THE RETIREE GUARDIAN

Newsletter of AUSWR —Representing Retirees of U S WEST, Qwest and their predecessor companies

2010 Issue 2

www.uswestretiree.org www.qwestretiree.org

Retirees Concerned About Merger Expected for April 2011

Qwest + CenturyLink = ????

NEWS FROM *QWEST*

♦ *Qwest* **Service Center changes benefits management to Hewitt — What You Must Do:**

—see page 7

♦ *Qwest* **merger letter**

—see page 9

Qwest Communications and CenturyLink announced on April 22, 2010, that their Boards of Directors approved an agreement allowing CenturyLink to acquire Qwest in a tax-free, stock-for-stock transaction.

Qwest shareholders will receive 0.1664 CenturyLink shares per Qwest share. The entire acquisition includes $10.6 billion in stock and the assumption of $11.8 billion in Qwest debt making the deal a total value of $22.4 billion. CenturyLink shareholders will own 50.5% of the merged company, and Qwest shareholders will own 49.5%. The merger will result in estimated combined operating and capital revenues of $625 million annually. Each company said they will continue their individual dividend programs until the deal closes. The transaction which is targeted to close in April, 2011, is subject to federal and state regulatory and shareholder approval. (Century Tel was renamed CenturyLink on May 20, 2010 at their annual shareholders' meeting in Monroe, Louisiana, at the Century Link headquarters).

Quick comparison of 2008:

	Century	Qwest
Price-to-sales	1.68	0.75
Return on Equity	7.3	0
Operating Margin	45.8	35.3
Profit Margin	11.30%	4.10%
Sales	$6.14 bil	$12.1 bil
Profits	$0.70 bil	$0.49 bil
Assets	$22.32 bil	$19.4 bil
Employees	20,200	30,138

Source: Forbes.com

More stories on Qwest-CenturyLink:

"To preserve and protect the pension and benefits that we earned." — **AUSWR Mission**

AUSWR President's Message

Mimi Hull
AUSWR President

With the news of the merger between Qwest and CenturyLink and all the unknowns that go with this event, these are challenging times for all retirees. Most of us feel overwhelmed on a daily basis with health care reform, pension protections during tough economic times, and the failures of the Congress and the courts to protect our previously earned benefits.

It is now that Utah member Jerry Dean says it best when he wrote recently:

"With the reduction of our life insurance and loss of the death benefit, along with the financial climate, the feeling of our retiree group may be "What's the use?" It is timely that we try to prevent this attitude… emphasis should be that we cannot slack off, turn our backs or even take a breather in fighting for our benefits."

Curtis Kennedy and I met with Qwest executives, Rich Baer and Felicity O'Herron, on May 19th and expressed many of our concerns about the merger and the potential impacts on retirees.

"Retirees deserve stability," was our message. We requested a meeting with the leadership of CenturyLink and will follow-up until that happens. In response to our meeting, Qwest is providing information on Qwest Service Center changes and the merger starting on page 7.

So, Jerry, we are taking your advice. We will not slack off, nor turn our backs, and certainly not take a breather…we plan to continue the fight with your support and the support of all of those retirees who count on us each day.

__Mimi Hull

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Curtis L. Kennedy
AUSWR Litigation Attorney

Thanks, again to Curtis.

Health insurance coverage for all pre-1991 retirees —known as those covered by the *Phelps* case —will continue after the Qwest –CenturyLink merger. Curtis L. Kennedy, AUSWR Litigation Attorney, negotiated the *Phelps* case and included continued health care coverage should a merger or acquisition occur. The Agreement and Plan of Merger is available at: *http://www.faqs.org/sec-filings/100422/Qwest-Communications-International-Inc_8-K/a10-8566_3ex2d1.htm.*

_Thank you, Curtis!

In This Issue

CenturyLink CEO Glen Post

Glen F. Post III, 57, was "born and bred in Arkansas" and now makes his base in Monroe, Louisiana, the headquarters of CenturyLink, where he has served as CEO for the last 18 years. Post has been with the company for 34 years during which he became an industry leader in extending broadband networks into rural areas.

Under his leadership, CenturyLink has expanded to 10 times its original size through a series of acquisitions. The largest --until the announced Qwest merger --was November 2008 when he engineered the purchase of Embarq Corporation from Sprint for $5.8 billion.

Glen Post III,
CEO and President of CenturyLink

Some analysts say the Qwest deal makes sense because it turns Qwest over to a scandal-free company with a good management team that has been successfully operating a rural phone business. *Forbes* reports Post's CEO total compensation is estimated for 2010 as $6.56 million and his last 5-year total was $39.02 million. Of interest to shareholders and retirees is his *Forbes* "performance for pay" rating which ranks him #165 in pay and #189 in performance among its top 500 executives.

To view the presentation on the Qwest-CenturyLink merger, go to Qwest website: *http://investor.qwest.com/index.php.*

Qwest Golden Parachutes

The *Denver Post* reported million-dollar payouts Qwest executives could claim if they leave the company within two years of a takeover, according to the most recent proxy. Qwest will update these figures in the proxy that shareholders receive to vote on the merger. Given the appreciation in Qwest's stock price, actual payments should be higher than those listed.

Executive	Title	Salary	Bonus *	Options Restricted stock Performance shares	Total
Edward Mueller	Chairman, CEO	$3,588,000	$7,176,000	$13,957,847	$24,721,847
Richard Baer	General Counsel	$2,070,000	$3,105,000	$3,718,339	$8,893,339
Joseph Euteneuer	Chief Financial Officer	$1,973,400	$2,960,100	$5,676,715	$10,610,215
Teresa Taylor **	Chief Operating Officer	$1,980,000	$2,970,000	$6,634,493	$11,584,493
C. Daniel Yost	EVP of Mass Markets Group	$1,500,000	$1,500,000	$2,664,353	$5,664,353

Executives also receive $11,330 in COBRA health coverage for 18 months.
* Pro-rated bonuses not included.
** Taylor also entitled to up to $3.75 million to cover potential excise taxes.

Source: Qwest Communications International

Are You a "5+5" Retiree With a Monthly Pension?

AUSWR Retirees Consider Action Against Qwest Over Pensioner Death Benefit Loss

by Kitty Kennedy,
Retiree Guardian Regional Editor

Another earned benefit was eliminated by Qwest effective March 1, 2010. Retirees with qualified beneficiaries —usually a spouse or dependent child —who took the pension annuity planned on the Sickness Death Benefit or "Pensioner Death Benefit" to support their survivors. In general, it was equal to your last year's salary. Now Qwest has eliminated the Pensioner Death Benefit for those who retired before 2004. (Previously, Qwest eliminated the benefit for all other retirees). The Pensioner Death Benefit loss follows Qwest's reduction of the Group Life Insurance to $10,000. These earned benefit losses come to retirees at an age when purchasing replacement life insurance is too costly for most.

Retirees Seek Legal Advice

Retirees turned to Curtis Kennedy, AUSWR Litigation Attorney, for advice on legal action to recover the Pensioner Death Benefit loss. Curtis is a leading national expert on ERISA law —the federal law which governs pensions. After review of recent court rulings, Curtis provides the following advice to all who have lost the Pensioner Death Benefit. First, the planned case might not ever become a class action lawsuit which means <u>each eligible plaintiff must be prepared to be individually named in the case.</u> Next, Curtis advises that the most qualified retirees to be named as plaintiffs are those persons who took the 1989-1990 early retirement offer known as the "5+5" and opted to receive the monthly annuity. Finally, Curtis advises that each plaintiff must be able to allege and prove in a Complaint to be filed in a federal court the following five factors:

1. <u>Material Misrepresentation</u>. That the pension plan Summary Plan Description (SPD) that U S WEST issued to active employees (e.g., July 1989 edition) only represented that the pension plan could be terminated, and there was a material omission in the SPD since there was no disclosure that the Pension Death Benefit could be either reduced or eliminated from the plan absent a complete plan termination. The SPD misrepresented that the Pensioner Death Benefit "*will* be paid." It did not say the benefit "*might* be paid" depending upon the company's future wishes.
2. <u>Reasonable and Detrimental Reliance</u>. That he or she took the monthly annuity retirement choice for the 5+5, instead of choosing to receive the lump sum option, and he or she planned on the full payment of the Pensioner Death Benefit to his or her surviving spouse in his or her estate planning.
3. <u>Extraordinary Circumstances</u>. That he or she took the early retirement offer instead of continuing with his or her long career with a U S WEST company, and he or she made a decision not to buy other or additional life insurance due to the promised Pensioner Death Benefit.
4. <u>There Were Ambiguous Plan Provisions</u>. That the so-called 'reservation of rights clause' (ROR) set forth in both the SPD and the Master Plan documents for the pension plans (e.g., the ROR in existence between January 1, 1984 and December 29, 1994) is worded in such a manner that reasonable persons differ as to its meaning, and the court must view the language from the point of view of a reasonable long term U S WEST worker contemplating retirement.
5. <u>Oral Representations Were Made That Served to Interpret the Ambiguous Plan Provision.</u> That before deciding to accept the 5+5 early retirement offer, he or she viewed the video tape presentation (which video was widely distributed throughout every U S WEST work place) in which U S WEST H.R. Executive Director Charlie Kamen explained the ROR and gave a rather harmless and incomplete explanation about it. [Please review the excerpt of the video which is posted at AUSWR's website: **<u>http://www.uswestretiree.org/ROR%20Excerpt%20From%20Video.mpg.]</u>**

Therefore, any person who thinks he or she is suitable to be a plaintiff in a planned lawsuit against Qwest and wants to challenge the elimination of the Pensioner Death Benefit must be able to sign a sworn affidavit that sets forth the above listed factors with respect to his or her decision to accept the 5+5 early retirement offer.

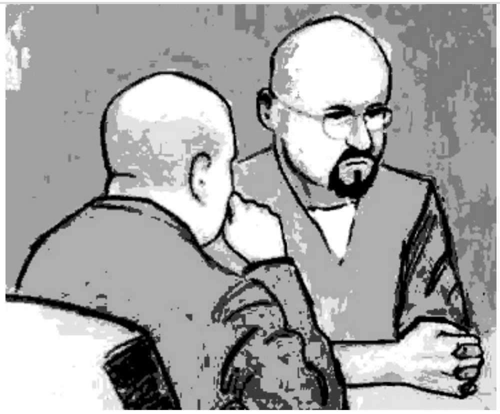
If you believe that you are suitable and willing to be a potential plaintiff in a case, you should email <u>CurtisLKennedy@aol.com</u> and request Curtis send you the affidavit.

If you need help or have questions, please contact your State Leader (see list at bottom of page 2).

Sought End to Three-Week Prison Road Trip

Joe Nacchio Claims “Suffering”

Bloomberg News and the *Associated Press* reported in the last days of May that former Qwest CEO Joseph Nacchio traveled from a Pennsylvania prison in April to a Denver court hearing May 4, 2010 seeking a reduction in his six-year sentence for insider trading --and now he tells a Denver judge that he is “suffering.”



Joe Nacchio appears in Denver Federal Court May 4, 2010

Denver Post drawing

Nacchio, a 60-year-old federal prison inmate, claims he endured eight days in solitary confinement, a three-week road trip to prisons in the Midwest and upstate New York and a visit to a detention facility in Brooklyn where he’s been denied his medication, cannot receive visitors and hasn’t been told when he’s leaving according to his lawyer’s filing.

Nacchio tried to avoid leaving his minimum-security prison camp in Minersville, Pennsylvania, in the first place. Then, when the judge said he had to be in court in person, Nacchio offered to arrange private transportation because a U.S. Marshals Service escort couldn’t be coordinated fast enough. However, he ended up making the trip to Denver escorted by federal marshals, and when he appeared in court May 4, he told Federal Judge Marcia Krieger that in addition to his complaints, any further trips to Denver would force him to miss visits from his family, including his ill, 92-year-old mother, his services as a Catholic Eucharistic minister in prison, and Sunday services teacher that don’t happen when he’s not there. [Note the federal judge did agree that future trips will be unnecessary].

EDITOR’S COMMENTARY

Well, Joe, welcome to our retiree world where privilege and special allowances were never granted under your stay as chief executive officer following *that* merger of Qwest. Shareholders went bust. Employees and retirees lost jobs, careers, hundreds of thousands of dollars in 401-k plans –but most of all many retirees are now experiencing destroyed years of planned retirement because they counted on their earned benefits. ***Your “suffering” is an inconvenience —and does not equate to the losses truly suffered by employees and retirees.***

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How to Prepare for Benefits Management Change Effective August 2

Qwest Changes Benefits' Management

Critical Announcement! Critical Announcement!

Starting August 2, Qwest will transition to Hewitt Associates, LLC (Hewitt) for health and life benefits administration.

For Qwest Retirees including retirees on COBRA and surviving spouses ("Retiree"), it is important to understand what is and is not changing with the transition, and what Retirees need to do to prepare.

What's not changing:

2010 health care benefits coverage will remain the same. Coverage will not change due to the transition.

The amount paid for coverage and how it is paid will remain the same unless a change is made by the Retiree prior to transition.

For Retirees making payment through pension paycheck deductions, the same amount will be deducted.

For payment by electronic funds transfer (EFT), **no action is required.** However, a Retiree who pays for benefits through EFT needs to understand the following:

Banking information will be transferred from either ING or CONEXIS (the current administrators) to Hewitt Associates, LLC (Qwest's new administrator). If no action is taken prior to July 1, 2010, deductions will continue to be made from the designated bank account on file. (However, the timing of those deductions will change. See the "What's Changing" section for details.) If the Retiree wishes to stop EFT, ING or CONEXIS must be contacted prior to July 1, 2010. If EFT is stopped prior to July 1, 2010, the August premium will not be deducted via EFT. Instead, a paper bill will be sent to the Retiree in mid-August for August and September premiums. Retirees can restart EFT deductions with Hewitt at anytime after August 2, 2010 by changing the payment method at the new Web site.

Beneficiary(ies) designations for life insurance benefits will not change. However while previously designated beneficiaries will still apply, prior beneficiary data may not be viewable on the new Web site. It is advised that retirees review and update beneficiary information, if necessary, after August 2. Note that beneficiaries can be added or changed at anytime on the new site.

Retirees will still be able to call the Qwest Service Center at **1 800-729-7526** to get questions about health and life benefits answered and to make benefit-related transactions. Hewitt Associates will be answering calls beginning Aug. 2, 2010.

The Qwest Benefits Web site, where QSIP 401(k) investments (if applicable) are managed, will remain the same at ***https://qwestbenefits.ingplans.com.***

What's changing:

Starting August 2, all health and life insurance information will be found at ***www.qwesthealthandlife.com***.

This new, improved Web site will be *the* resource for designating beneficiaries, reviewing coverage and getting the latest news about Qwest health and life benefits

For Retirees Using EFT (Electronic Funds Transfer)

As a result of the transition, the EFT will not be applied in August for August health and life benefits. Instead, the retiree's bank account will be debited on September 1 for August and September benefits. **This will not result in a disruption of benefits.** Starting in October, the deductions will occur on a monthly basis as they do now. Benefit coverage and the amount paid for it will not change.

The timing of when EFT deductions occur will change as a result of the transition. Currently, EFT deductions occur between the 1st and the 5th day of each month for the current month's coverage. In the future, deductions will occur on the 1st business day of each month.

(...continued on next page...)

(...continued from page 7…)

For Retirees Who Are Direct Billed

Retirees who use coupons for payment with ING, or receive monthly billing from Conexis, and make payments by check or money order should receive a paper bill for both August and September premiums with payment due on September 1 for both months. **This will not result in a disruption to benefits.**

Starting in September, the Retiree will be billed on a monthly basis, receiving a new bill each month. Payments will continue to be due on the first of the month. Where the Retiree sends the payment will change. The new address information will be on the bill received in August.

Retirees who have received coupons for payment from ING should use the July coupon for their final payment to ING and discard all ING coupons dated after July 31. Retirees should not make a coupon payment after July 2010. Any amounts that have been prepaid to ING or CONEXIS will appear as a credit in the August and September billing.

What Retirees will need to do

In preparation for the transition to the new site, **the current ING site will be unavailable for transactions between July 28 and Aug. 1**. However, the Qwest Service Center will still be available to answer questions during this time and perform emergency coverage updates. Before July 27, changes should be made at the Qwest Benefits Web site - ***https://qwestbenefits.ingplans.com.*** Beginning August 2, changes will be made at the new Qwest Health and Life Web site - ***www.qwesthealthandlife.com*** including changes to beneficiary information. For Retirees at CONEXIS making changes prior to July 27, the Retiree should contact CONEXIS by calling **1 877-521-8155.** They can also visit the CONEXIS Web site at ***https://mybenefits.conexis.com***.

Changes to beneficiary information prior to July 27 should be made through Prudential at ***https://giselfservice.prudential.com***. If you have questions, call Prudential at **1 800-778-3827**.

This fall, information will be sent to Retirees regarding Annual Enrollment for 2011 benefits. Retirees should make sure their address is current by either updating their address on ***www.qwesthealthandlife.com*** **or by calling the Qwest Service Center at 1 800-729-7526 on or after Aug. 2, 2010.**

Retiree Advocates Here To Help YOU!

If you have questions about your benefits, contact the **Qwest Service Center….800-729-7526**

Press Option 2, then select the appropriate options. To put your question or claim in writing, send to the:

Qwest Service Center, 950—17th St., Box 46, Denver, CO 80202

The address for the Qwest Benefit Office is: **Qwest Benefits, 1801 California St. 45th floor, Denver, CO 80202**

►*If you are unable to resolve your question after contact with the **Qwest Service Center**,* contact your state Retiree Advocate:

State	*Tel. No.*	*Email*
ARIZONA: Jim Heinze	303-442-1831	JJonrr@ecentral.com
COLORADO: Jim Heinze	303-442-1831	JJonrr@ecentral.com
IDAHO: Shirley Moss	208-342-3449	samoss05@msn.com
IOWA: Vikki Farrand	605-332-3670	LLFarrand08@yahoo.com
MINNESOTA: Barb Hermanson	763-757-4985	brbrhr@msn.com
MONTANA: Shirley Moss	208-342-3449	samoss05@msn.com
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WASHINGTON: Shirley Jones	206-368-8686	benefit65@comcast.net
WYOMING: Jim Heinze	303-442-1831	JJonrr@ecentral.com

Qwest Provides Answers on Merger

Qwest Communications July 2010 – Retiree Payment Insert

__Letter from QWEST:__ The information in this letter is to update you on the pending merger between Qwest and CenturyLink and to provide general benefit information. This information may not apply to you depending on your status as a service pension eligible retiree, a deferred vested pension recipient, a surviving annuitant, or other beneficiary. **No Action is Required!**

[*Ed. Note:* We express our appreciation for the following letter provided courtesy of Gerard Smith, Qwest Human Resources Director, in advance of sending it to all retirees during July].

Qwest and CenturyLink Merger

Qwest and CenturyLink announced intentions to merge to create a dynamic new national communications company offering a compelling choice for consumer, government, business and wholesale customers nationwide.

Qwest's agreement to merge with CenturyLink recognizes that the combined company will become an even stronger competitor as a national player with substantially increased scale and scope.

__Customer Benefit:__ The new company will have the national breadth and local depth to provide a compelling array of broadband products and services, including high-speed Internet, video entertainment, data hosting and managed services, as well as fiber-to-the-cell tower connectivity and other high-bandwidth services.

__Business Benefit:__ Qwest's industry-leading national fiber-optic network and data centers combined with CenturyLink's national core network will continue to deliver strategic and customized solutions to business, government and wholesale customers.

__Shareholder Return:__ This transaction is compelling for our shareholders, who will receive a premium for their shares (based on the closing price on the day before the announcement), an increase of approximately 50 percent in the annual dividend, and the opportunity to participate in the upside potential of the new company through their ownership of CenturyLink stock.

__Employee Impact:__ Because the combination of CenturyLink and Qwest will make us stronger financially and competitively, the resulting company will create opportunities for employees of both companies.

The transaction is expected to generate synergies, including reduction of corporate overhead, elimination of duplicate functions and other operational efficiencies, but the combination also creates new opportunities for employees.

CenturyLink is interested in the experience, talent and exceptional service that Qwest employees bring to the table.

__Strengthen the Business:__ The new company will have a more diverse mix of offerings and will be able to effectively reach more customers with more solutions. We believe the combined company's sound capital structure and significant free cash flow generation will support its ability to take advantage of opportunities that may arise, while continuing to invest the business, reduce debt over time and return substantial capital to shareholders.

The deal is expected to close in the first half of 2011.

__Pension Plan:__ Neither Qwest nor CenturyLink can modify the Pension Plan to reduce or eliminate any pension benefits that have already been earned.

Retirees who are currently receiving a monthly annuity will continue to receive that amount for their lifetime.

Some retirees elected an annuity to continue for their spouses after the retirees' death. The merger will not affect that. Surviving spouses will receive the amount under the terms of the retiree's election for the spouse's lifetime.

The Pension Plan has its own assets held in a trust and separate from any corporate assets. In the event the Plan's assets are no longer sufficient to pay for pension benefits, Qwest or its successor would have a legal obligation to contribute to the Pension Plan trust. ***(...continued on next page…)***

(...continued from page 9…)

Certain pension benefits are insured by a federal government agency called the Pension Benefit Guaranty Corporation (PBGC). If a company is unable to provide required funding for its pension plan, and can prove that either in court or to the PBGC, the agency takes over the plan. As trustee, it pays plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds. The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is $4,500 per month, or $54,000 per year, payable in the form of a single life annuity, for a 65 year old person in a plan that terminates in 2010. The maximum benefit may be reduced for an individual who is younger than age 65 or increased for an individual who is over age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

Health care: The impact of Health Care Reform on retiree benefits is still being assessed.

Retiree health care is guaranteed for pre-1991 retirees and retirees who accepted the 1992 Enhanced Retirement Offer. Nothing about our agreement with CenturyLink changes that. Of course, health care benefits for post-1990 retirees could change in the future for a variety of reasons including as a result of Health Care Reform.

Telephone concession: At present, no changes to the retiree telephone concession are planned. The Company is mindful of its commitment to certain out-of-region retirees to provide reimbursement for IntraLata and InterLata long distance.

We will update you on any changes that may affect your benefits. You will receive information later this year about online access to your pension payment information and the ability to:

- Change or update your address
- Change your withholding for State and Federal taxes
- Change your financial institution or banking information
- View payment details

This new service provides faster updates to your information and results in cost savings to the Plan.

Hopefully the information above addresses concerns and questions you have had. If you have other questions, please contact the **Qwest Service Center** at **1-800-729-7526**.

Important Information for Investors and Stockholders

In connection with the proposed transaction, CenturyLink, Inc. ("CenturyLink") will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of CenturyLink and Qwest Communications International Inc. ("Qwest") that also constitute a prospectus of CenturyLink, and will be sent to the stockholders of Qwest. Investors and security holders are urged to read the joint proxy statement/prospectus and any other relevant documents filed with the SEC when they become available, because they will contain important information about Qwest, CenturyLink and the proposed transaction. The joint proxy statement/prospectus and other documents relating to the proposed transaction (when they are available) can be obtained free of charge from the SEC's website at ***www.sec.gov.***

These documents (when they are available) can also be obtained free of charge from Qwest upon written request to Qwest Communications International Inc., 1801 California Street, 51st floor, Denver, Colorado 80202, Attention: Shareowner Relations or by calling 1-800-567-7296, or from CenturyLink, upon written request to CenturyLink, 100 CenturyTel Drive, Monroe, Louisiana, 71203, Attention: Corporate Secretary.

Qwest, CenturyLink and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from stockholders in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Qwest may be found in its 2009 Annual Report on Form 10−K filed with the SEC on February 16, 2010, and in its definitive proxy statement relating to its 2010 Annual Meeting of Stockholders filed with the SEC on March 17, 2010. Information about the directors and executive officers of CenturyLink may be found in its 2009 Annual Report on Form 10−K filed with the SEC on March 1, 2010, and definitive proxy statement relating to its 2010 Annual Meeting of Shareholders filed with the SEC on April 7, 2010. These documents can be obtained free of charge from the sources indicated above.

Additional information regarding the interests of these participants will also be included in the joint proxy statement/prospectus regarding the proposed transaction when it becomes available.

This communication does not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor will there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities will be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Health Care & Qwest Retirees

With this edition of the *Retiree Guardian*, we begin a series of articles about health care and Qwest retirees. Often our members direct their questions to our Retiree Advocates or state organization leaders. Now we plan to share many of those questions and answers with you. On the following pages, we start our series.

We begin with the following articles which explain many of the changes in the federal legislation, *The Patient Protection and Affordable Health Care Act of 2010,* known to most of us as health care reform. These and future changes will affect all seniors including those already retired.

Barbara Wilcox with the AUSWR Colorado/Wyoming organization is our "reporter" who will lead this series of articles. If you have questions you would like to see answered in the *Retiree Guardian,* please direct them to Barbara at her email: **BMW@mho.com**. Or contact your state editor from the list found on page 6.

Timeline

This timeline shows only some of the events contained in The Patient Protection and Affordable Health Care Act of 2010. Included are the events mentioned in the accompanying health care reform articles.

3/23/2010 Becomes Law –	6/1/2010	2011	2012	2013	2014	2015	2016	2017	2018	And beyond
									Tax on "Cadillac" plans	
								Threshold increased for itemizing medical expense deductions for age 65 and over.		
				Medicare taxes increased . Employer tax deduction for Medicare D subsidy eliminated. Threshold increased for itemizing medical expense deductions for age under 65.						
		Medicare benefits added.								
		10% Medicare bonus for primary care doctors and general surgeons.								
		Medicare Advantage subsidy phased down.								
	Temporary reinsurance of retiree health care, ages 55-64.									

Medicare or Not, Health Care Changes

By Barbara Wilcox, AUSWR CO/WY

In this space, I will try to address some of the questions I've been hearing about health care reform. Rather than trying to give a complete picture of The Patient Protection and Affordable Health Care Act of 2010, my intent here is to describe probable impacts to us Qwest retirees. Email your questions for future articles to me at: ***BMW@mho.com***

Q. What changes might the new law make in the health care benefits Qwest provides to retirees?

The new law makes no changes in what Qwest is required to provide to retirees. Pre-1991 retirees are still protected from changes in their health care benefits by the settlement of the Phelps lawsuit. Qwest is still at liberty to make any changes it wants to the health care benefits it provides to post-1990 retirees.

Q. But, I thought the new law required large employers to either cover the people who work for them or pay a penalty.

YES, that's true for **employees.** But, the new law makes NO requirement that employers cover **retirees.**

You Are Not on Medicare Yet?

Q. I'm a retiree, but I'm not yet 65, so I'm not eligible for Medicare. Qwest is providing my health care. Is there anything in the new law that benefits me?

YES. There is a temporary reinsurance program for retirees age 55-64. The Federal Government will begin subsidizing the costs of the health care claims filed under your Qwest-provided health insurance by paying 80% of costs between $15,000 and $90,000. This subsidy is supposed to reduce your costs, and it will also reduce Qwest's costs. Because of the cost reduction, this is a significant incentive for Qwest to continue to provide your health insurance. Once the new Health Insurance Exchanges are operating, in 2014, this subsidy ends, and retirees in your situation will be able to purchase insurance on the Exchange if they choose to do so.

You Are On Medicare?

Q. I'm on Medicare. Will the new law make changes for me?

YES. It depends on whether you are on traditional Medicare or a Medicare Advantage plan exactly what changes you may experience.

Q. How do I know which kind of Medicare I'm on? I just chose from the options Qwest gave me at open enrollment.

A. If you were with an HMO (Health Maintenance Organization), you most likely enrolled in that HMO's Medicare Advantage plan when you became eligible for Medicare. Qwest offers different HMOs in different geographical locations. They include Group Health Options, Lovelace Health Plan, HealthNet of Arizona, and the Kaiser Permanente plans. If you are not in one of these HMOs, you have traditional Medicare.

Traditional Medicare Changes

Q. I'm on traditional Medicare. Will I have changes?

A. YES. There are several enhancements being made to traditional Medicare. A number of preventive services, such as annual physicals, mammograms, colonoscopies, will be covered free of charge, beginning 1/1/2011. There will be new programs to provide coordination of care if you are hospitalized or have a chronic condition. Reimbursements to primary care doctors and general surgeons will be increased by 10% for five years, so there should be more of these doctors for you to choose from.

Medicare Advantage Plan Changes

Q. I've heard that Medicare Advantage plans will go away, or will get more expensive. Is this true?

A. NO & MAYBE...The Medicare Advantage program is not going away. Up until now, these plans have enjoyed a larger subsidy from the Federal government than traditional Medicare, and that will be phased down to equal the subsidy to traditional Medicare. The private companies that offer Medicare Advantage may make changes as a result. For example, they may take away some of the perks they've offered in the past, such as health club memberships. They may also charge higher premiums or co-pays, but that is nothing new. These plans are required to offer benefits at least as good as traditional Medicare.

Tricare for Veterans

Q. I am a veteran and am on Tricare. Will there be any changes for me?

A. NO. Defense Secretary Gates has issued a statement saying that Tricare meets all of the requirements of the new health care law.

Follow the Money in Health Care

by Barbara Wilcox, AUSWR CO/WY

The financing of the Patient Protection and Affordable Health Care Act of 2010 is complex. I will try to cover things that may impact us Qwest retirees. Email your questions for future articles to me at : ***BMW@mho.com***

Q. Is it true that money is being taken from Medicare to pay for covering the uninsured?

A. The new law contains a provision requiring that any savings in Medicare go to reduce patient costs, improve Medicare benefits, protect patients' access to providers (doctors) and extend solvency of the Medicare Trust Fund. In 2011-2013, money is being taken from the Medicare Advantage programs until the Federal subsidies of that program are matched to subsidies of traditional Medicare. This money, along with other Medicare savings, will be used to enhance basic Medicare benefits and extend the life of Medicare.

Overall, the solvency of the Medicare Trust Fund will be extended by nearly a decade, according to the Congressional Budget Office. But, since some of the money won't be needed until later years, it will be "loaned" via special Treasury bills to pay for non-Medicare expenses, such as coverage for the uninsured.

Q. Large companies, such as AT&T, Deere & Co., and Verizon, announced in March that they may cut prescription drug coverage for Medicare-eligible retirees because their federal subsidy from the Medicare Part D program will no longer be tax-free. Will this tax change affect the prescription drug benefits of Qwest retirees?

A. Since the Medicare D prescription drug program was started in 2006, employers have been given a 28% tax-free subsidy to encourage them to provide prescription drug coverage to their Medicare-eligible employees and retirees. Qwest reported the future loss of the tax benefit on the subsidy starting in 2011 in its first quarter financial results which indicates that they will continue to provide the Medicare prescription drug coverage. Qwest and other employers will still get the 28% subsidy, but it will no longer be tax-free. Still the subsidy is a good incentive for Qwest to keep the prescription drug coverage. None of us can predict what Qwest will do. But, it seems unlikely that this tax change would cause Qwest to drop our prescription drug coverage

Q. I've heard that "Cadillac" health plans are going to be taxed. Will that apply to the health insurance we retirees get from Qwest?

A. It will not apply to those of us who are on Medicare, because Qwest only supplements our Medicare coverage. For those not yet on Medicare in 2018, when the tax on high value plans begins, it will depend on what the Qwest insurance premium level is (retiree plus Qwest cost, not including dental insurance). The threshold for persons over 55 will be $11,850 annually for single coverage and $30,950 for a family. At this time, it does not look like the insurance Qwest provides retirees will be expensive enough to be taxed.

Q. Are there any other new taxes that are likely to hit retirees?

A. That depends on your individual circumstances and income levels. For individuals with adjusted gross income over $200,000 or $250,000 for couples, a 3.8% Medicare tax will be assessed on investment income. For those at this income level who are still working, there also will be an additional 0.9% payroll tax. These taxes begin in 2013.

Q. What are the changes in the way deductions can be taken for health care expenses?

A. In 2013, the threshold for itemized deductions of out-of-pocket medical expenses will increase from 7.5% of adjusted gross income to 10%. For those 65 and older, this increase is postponed until 2017.

You can email your health care questions to Barbara at: BMW@mho.com.

"Does Healthcare or Medicare Pay For Injuries in An Accident?"

For questions on this article, contact Kitty Kennedy, Retiree Guardian regional editor. (see page 6).

The quick answer is, "Yes," --however, many accidents involve personal injuries, and so this quick answer must be followed with a broader explanation. Your medical insurance, including United Healthcare and Medicare, generally pays for medical care resulting from an accident that causes you injury.

What you also should know is that private insurers and state and federal governments including the administration of Medicare contain "subrogation rights." This means that your medical insurance company including Medicare has the right to recover accident-related expenses paid for your medical care from any legal settlement that you might obtain resulting from the accident.

For example, in the case of an auto accident your medical care is generally paid for by your medical insurance or Medicare. Then reimbursement is expected from your auto insurance or directly from the person who caused the accident. However, if you file a personal injury case and receive a monetary settlement, any settlement that you recover may be subject to a lien by your medical insurance company or Medicare.

Federal law governs Medicare. When you as a plaintiff receive a personal injury settlement, you must use a part of that settlement to pay back medical expenses paid by Medicare. Many plaintiffs are not aware of their obligations under Medicare. Usually the burden is taken on by the claimant's attorney to verify whether or not Medicare has placed a lien. Personal injury attorneys spend considerable time resolving these liens, so that they can avoid personal liability on the part of themselves and their clients.

"Federal law governs Medicare. When you as a plaintiff receive a personal injury settlement, you must use a part of that settlement to pay back medical expenses paid by Medicare."

For more information about the new health reform law, the following sources are recommended:

- **Kaiser Family Foundation http://healthreform.kff.org/**
- **AARP http://www.aarp.org/**
- **Alliance for Retired Americans http://www.retiredamericans.org/ht/d/Home/pid/178**
- **National Committee to Preserve Social Security and Medicare: http://www.ncpssm.org/**
- **U.S. Department of Health and Human Services http://www.healthreform.gov/**
- **Speaker of the House http://www.speaker.gov/newsroom/legislation?id=0361**
- **The White House http://www.whitehouse.gov/**

Qwest Shareholders Hear "Say on Pay"

Members of the Board, Senior Management and fellow shareholders my name is Mary Ann Neuman. I am a retiree of Qwest, a member of the Association of U S WEST Retirees and the proponent of Proposal #5, which asks the Board to give the owners of our Company a "Say on Pay" for senior executives.

The proposal states -- RESOLVED: The shareholders request an opportunity, at each annual meeting, to cast a Shareholder Advisory Vote on whether or not to ratify the compensation package for the CEO and other senior executive officers as disclosed in the Proxy Statement.

I believe Proposal #5 should be adopted because the owners of the company should be able to express their approval or disapproval of the compensation package for top executives, just as shareholders do at more than 15 major American corporations.

One of the companies Qwest uses as a peer company for Executive Compensation is Verizon. Verizon has adopted Say on Pay – so I again suggest that just as Qwest aspires to Verizon's compensation levels, it should also adopt its better governance practices as well.

Mary Ann Neuman, AUSWR NWB

RESOLVED: The shareholders request an opportunity, at each annual meeting, to cast a Shareholder Advisory Vote on whether or not to ratify the compensation package for the CEO and other senior executive officers...

Of course, the sad reality is that it's probably now too late for shareholders to exert any meaningful discipline on Qwest's runaway pay – for the simple reason that our top executives are literally about to take the money and run. When CEO Ed Mueller joined Qwest less than 3 years ago, the stock price was $9 per share – today it is about $ 5.16 per share. Qwest is so beaten down that to survive it's being sold off to CenturyLink – and for very little if any premium. How will our top management be held accountable for this mediocrity?

Well, for starters, Ed Mueller will receive a $24.7 million severance package, His severance package plus the packages of Rich Baer, Teresa Taylor, Joseph Euteneur and Dan Yost totals over $60 million. For each officer, this amounts to more than 6 times his base salary plus target bonus *despite* the fact that the shareholders last year supposedly adopted an executive severance policy that claimed to limit Golden Parachutes to 3 times base salary + bonus. But like so many of our Company's executive compensation policies, Qwest's Golden Parachute policy has a huge loophole: It doesn't count the immediate vesting and payout of unearned stock options, restricted stock and so-called Performance Shares. For Mueller alone, this unearned gift is worth $14 million.

Even on smaller items, the Board's rubber stamp on executive excess is evident in the fine print of the proxy. For example, after less than three years at Qwest, Mueller had already accumulated $243,000 in defined pension benefits. But hold on, we can't expect our senior executives to be satisfied with a pension based on the same formula given to rank-and-file employees. Instead, when he terminates after the merger, his lump sum pension payout will be bumped up by another 35%. The Board is such a door mat to senior executives that no explanation is even offered for this arbitrary "pension bonus."

At the same time the Board is giving the CEO an almost $25 million Platinum Parachute and a 35% Pension Bonus who's been around for 3 years you might ask what Qwest is giving the retired men and women who spent decades – not just 3 years - loyally building this company. This is what they got. Effective March 1, the Board gave 27,000 Company retirees the shaft. Qwest announced the cancellation of the Pensioner Death Benefit, which has been an earned and promised retirement benefit for decades. Although It pulls the rug out from under surviving spouses and other dependents, it saves the Company $220 million – almost enough to pay for all the Golden Goodbye Gifts for the entire posse of Senior Executives who have collectively run this Company virtually into the ground. We can only hope that the new Board at CenturyLink will care a bit more about nurturing and rewarding employee morale and loyalty.

(...continued on the next page...)

(“Say on Pay” continued from previous page)

However tragic Qwest’s history of abusive pay practices – from Trujillo’s $200 million Parachute, to Nacchio’s felonies, to Notebaert’s phantom pension – this Say on Pay issue is larger than just one crumbling old RBOC. Pending Federal legislation to require companies to give all U. S. share owners a “say on pay” is not just a phenomena of the current economic crisis and the ruinous risk-taking and self-dealing on Wall Street; it is a reaction to executive pay that has climbed to more than 350 times the average worker’s salary. As a Senator, President Obama sponsored legislation to require public companies like Qwest to give their owners a Say On Pay – legislation that passed the U.S. House in 2007 and which President Obama would surely sign today.

Greater scrutiny and accountability are particularly needed at Qwest, since I believe our Company’s history of low bar for performance-based pay, its golden parachutes, lavish executive pensions, and tax-free perks all stand out as unjustifiably costly.

A study by the highly-respected Corporate Library, a governance research firm, selected Qwest as one of 12 “Pay for Failure” companies with the very worst combination of high pay and poor performance among large U.S. public companies.

Some of Qwest’s “Pay for Failure” practices include:

1. Qwest’s senior executive compensation is benchmarked based on a small number of peer companies (only 9) that are either far larger, more complex and more profitable – such as Verizon and AT&T – or which are not peer companies at all, but are widely known for over-paying top executives – such as Motorola. Last year Proxy Governance Inc., a leading governance consultant to institutional investors, cited that “the average three-year compensation paid to Qwest’s CEO is 80% above the median paid to CEOs at peer companies.”

2. Defying marketplace trends, the so-called Performance Shares awarded to Senior Management conditioned on above-average returns make up 55% of Qwest’s long-term equity compensation. The rest -- 45% -- is paid in Restricted Stock, which has no performance requirement at all. It is simply a windfall for remaining employed here – and even that tenure requirement is waived after a change in control.

   Although it’s positive that the percentage of Performance Shares increased this year from 25% to 55%, that 55% is just a smoke and mirrors trick since Qwest’s so-called “Performance Shares” are cleverly designed to pay out up to 100% of target – millions and millions of dollars of our money – even when Qwest’s Total Shareholder Return is *negative!*

3. Qwest senior executives receive far more generous pension benefits than rank-and-file managers and employees. Not only do they receive a 3% company match on as much as 85% of both salary and bonus paid into their Executive Deferred Savings Plan – but when they leave, their pension plan balance is automatically increased by 35%. The good news is that this is actually a little less abusive than the 30 years of extra pension service credits – worth $11 million – that the Board gave to former CEO Dick Notebaert. As Dick walked out the door with his pockets stuffed with millions, retirees remembered vividly his statement that rank and file retirees would NEVER see a pension increase.

Shareholders should know that this is the third and – if the merger goes through – the final time that the Say On Pay proposal will be voted on here at Qwest. Apple shareholders approved Say on Pay last year, as did Verizon shareholders the year before. It’s on the ballot at more than 50 major companies and gaining momentum and approval as more and more investors view it as good corporate governance.

Let’s finally vote this year to implement a non-binding Say on Pay proposal at Qwest, stop the spiraling compensation awards, limit the perks and recognize as many in our nation do, that this has got to stop. Obviously with all the corporate excesses and greed splashed across the evening news night after night, it’s not a good PR move to continue to road block accountability efforts like Say on Pay. While we are still Qwest, I would sincerely like to see the Company I worked for and retired from take the higher road and adopt a common-sense accountability measure like this that would make me proud again.

Thank you for your attention.