare —Medco Coverage Update

### NEXIUM--the Little Purple Pill

by *Howard Rickman*  
*AUSWR Ombudsman*

IN AUGUST OF 2006 UHC (MEDCO) NOTIFIED RETIREES WHO HAD BEEN TAKING THE PRESCRIPTION DRUG NEXIUM THAT IT WOULD NO LONGER BE COVERED BY OUR HEALTH CARE PLANS.

NEXIUM is used to help reduce acid-reflux (heartburn) and related problems with stomach acids. It should be noted that NEXIUM is the only drug that states it helps improve the condition-damaged esophagus, as noted in the pharmaceutical company's ads and verified by us with a contact to the FDA. None of the other meds make this claim.

The reason given for the Medco denial of coverage was a tongue-in-cheek excuse relating to cost. Indeed, the Medco first suggestion was an Over-The-Counter (OTC) drug replacement requiring the patient to pay 100% of the cost. Also given were at least five additional prescription drugs that supposedly did the same as NEXIUM, but at a cheaper price.

Without giving all the details, we (AUSWR) formally filed an appeal with UHC in an attempt to get the coverage restored and to find out the real reason it was dropped. After three attempts, each at a higher level, and getting the same canned answer in each reply that did not really resolve the issues in our question, we went to the manufacturer to see what their views were and what they thought was the reason coverage was dropped.

We got a two sentence response thanking us for our interest but completely ignoring our questions. In the meantime we became aware that other insurers had also dropped NEXIUM from coverage.

In contacting the head of Pharmacy for Oregon's largest HMO, we were told that the reason it was dropped was because of the cost from the manufacturer that required the insurer to charge an excessive amount in order to make any profit. The manufacturer refused to reduce the charge.

One reason it has taken so long to advise you of our efforts to restore coverage for NEXIUM is the appeal took six months to get a response from UHC higher management..

We will now be filing a formal appeal with Qwest Benefits based upon the concept that once a medical item is provided it cannot be eliminated for pre-1991 retirees. We also ask that the same be applied to post- 1991 active and retired employees. We may not succeed here, but we needed to ask.

The basis for our appeal action is that we had a similar situation a number of years back. Qwest (then U S WEST) had to add an injectable to the provided benefit because they paid for it...in error...the first time. Our understanding is that once a benefit is provided for pre-1991 retirees, it cannot be eliminated or reduced.

You will be kept advised of our progress.