From: Association of BellTel Retirees Inc.

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Verizon Retirees Sue to Halt Verizon's $7.5 Billion Sell-Off of 41,000 Pensions

Federal Court Action Seeks to Reverse Spin-Off to Prudential Insurance Annuity Plan

Cold Spring Harbor, NY – November 29, 2012-- Management retirees of Verizon Communications Inc. (**NYSE: VZ)** have filed a federal lawsuit to halt their former employer's plan to sell off 41,000 Employee Retirement Income Security Act (ERISA) protected pensions to the Prudential Insurance Company of America (**NYSE: PRU**) in exchange for providing Prudential with $7.5 billion in Verizon retirees' pension assets. If the pension spinoff, which was expected to close in December, is not halted, beginning in January 2013, Prudential will replace retirees' pensions with insurance annuities that are not ERISA-protected.

Attorneys Curtis L. Kennedy of Denver and Bob Goodman of Dallas representing retirees in conjunction with the 128,000 member non-profit Association of BellTel Retirees Inc. (www.BellTelRetirees.org) have filed for a request for an immediate temporary restraining order to be followed by a hearing to consider a preliminary injunction in the United States District Court, Northern District of Texas, Dallas Division charging that Verizon's plan to transfer the retirees' pensions from the Verizon Management Pension Plan into Prudential issued insurance annuities violates federal ERISA law.

On October 17 Verizon surprised 41,000 pre-January 1, 2010 company management retirees when it disclosed the transaction. Retirees claim the conversion to an annuity wipes out the federally insured pension safety net provided by the Pension Benefit Guaranty Corporation (PBGC) and is an effort to sever retirees ERISA protections, as well as the company's fiduciary responsibilities to the very retirees who built their company. The Verizon Management Pension Plan currently has approximately 100,000 participants, including plaintiffs.

Retiree association President C. William Jones said, "On behalf of 41,000 Verizon retirees scattered across the country, who are being given no choice, no voice and no protection in the transfer of their pension assets, we are calling upon the company to reverse this action and halt this predatory business transaction that will impact many retired Americans, who labored a lifetime to fund their earned pension benefits."

Retirees note that Prudential could also sell or transfer all or part of its ownership of the annuity asset to another company. While Prudential looks and sounds like a solid insurance company, the retirees say America's history is littered with the carcasses of many once-great and too-big-to-fail financial powerhouses such as: *AIG, Kentucky Central Life Insurance Co, Executive Life, The Equitable Life Assurance Society (Equitable Life), Lehman Brothers and Bear Stearns*.

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Should the insurer experience a default or asset shortfall, the PBGC would be replaced with a patchwork network of state guaranty associations, many of which are underfunded.

Corporate retirees, like Verizon's who are at least 65 years of age, are insured by the PBGC, up to the limit of $55,800 per year, per retiree for an unlimited number of years. By spinning off the 41,000 pensions to an annuity provider, Verizon retirees' PBGC protections are replaced by insufficient and varying coverage – generally determined by state of residence at the time of impairment – from $100,000 - $500,000 (lifetime per person cap).

- Eight states and one U.S. territory - AK, AZ, IN, MA, MS, MO, NH, NV and Puerto Rico - limit total lifetime coverage for annuity holders in case of a default or shortfall to a lifetime maximum of $100,000;
- 28 others - CA, CO, DE, HI, ID, IL, IA, KS, LA, ME, MD, MI, MN, MT, NE, NM, ND, OH, RI, SD, TN, TX, UT, VT, VA, WV, WY - go up to $250,000 lifetime coverage;
- 10 states and District of Columbia use a $300,000 top end – AL, AR, FL, GA, NC, OK, OR, PA, SC, WI;
- Just 4 - CT, NJ, NY, WA - go up toa ceiling of $500,000.

Mr. Jones said, "Retirees and their spouses, especially in states with the lowest protection levels, will be seriously harmed and left with as little as two years pension replacement in case of insurer default. Verizon's pension spin-off and conversion to a non-PBGC insurance annuity offers zero protection or upside for tens of thousands of Ma Bell's orphans."

The case is: ***William Lee and Joanne McPartlin and Plan Beneficiaries of the Verizon Management Pension Plan vs Verizon Communications Inc. in the United States District Court, Northern District of Texas, Dallas Division (Case No: 3:12-CV-04834-D)***

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