

sponsored pension plans into pension plans sponsored by Idearc, Inc., a spin-off company that underwent bankruptcy reorganization and emerged with a name change to SuperMedia, Inc. Plaintiffs, for themselves and on behalf of class members, demanded that they be restored to participation in Verizon's pension plans. SuperMedia's pension plan administrator never responded to Plaintiffs' administrative claim. Verizon's pension plan administrator failed to timely respond and failed to give Plaintiffs a full and fair review of their internal appeal. Plaintiffs' class-wide internal administrative claim was deemed exhausted.

2. This civil action was commenced on November 25, 2009. Prior to there being any disclosures or formal discovery, on January 6, 2010, Plaintiffs filed their Amended Complaint for Proposed Class Action Relief Under ERISA. (Docket No. 6). On March 3, 2011, this Court entered an order granting class certification. (Docket 55). The parties have engaged in formal discovery proceedings and, as a result, Plaintiffs, on behalf of the certified class submits this Second Amended Complaint. Each of the following claims asserted in this Second Amended Complaint is governed by a single federal law, the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1001- 1461:

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| First Claim | Verizon EBC and SuperMedia EBC - Breach of ERISA Section 503, Failure to Provide Full and Fair Administrative Review; |
| Second Claim | Verizon EBC - Violation of ERISA Section 102(b), Failure to Provide Required Disclosure in SPDs; |
| Third Claim | Verizon EBC - Violation of ERISA Sections 406(b)(2) and (b)(3), Participation in Transaction Adverse to Class members' interests; |
| Fourth Claim | Verizon EBC - Violation of ERISA Section 404(a)(1), Breach of ERISA Fiduciary Duties; |

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| Fifth Claim | SuperMedia EBC - Violation of ERISA Section 104(b)(1)(A), Failure to Provide SPDs to Class members; |
| Sixth Claim | SuperMedia EBC and Verizon EBC - Claim for Appropriate Equitable Relief; and |
| Seventh Claim | Verizon Pension Plans - ERISA Section 502(a)(1)(B) Claim for Benefits. |

JURISDICTION AND VENUE

3. The Court has jurisdiction over the claims for relief based upon the civil enforcement provisions of ERISA, 29 U.S.C. §§ 1132(a)(1), 1132(a)(2), 1132(a)(3), 1132(e)(1) and 1132(f), and upon 28 U.S.C. §§ 1331.

4. Relief is also sought under 28 U.S.C. §§ 2201 and 2202, granting any district court of the United States, in a case of actual controversy within its jurisdiction, the power to declare the rights and other legal relations of any interested party seeking such declaration and to grant further necessary or proper relief based upon a declaratory judgment or decree.

5. Venue of this action lies in the Northern District of Texas, pursuant to 28 U.S.C. § 1391(b) and 29 U.S.C. § 1132(e)(2), in that acts complained of herein occurred within this District and the subject pension benefit plans are administered in this District. The Dallas Division of this District is a convenient forum as demonstrated by Verizon Employee Benefits Committee's representations to this Court that "[r]esponsibility for day-to-day administration of the Plan (including recoupment of overpayments) has been delegated by the Verizon Employee Benefits Committee to the pension administration department within the Verizon human resources department in Coppell and Irving, Texas." *Verizon Employee Benefits Committee v. Jaeger*, Not Reported in F.Supp.2d, 2006 WL 2880451 (N.D. Tex September 28, 2006).

THE PARTIES and SIGNIFICANT ENTITIES

6. Named Plaintiff PHILIP A. MURPHY, Jr. (“Murphy”) is a United States citizen and resident of Mills, Massachusetts. In December 1996, he retired from a predecessor of Verizon Communications Inc. Within a couple of months after his retirement date, MURPHY began receiving a service pension in the form of a 100% joint and survivor monthly annuity with a pop-up feature.

7. In November 2006, Murphy was a “participant,” as defined by ERISA § 3(7), 29 U.S.C. § 1002(7), of the VERIZON PENSION PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES. Murphy was involuntarily made a participant of the SUPERMEDIA PENSION PLAN FOR COLLECTIVELY BARGAINED EMPLOYEES. Defendants contend the pension benefit liability for MURPHY was transferred to the SuperMedia pension plan. However, Murphy maintains status as a participant with a colorable claim to payment of pension plan benefits from the aforesaid Verizon pension plan.

8. Named Plaintiff SANDRA R. NOE (“Noe”) is a United States citizen and resident of Ipswich, Massachusetts. On or about April 7, 1995, she retired from a predecessor of Verizon Communications Inc. and began receiving a service pension in the form of a single life monthly annuity.

9. In November 2006, Noe was a “participant,” as defined by ERISA § 3(7), 29 U.S.C. § 1002(7), of the VERIZON PENSION PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES. Noe was involuntarily made a participant of the SUPERMEDIA PENSION PLAN FOR COLLECTIVELY BARGAINED EMPLOYEES. Defendants contend the pension benefit liability for Noe was transferred to the SuperMedia pension plan. However,

Noe maintains status as a participant with a colorable claim to payment of pension plan benefits from the aforesaid Verizon pension plan.

10. Named Plaintiff CLAIRE M. PALMER (“Palmer”) is a United States citizen and resident of West Newton, Massachusetts. On or about April 1, 1995, she retired from a predecessor of Verizon Communications Inc. and began receiving a service pension in the form of a single life monthly annuity.

11. In November 2006, PALMER was a “participant,” as defined by ERISA § 3(7), 29 U.S.C. § 1002(7), of the VERIZON MANAGEMENT PENSION PLAN. Palmer was involuntarily made a participant of the SUPERMEDIA PENSION PLAN FOR MANAGEMENT EMPLOYEES. Defendants contend the pension benefit liability for Palmer was transferred to the SuperMedia pension plan. However, Palmer maintains status as a participant with a colorable claim to payment of pension plan benefits from the aforesaid Verizon pension plan.

12. Defendant VERIZON COMMUNICATIONS INC. is a Delaware corporation with operations within this District. Verizon is the plan sponsor of the Verizon Pension Plan for New York and New England Associates. Within the Dallas Division of this District, said defendant maintains an H.R. Department charged with administering the pension plan and various welfare benefit plans.

13. Defendant VERIZON CORPORATE SERVICES GROUP INC. is a Delaware corporation with operations within this District. Verizon is the plan sponsor of the Verizon Management Pension Plan. Within the Dallas Division of this District, said defendant maintains an H.R. Department charged with administering the pension and various welfare benefit plans. Hereinafter, both Verizon Communications Inc. and Verizon Corporate Services Group Inc. are,

together, referred to as “Verizon.”

14. Defendant VERIZON EMPLOYEE BENEFITS COMMITTEE (hereinafter “Verizon EBC”) and/or its chairperson is, pursuant to ERISA §§ 3(21) and 3(16), 29 U.S.C. §§ 1002(21) and 1002(16), the named “fiduciary” and “administrator” for a number of Verizon’s pension and welfare plans, including the pension plans named as necessary parties herein. Verizon EBC is also the named fiduciary and administrator of numerous Verizon welfare benefit plans, and as such owes fiduciary duties to retiree who are either participants in those welfare plans or have colorable claims to payment of Verizon’s welfare benefits. Verizon EBC has delegated day-to-day administration of Verizon’s employee benefit plans to Verizon’s human resources department, including personnel in the offices located within this District at 600 Hidden Ridge, Irving, Texas. Defendant is a body appointed by Verizon, and, as a body, performs certain designated fiduciary and administrative functions under Verizon’s employee benefit plans. For example, as administrator and fiduciary of Verizon’s pension plans, Verizon EBC has the discretionary authority to exercise control over disbursements of assets in the pension plans.

15. VERIZON INVESTMENT MANAGEMENT CORPORATION (“VIMCO”) is, pursuant to ERISA §§ 3(21), 29 U.S.C. §§ 1002(21), a fiduciary of Verizon’s several pension plans, including the pension plans named as necessary parties herein. At all times during year 2006, VIMCO exercised discretionary authority or control respecting management and disposition of the assets of Verizon’s pension plans and master trust known as Bell Atlantic Master Trust. Said defendant is a body appointed by Verizon, and, as a body, performs certain investment functions under Verizon’s pension plans and the master trust.

16. At all times mentioned herein, various unnamed Verizon employees, in-house counsel and VIMCO acted and served as Verizon EBC's agents, and Verizon EBC has ratified and approved of the acts of its agents, including VIMCO.

17. Defendant VERIZON MANAGEMENT PENSION PLAN is an "employee pension benefit plan" pursuant to ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). The plan is a defined benefit, employee pension benefit plan. The plan is one of Verizon's management pension plans. The plan is a "single-employer plan" and not a "multiemployer plan." The plan is named as a party defendant pursuant to Rule 19(a), Fed.R.Civ.P. In November 2006, Verizon transferred plan assets, together with certain class members, to a SuperMedia sponsored pension plan. The transferred class members seek to be restored to participation in the Verizon Management Pension Plan.

18. Defendant VERIZON ENTERPRISES MANAGEMENT PENSION PLAN is an "employee pension benefit plan" pursuant to ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). The plan is a defined pension benefit plan. The plan is one of Verizon's management pension plans. The plan is a "single-employer plan" and not a "multiemployer plan." The plan is named as a party defendant pursuant to Rule 19(a), Fed.R.Civ.P. In November 2006, Verizon transferred plan assets, together with certain class members, to a SuperMedia sponsored pension plan. The transferred class members seek to be restored to participation in the Verizon Enterprises Management Pension Plan.

19. Defendant VERIZON PENSION PLAN FOR NEW YORK AND NEW ENGLAND ASSOCIATES is an "employee pension benefit plan" pursuant to ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). The plan is a defined benefit, employee pension benefit plan. The plan

is one of Verizon's union pension plans. The plan is a "single-employer plan" and not a "multiemployer plan." The plan is named as a party defendant pursuant to Rule 19(a), Fed.R.Civ.P. In November 2006, Verizon transferred plan assets, together with certain class members to a SuperMedia sponsored pension plan. The transferred class members seek to be restored to participation in the Verizon Pension Plan for New York & New England Associates.

20. Defendant VERIZON PENSION PLAN FOR MID-ATLANTIC ASSOCIATES is an "employee pension benefit plan" pursuant to ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). The plan is a defined pension benefit plan. The plan is a "single-employer plan" and not a "multiemployer plan." The plan is one of Verizon's union pension plans. The plan named as a party defendant pursuant to Rule 19(a), Fed.R.Civ.P. In November 2006, Verizon transferred plan assets, together with certain class members, to a SuperMedia sponsored pension plan. The transferred class members seek to be restored to participation in the Verizon Pension Plan For Mid-Atlantic Associates.

21. In November 2006, Verizon spun off its directories business, VERIZON INFORMATION SERVICES, to its shareholders. (hereinafter, the "Spin-off" or "Spin-off transaction"). In the Spin-off, Verizon created an independent public company then known as Idearc, Inc., now known as SuperMedia, Inc. SuperMedia, Inc is neither a "Verizon affiliate" nor a "portability company"¹ within the meaning of the controlling master plan documents and the SPDs for Verizon's pension plans.

22. SUPERMEDIA, INC., formerly known as Idearc, Inc., is a Delaware corporation with principal executive offices within this District. Within the Dallas Division of this District,

¹ A "portability company" is a prior Bell System Company.

SuperMedia maintains an H.R. Department charged with administering all of SuperMedia's welfare plans and pension plans.

23. SuperMedia, Inc., in the name of Idearc, Inc., began operations as an independent public company on November 17, 2006 when it was spun-off from Verizon.

24. SuperMedia, Inc. is the plan sponsor of the defined benefit pension plans in which Plaintiffs and class members are presently enrolled as plan participants and beneficiaries.

25. SuperMedia, Inc. has stipulated in this case to become bound by certain equitable judicial relief entered herein. (Docket 15 at ¶ 3).

26. SuperMedia, Inc. is neither an "interchange company", "participating company" nor "affiliate" of Verizon, within the meaning of Verizon's pension plans.

27. As of November 17, 2006, SuperMedia, Inc. was a separate publicly traded corporation, operating completely apart from Verizon.

28. In connection with the Spin-off transaction, SuperMedia, Inc. assumed approximately \$9.11 billion of debt, including obligations for payment of Plaintiffs' and class members' pensions and other post employment benefits ("OPEBs"). The OPEBs consisted of health care, dental care and life insurance benefits previously due from, and provided by, Verizon.

29. In March 2009, Idearc, Inc, commenced Chapter 11 bankruptcy proceedings within the Dallas Division of this District. On January 4, 2010, Idearc, Inc. emerged from Chapter 11 bankruptcy proceedings and announced it had changed its name to SuperMedia, Inc.

30. Defendant SUPERMEDIA EMPLOYEE BENEFITS COMMITTEE (hereinafter "SuperMedia EBC") is, pursuant to ERISA §§ 3(21) and 3(16), 29 U.S.C. §§ 1002(21) and

1002(16), the named “fiduciary” and “administrator” of SuperMedia’s several pension plans.

SuperMedia EBC is a body appointed by SuperMedia, Inc. and is comprised of SuperMedia, Inc. officers.

31. SuperMedia EBC administers SuperMedia pension plans within this District at 2200 West Airfield Drive, D/FW Airport, Texas. Said defendant is a body appointed by SuperMedia, Inc. and, as a body, performs certain designated fiduciary and administrative functions under SuperMedia’s Inc.’s pension plans.

32. SuperMedia EBC concedes in this case that “[t]o the extent the Court determines a SuperMedia Defendant is needed to effectuate an order transferring retirees back to Verizon’s pension plans, the plans’ administrator is the appropriate party---SuperMedia EBC.” (Docket No. 29, at 3 & n.4).

33. SUPERMEDIA PENSION PLAN FOR MANAGEMENT EMPLOYEES is an “employee pension benefit plan,” pursuant to ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). The plan is a defined pension benefit plan. The plan is a “single-employer plan” and not a “multiemployer plan.” In connection with the Spin-off, assets from Verizon’s sponsored management pension plans, together with numerous class members were transferred into the plan. Plaintiff Palmer and class members seek to be removed from the plan and reinstated into Verizon’s sponsored management pension plans and employee welfare benefit plans.

34. SUPERMEDIA PENSION PLAN FOR COLLECTIVELY BARGAINED EMPLOYEES is an “employee pension benefit plan” pursuant to ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A). The plan is a defined pension benefit plan. The plan is a “single-employer plan” and not a “multiemployer plan.” In connection with the Spin-off, assets from Verizon’s

sponsored union pension plans, together with numerous class members were transferred into the plan. Plaintiff Murphy, Plaintiff Noe and class members seek to be removed from the plan and reinstated into Verizon's sponsored union pension plans and employee welfare benefit plans.

FACTS

Verizon Spins-Off Idearc as a Stand Alone Entity

35. SuperMedia, Inc. reports in a Form 10-K filed with the United States Securities and Exchange Commission (hereinafter "SEC") that the company "was formed as a Delaware corporation in June 2006 in anticipation of the spin-off from Verizon."²

36. During the first quarter of 2006, Verizon was devising a plan to spin-off its Verizon Information Services division (hereinafter "VIS" , i.e., companies associated with Verizon's domestic print and internet yellow pages directories publishing operations) to its stockholders as a separate, publicly traded company. The documents concerning the proposed Spin-off contained competing proposals or "scenarios" about whether to include or exclude Plaintiffs and class members in the Spin-off.

37. During the planning stage for the proposed Spin-off, there was a Verizon team and a VIS team. Both teams were comprised of senior level management officers, director level management employees, in-house lawyers, outside counsel and actuaries.

38. Neither the Verizon Spin-off team nor the VIS Spin-off team had any member whose exclusive role or responsibility was to represent Plaintiffs' and class members' best interests. Throughout the planning of the Spin-off, up to and including the November 17, 2006

² SuperMedia, Inc. Form 10-K for year 2007 at p. 1.

completion date, Plaintiffs and class members had no direct representation.

39. From January 2006 through early October, 2006, Verizon Spin-off team members and VIS Spin-off team members continued to consider whether or not Plaintiffs and class members and other retirees should be transferred to the proposed Spin-off entity. There was no prior precedent whereby Verizon had transferred retirees as part of a spin-off transaction.

40. In early October 2006, just weeks before the planned completion date of the Spin-off, certain VIS Spin-off team members sought to have the better financed Verizon maintain responsibility for Plaintiffs and class members because the proposed Spin-off entity was going to be burdened with over \$9 billion in debt. The VIS Spin-off team wanted to reduce the debt assumed by the Spin-off entity. The Verizon Spin-off team refused to change the planned deal and Verizon went forward with its decision to have Plaintiffs and class members transferred to the newly formed Spin-off entity.

41. On or about October 18, 2006, Verizon publicly announced that its Board of Directors had approved the proposed spin-off of VIS to its stockholders as a separate, publicly traded company named Idearc, Inc., now known as SuperMedia, Inc.

42. When the October 2006 public announcement was made, Plaintiffs were each previously retired from a Verizon sponsored pension plan and each was receiving pension benefits, welfare benefits and other incidental retiree benefits provided by Verizon.

43. In October 2006, when Verizon filed disclosures with the SEC, Verizon made no announcement or public disclosure that Plaintiffs and class members, or any retirees, would be included in the proposed Spin-off, the creation of Idearc, Inc.

44. Verizon's Spin-off was completed on or about Nov. 17, 2006.

45. Verizon pension plan fiduciaries had almost a full year during which to contemplate the mechanics, requirements and consequences of reclassifying and involuntarily transferring Plaintiffs and class members to the Spin-off entity. Although during much of year 2006 there were differing proposals or scenarios under consideration by the Verizon Spin-off team and the VIS Spin-off team about whether to include Plaintiffs and class members in the proposed Spin-off, Verizon pension plan fiduciaries never sought the opinion of an independent pension plan fiduciary to guide either them or any one else in their decision whether or not to allow retired plan participants to be removed from Verizon's sponsored pension plans and included in the Spin-off transaction.

Employee Matters Agreement Is Not a Pension Plan Document

46. In preparation for the planned Spin-off, Verizon and Idearc, Inc. entered into an Employee Matters Agreement ("EMA"), executed on November 17, 2006 by a Verizon officer and an Idearc, Inc. officer.

47. The EMA was executed on the *final* date of the Spin-off. It reflects Verizon's and Idearc, Inc.'s agreement that Plaintiffs and class members were then removed from Verizon's pension rolls and transferred to Idearc, Inc.'s pension roles. The EMA specifies that Verizon would abandon responsibility for paying Plaintiffs' and class members' pension and welfare benefits and that such obligations would be assigned to and assumed by Idearc, Inc. and its newly established pension plans.

48. The EMA is neither a governing pension plan document nor an amendment to Verizon's pension plans. There are no terms within Verizon's pension plans expressly making the EMA part of the pension plans and there is, otherwise, no incorporation of any EMA into

Verizon's pension plans.

49. Neither Verizon EBC nor SuperMedia EBC treated the EMA as a document under which the pension plans were established or operated, a document required to be disclosed under ERISA Section 104(b)(4), 29 U.S.C. § 1024(b)(4). In a March 6, 2009 letter sent in response to Plaintiffs' document demands, Verizon's Assistant General Counsel Marc Schoenecker, counsel for Verizon EBC, stated, in part, that "ERISA Section 104(b) does not require us to produce the EMA."

50. At no time prior to the Spin-off were any particular pension assets assigned to, linked with, or identified with any Plaintiff or class member.

51. When the November 17, 2006 Spin-off transaction was completed, there were no Verizon pension plan provisions which segregated certain pension assets or identified certain pension liabilities as being earmarked or associated with an account maintained for either a single Plaintiff or group of retired pension plan participants within the class.

The Assets Transferred During 2006 Were Surplus Assets

52. During November 2006, Verizon Defendants transferred hundreds of millions of dollars in pension assets to Idearc's master trust and pension plans.

53. Each of the year ending 2006 Form 5500 reports that Verizon pension plan administrators submitted in October 2007 under penalty of perjury to at least two federal agencies does not report any assets were transferred during year 2006 into Idearc, Inc.'s pension plans.³

³ In mid-October 2007, Verizon's designated pension plan administrator submitted Form 5500 reports declaring the reports were "submitted under penalties of perjury and other penalties set forth

54. Verizon pension plan administrators' responses to question 5b of Part IV of Schedule H of the year ending 2006 Form 5500s that were filed in October 2007 do not reflect any transfers of assets or liabilities into Idearc, Inc.'s pension plans at any time during year 2006.

55. SuperMedia, Inc. reported in three successive annual 10-K reports filed with the SEC that "an initial pension asset transfer equal to 90% of the estimated asset transfer was completed after the Spin-off and prior to December 31, 2006." However, in the SEC filings, SuperMedia, Inc. does not disclose the date of the asset transfer.

56. At all times during year 2006, all assets of Verizon's pension plans were part of Verizon's master trust called Bell Atlantic Master Trust. Throughout year 2006, the master trust had surplus assets.

57. At all times during year 2006, both of Verizon's management pension plans held excess or "surplus" assets.

58. In November 2006, Verizon and VIMCO transferred a portion of the surplus assets out of the Bell Atlantic Master Trust into SuperMedia's master trust.

59. In November 2006, Verizon and VIMCO transferred a portion of the surplus assets out of Verizon's management pension plans into SuperMedia's management pension plan.

Retirees Were Involuntarily Transferred Contrary to Existing Plan Rules

60. In November 2006, Plaintiffs and all class members were vested in their respective Verizon sponsored pension plans. Verizon did not seek either Plaintiffs' or class members' consent to be transferred out of Verizon's pension plans into Idearc's pension plans.

in the instructions. . ." The Schedule H forms to the Form 5500 reports no transfer of either assets or liabilities at any time during year 2006 into any Idearc sponsored pension plan.

61. No one associated with either VIS or SuperMedia, Inc. obtained either Plaintiffs' or class members' consent to be transferred out of Verizon's sponsored pension plans into SuperMedia Inc.'s sponsored pension plans.

62. The day before the Spin-off transaction was completed, Verizon had over 100,000 retirees enrolled in its four defined pension benefit plans.

63. As part of the Spin-off transaction, Verizon and Verizon EBC selected Plaintiffs and about 2,000 other class members to be transferred into SuperMedia's pension plans.

64. In November 2006, Verizon involuntarily transferred Plaintiffs and class members into SuperMedia Inc.'s pension plans. There were no existing pension plan terms giving the plan sponsor or any other entity the authority to make that change in status for the retirees. Verizon's actions were contrary to the terms of the governing plan documents.

During November 2006, the Master Plan Documents for Verizon's Union Pension Plans Contained Terms that Contemplated a Potential for Active Employees' Benefit Obligations Being Assumed by Another Plan.

65. During November 2006, the master plan documents for both of Verizon's union pension plans contained a provision that contemplated benefit obligations for active employees may be assumed by another plan. Section 5.11 in both the Verizon Pension Plan for New York and New England Associates and the Verizon Pension Plan for Mid-Atlantic Associates stated, in part:

In the case of an Employee whose entire benefit obligation is assumed. . . by a plan maintained by an entity which is a successor to all or part of a Participating Company, no benefits shall be paid under this Plan. (emphasis added).⁴

4

Section 5.11 at page 42 of Verizon Pension Plan for New York & New England

Both union pension plans state the term “Employee shall mean any individual employed by the Company or an Affiliate.” (emphasis added).⁵ Therefore, Section 5.11 is inapplicable to Plaintiff Murphy, Plaintiff Noe and other retired plan participants, persons no longer employed by Verizon.

66. During November 2006, no Plaintiff was employed by Verizon or an “Affiliate”, as defined by Verizon’s pension plans.

67. During November 2006, none of Verizon’s pension plans contained terms that specifically contemplated, authorized or directed that a retiree’s benefit obligation be assumed or assigned to another pension plan.

68. During November 2006, each Verizon pension plan contained a specific provision allowing for mergers and consolidations of the pension plans and for transfer of assets and liabilities into another plan. (See, Section 11.3 of the Verizon Management Pension Plan; Section 20.6 of the Verizon Pension Plan for New York and New England Associates; and Section 20.6 of the Verizon Pension Plan for Mid-Atlantic Associates.).

69. However, as of the November 17, 2006 Spin-off transaction, there were no pension plan terms that specifically allowed either a spin-off or involuntary transfer of retired pension plan participants out of Verizon’s sponsored pension plans into SuperMedia’s sponsored pension plans.

Associates, *Restated effective January 1, 1999*; Section 5.11 at page 34 of Verizon Pension Plan for Mid-Atlantic Associates, *Restated effective January 1, 1999*.

5

Section 2.28 at page 10 of the Verizon Pension Plan for New York & New England Associates, *Restated effective January 1, 1999*; Section 2.25 at page 8 of the Verizon Pension Plan for Mid-Atlantic Associates, *Restated effective January 1, 1999*.

70. Prior to December 22, 2006, there were no pension plan terms that identified, allowed or directed specific assets, liabilities or Plaintiffs and class members to be removed from Verizon's master trust and pension plans and transferred into SuperMedia's master trust and pension plans.

Verizon Impermissibly Retroactively Applied Plan Amendments
Executed on December 22, 2006

71. On December 22, 2006, Verizon executed and adopted pension plan amendments containing new plan terms purportedly permitting the transfer of assets, liabilities and retirees into SuperMedia's pension plans and master trust. (See, Schedule XLV of the Verizon Management Pension Plan; Section 5.11, as amended, of the Verizon Pension Plan of New York and New England Associates; and Section 5.11, as amended, of the Verizon Pension Plan for Mid-Atlantic Associates).

72. Verizon attempted to make the *post hoc* terms of the amendments retroactive to November 17, 2006. The retroactive application of the December 22, 2006 plan amendments violated preexisting terms of Verizon's pension plans and deprived Plaintiffs and class members of their vested rights existing under Verizon's pension plans prior to the amendments.

73. By letter dated January 25, 2007, Verizon notified Plaintiff Palmer and other management retirees that, as a result of the Spin-off, SuperMedia assumed both the responsibility and obligations for the benefit plans of its employees "as well as retirees and other former employees whose final Verizon service was with Verizon Information Services (VIS) or an associated company." Therefore, prior to January 25, 2007, neither Plaintiff Palmer nor other management retirees had actual knowledge of their changed status and the facts and

circumstances giving rise to the claims of breaches of fiduciary duty and violations of ERISA alleged in this Second Amended Complaint. Prior to January 25, 2007, neither Plaintiff Palmer nor other management retirees had knowledge that the facts support legal claims to start the limitation period running.

74. Neither Verizon nor Verizon EBC disclosed to either Plaintiff Palmer or other management retirees that Verizon had not amended its management pension plans until December 22, 2006, a change made after Plaintiff Palmer and management retirees had already been transferred.

75. By letter dated February 15, 2007, Verizon notified Plaintiff Murphy, Plaintiff Noe and other non-management retirees that as a result of the Spin-off, SuperMedia assumed both the responsibility and obligations for the benefit plans of its employees “as well as retirees and other former employees whose final Verizon service was with Verizon Information Services (VIS) or an associated company.” Therefore, prior to February 15, 2007, neither Plaintiff Murphy, Plaintiff Noe nor other non-management retirees had actual knowledge of their changed status and any of the facts and circumstances giving rise to the claims of breaches of fiduciary duty and violations of ERISA alleged in this Second Amended Complaint. Prior to February 15, 2007, neither Plaintiff Murphy, Plaintiff Noe nor other non-management retirees had knowledge that the facts support legal claims to start the limitation period running.

76. Neither Verizon nor Verizon EBC disclosed to either Plaintiff Murphy, Plaintiff Noe or other non-management retirees that Verizon had not amended its union pension plans until December 22, 2006, a change made after Plaintiff Murphy, Plaintiff Noe and non-management retirees had been transferred.

The Involuntary Removal of Retirees From Verizon's Pension Plan and Transfer to Idearc's Pension Plans Was Not in Plaintiffs' and Class members' Best Interests

77. In November 2006, Plaintiffs and all class members were vested in their respective Verizon sponsored pension plans.

78. In the several months before the Spin-off transaction, Verizon and Verizon EBC and plan administrators either knew or should have known that Idearc, Inc. was going to be overburdened with debt, that its prospects for future growth were slim, and that the involuntary transfer of retirees into Idearc, Inc.'s control would not be in the retirees' best interest.

79. The involuntary transfer of Plaintiffs and class members to SuperMedia was not in their best interests.

80. Less than three years after the Spin-off transaction occurred, Idearc, Inc. began to endure financial troubles and the company began cutting back retiree benefits provided to Plaintiffs and class members. Plaintiffs and class members have suffered a significant loss of retiree welfare and incidental benefits, a situation not encountered by any of the other 100,000 Verizon retirees who were not transferred and who remained as participants in Verizon's sponsored pension and welfare benefit plans.

81. Plaintiffs and class members have reasonably developed concerns about the continued financial well-being of SuperMedia Inc.'s pension and retiree welfare benefit plans. As of the filing of this Second Amended Complaint, SuperMedia's union pension plan is reported to be underfunded and there is no funding for any of Plaintiffs' and class members' OPEBs. SuperMedia, Inc.'s common stock value has decreased over 70% since the corporation emerged from bankruptcy proceedings

**Defendants Breached Fiduciary Duties By Denying Plaintiffs
a Full and Fair Review of Their Administrative Claim**

82. On February 4, 2009, all Plaintiffs submitted a written class-wide administrative claim to both Verizon EBC and SuperMedia EBC seeking, *inter alia*, to reverse the transfer of retirees from Verizon's pension plans into SuperMedia's pension plans. In the February 4, 2009 claim letter, Plaintiffs made clear that they want to be removed from SuperMedia's pension plans and reinstated into Verizon's pension plans.

83. Plaintiffs' internal claim was submitted in accordance with available claims procedures for filing benefit claims under both the Verizon pension plans and the SuperMedia pension plans.

84. Verizon EBC does not recognize a class-wide administrative claim internally submitted as a benefit claim or to redress any other complaint.

85. By letter dated February 6, 2009 sent to Plaintiff's counsel, Verizon's Assistant General Counsel Marc Schoenecker, counsel for Verizon EBC, stated, in part, "[t]he Verizon plan administrator does not recognize class-wide ERISA administrative claims."

86. Pursuant to the terms of Verizon's pension plans, the plan administrators were required to render a decision within 90 days of receipt of Plaintiff's February 4, 2009 administrative claim unless an extension of time was requested due to "special circumstances requiring the extension." (See, e.g., Section 9.13(a) appearing on page 99 of the Verizon Management Pension Plan). However, no response was provided within the 90 day time period.

87. SuperMedia EBC and pension plan administrators never rendered a decision addressing the merits of Plaintiffs' internal claims.

88. By letter dated April 21, 2009, Verizon’s in-house counsel, Attorney Marc Schoenecker stated, in part:

The relevant plan administrators have considered your February 4, 2009 letter as a claim for non-disability pension benefits on behalf of each of the claimants who has designated you as a claim representative. In accordance with 29 CFR § 2560.503-1(f)(1), the administrators have determined that additional time is required to review those claims and have extended the initial 90-day claim determination period by an additional 90 days.

The federal regulation cited in Mr. Schoenecker’s April 21, 2009 letter requires there to be “special circumstances” for the extension of time, and no special circumstances were stated or explained.⁶

89. Verizon plan administrators did not timely render a decision on or before May 5, 2009, within 90 days of receipt the February 4, 2009 claim letter, and there were no special circumstances requiring any extension of time.

90. The failure to render a timely initial determination demonstrated Verizon plan administrators’ lack of intent to meaningfully consider Plaintiffs’ class-wide administrative claim.

91. By letter dated May 27, 2009 sent to Mr. Schoenecker and Verizon’s pension plan administrators, Plaintiffs pointed out that Verizon announced on May 13, 2009 that certain

⁶ The Federal Regulation states in pertinent part: “If the plan administrator determines that an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the plan expects to render the benefit determination.” (emphasis added). 29 C.F.R. § 2560.503-1(f)(1). No special circumstances were stated and explained to Plaintiffs or their counsel either prior to May 5, 2009 or at any time later.

wireline operations will be spun-off into a new entity and then immediately merged into Frontier Communications Corp. Plaintiffs pointed out that, unlike the spin-off transaction involving SuperMedia, there would be no transfer of retirees into Frontier Communications, Corp.

Plaintiffs reiterated their contention that Verizon engaged in discriminatory treatment, stating:

Claimants contend that since no active retirees were transferred to either FairPoint and none are to be transferred to Frontier, the inference is that when carrying out the involuntary transfer of active retirees to SuperMedia, Verizon pension plan administrators/fiduciaries were motivated by company interests, or self-dealing consideration. Obviously, the outcome of the transfer soon proved to be imprudent and manifestly adverse to Claimants' financial interests. Not long after being transferred into SuperMedia pension plans, Claimants and all other transferred retirees suffered loss of retirement benefits not witnessed by those who stayed behind in the more secure Verizon pension plans. Recently, SuperMedia filed for bankruptcy protection and relief.

Claimants were vested in their pensions at Verizon and no one obtained their consent to be transferred out of the better funded and well maintained Verizon pension plans into the care of a novice, now financially collapsed.

* * *

Claimants reiterate their demand that their status as transferred retirees into SuperMedia pension plans be rescinded and that Respondents agree that Claimants and all other transferred retirees be restored to their former status as participants in Verizon's pension plans. It is *not* in Claimants' best interests to continue in the retirement rolls of SuperMedia, a sentiment shared by all other transferred retirees. No one can dispute that SuperMedia does not have the financial wherewithal to maintain the same level of retiree pension and welfare benefits comparable to what Verizon maintains for its retirees.

92. By letter dated July 31, 2009, the Verizon Claims Review Unit, designated as the initial claim administrator for Verizon's pension plans, issued a much-belated initial denial letter fully denying Plaintiffs' individual and proposed class-wide administrative claim.

93. The July 31, 2009 letter denying Plaintiffs' administrative claim failed to comply with the applicable regulations (29 C.F.R. § 2560-503-1(g)(1)(iii)) since the letter did not

describe “any additional material or information necessary for the claimant[s] to perfect the claim and an explanation of why such material is necessary.” Instead of ensuring the procedural fairness of the administrative denial of benefits decision, Verizon Claims Review Unit’s July 31, 2009 letter made it exceedingly difficult for Plaintiffs to understand, let alone challenge, the basis for Verizon’s course of action.

94. By letter dated September 15, 2009, Plaintiffs appealed the denial of their proposed class-wide administrative claim. The internal appeals letter was timely received by the Verizon Claims Review Committee (VCRC), the entity Verizon EBC assigned responsibility for deciding appeals under Verizon’s pension plans. Likewise, the internal appeals letter was received by SuperMedia’s pension plan administrators.

95. By letter dated October 29, 2009, Attorney Joe Garza, SuperMedia’s Vice President & Associate General Counsel, acknowledged timely receipt of Plaintiffs’ September 15, 2009 appeal letter and succinctly stated, in part:

“In that letter you ask to appeal a Class Wide Administrative claim to reverse the transfer Idearc retirees from the Verizon pension plans to the Idearc Pension plans. As you know, ERISA does not recognize such a claim.”

(emphasis added).

96. The SuperMedia EBC never made any determination of Plaintiffs’ administrative claim.

97. Verizon’s VCRC was required, pursuant to the rules in the Verizon pension plans, to process Plaintiffs’ appeal within 60 days after it was received, absent “special circumstances”.

98. The Verizon Management Pension Plan states, in part, that the VCRC’s decision shall be issued within a period of time not exceeding 60 days after receipt of the request for review; except that such period of time may be extended, if special

circumstances (including, but not limited to, the need to hold a hearing) should require, for an additional 60 days commencing at the end of the initial 60-day period. Written notice of such an extension shall be provided to the claimant before the expiration of the initial 60-day period and shall indicate the special circumstances requiring the extension and the date by which the decision on review is expected to be rendered.

(emphasis added.) (See Section 9.13(b) at page 100 of the Verizon Management Pension Plan, restated as of January 1, 2002).

99. By way of unsigned letter dated November 13, 2009 sent by the VCRC to Plaintiffs' counsel, the VCRC stated, in part, that there would be an extension of time and that VCRC members would meet on December 17, 2009 and shortly thereafter report to Plaintiffs and their counsel a final appeals determination. However, in the unsigned letter, the VCRC did not state or explain any "special circumstances."

100. At no time prior to November 14, 2009, or 60 days after receiving Plaintiffs' September 15, 2009 appeal letter, did Verizon EBC or any of its agents, including VCRC, request an extension of time due to special circumstances or the need to hold a hearing.

101. Verizon EBC and its VCRC did not timely render a decision by November 14, 2009, within 60 days after receipt of the Plaintiffs' September 15, 2009 letter requesting administrative review, and there were no special circumstances to justify an extension of time in order to make a final decision with respect to MURPHY's, NOE's and PALMER's administrative claims.

102. Verizon EBC and its VCRC did not comply with the claim procedures and deadlines required by 29 C.F.R. § 2560-503-1.

103. In addition, by not producing documents and information Plaintiffs reasonably deemed relevant to their class-wide administrative claim, both Verizon EBC and SuperMedia

EBC compromised the plans' administrative processes and effectively made Plaintiffs' internal appeals procedure futile.

104. 29 C.F.R. § 2560.503-1 dictates a claim be deemed exhausted if a plan does not comply with the federal regulations concerning administrative remedies. (as amended November 21, 2000).⁷ Paragraph (l) of the current regulations sets forth the following consequences of a failure to establish and follow reasonable claims procedures:

In the case of the failure of a plan to establish or follow claims procedures consistent with the requirements of this section, a claimant shall be deemed to have exhausted the administrative remedies available under the plan and shall be entitled to pursue any available remedies under section 502(a) of the Act on the basis that the plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim.

29 C.F.R. § 2560.503-1 (l). The claims procedure regulation thus provides that when a plan has failed to "follow claims procedures consistent with the requirements of [the regulations]," a claimant may proceed directly to federal court without waiting for a denial of his claim.

105. Because SuperMedia EBC completely refused to make a determination on Plaintiffs' internal administrative claim and Verizon EBC, acting through the VCRC, did not comply with the applicable federal regulations, and did not comply with pension plan rules for

⁷ In the preamble to the Secretary's regulations, the Secretary noted that "[a] plan's failure to provide procedures consistent with [the regulations'] standards would effectively deny a claimant access to the administrative review process mandated by [ERISA]" and stated that, "[a]t a minimum, claimants denied access to the statutory administrative review process should be entitled to take that claim to court ... for a full and fair hearing on the merits of the claim." 65 Fed. Reg. 70246, 70256 (Nov. 21, 2000). The regulation applies to "claims filed under a plan on or after January 1, 2002." 29 C.F.R. § 2560.503-1(o). Under the former version of section 2560.503-1, which applies to all cases concerning benefits claims filed before January 1, 2002, if a plan administrator or fiduciary fails to comply with the regulatory deadlines for deciding a claim, the claim is "deemed denied" on review. See 29 C.F.R. § 2560.503-1(h)(4) (1999). The current "deemed exhaustion" provision is tantamount to a "deemed denial" under the pre-2002 regulations.

rendering a final internal appeals decision within 60 days, Plaintiffs' administrative remedies were deemed exhausted as of the time they filed their initial Complaint in this case on November 25, 2009.

106. Neither Verizon's pension plans nor SuperMedia's pension plans have administrative procedures or effective remedies so as to provide Plaintiffs and class members the plan-wide relief requested herein.

107. Verizon EBC's breaches of fiduciary duty, as alleged herein, and Verizon's involuntary transfer of Plaintiffs and class members are not actions that can be fully remedied by the internal claims process provided under Verizon's pension plans.

108. Verizon Defendants' position is that there is no requirement that Verizon's pension plans have procedures to address ERISA fiduciary duty claims.

109. Neither Verizon's pension plans nor SuperMedia's pension plans have a written procedure to address either an individual or class-wide claim for violation of ERISA's fiduciary duty provisions.

110. There is no effective internal administrative claims process within either Verizon's pension plans or SuperMedia's pension plans to challenge and reverse the involuntary reclassification and transfer of Plaintiffs and class members from Verizon's pension plans into SuperMedia's pension plans. Any such internal claims action to pursue class-wide relief is futile, a meaningless exercise.

111. It was folly for Plaintiffs to try in good faith to pursue their class-wide administrative claims before SuperMedia EBC since said defendant took the position that "ERISA does not recognize such a claim."

112. Likewise, it would be folly for any other involuntarily transferred plan participant to pursue a non-existent internal claims process under either Verizon's or SuperMedia's pension plans to redress any violations of ERISA's fiduciary duty provisions.

113. It would be folly to require any class member to pursue the same requested administrative relief, as Plaintiffs gave notice that their claim should be treated as a demand on behalf of all other similarly situated retirees and their beneficiaries.

114. Since Plaintiffs' class-wide claim was deemed exhausted as of November 14, 2009, Plaintiffs were permitted to go forward with their ERISA Section 502(a)(1)(B) claims, and this civil action under ERISA was timely filed on November 25, 2009.

FIRST CLAIM FOR RELIEF
**(Against Both Verizon EBC and SuperMedia EBC
for Breach of Fiduciary Duty for Failure to Provide a Full and Fair Review of
Plaintiffs' Administrative Claim)**

115. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 114, inclusive, as if they were fully set forth herein.

116. ERISA Section 503(2) provides that "every employee benefit plan shall. . . afford a reasonable opportunity to any participant whose claim for benefits has been denied a full and fair review by the appropriate named fiduciary of the decision denying the claim." 29 U.S.C. § 1133(2).

117. Although Plaintiffs were not seeking payment of additional benefits from SuperMedia's pension plans, Plaintiffs' attempted class-wide administrative claim should have been treated by SuperMedia EBC as one arising under ERISA Section 502(a)(1)(B), 29 U.S.C. §

502(a)(1)(B).⁸ Since Plaintiffs sought to be removed from SuperMedia's pension plans and restored into Verizon's pension plans, they were seeking a determination or clarification of their "rights to future benefits under the terms of the plan[s]."

118. In their administrative claim, Plaintiffs were not complaining about the mode or manner in which their pension benefits are being paid to them. Plaintiffs sought discontinuance of SuperMedia's benefits, as they do not want to be participants in SuperMedia's employee benefit plans, a status that was involuntarily foisted upon them.

119. The very nature of Plaintiffs' internal administrative claim required there to be meaningful review, a decision and administrative action to be taken by both of the separately involved pension plan fiduciaries, as follows: 1) SuperMedia EBC's agreement to return the retirees to Verizon; and 2) Verizon EBC's agreement to reinstate the retirees into the employee benefit plans from which they were removed.

120. SuperMedia EBC refused to respond to the merits of Plaintiffs' administrative claim.

121. SuperMedia EBC did not explain to Plaintiffs whether there was any opposition to Plaintiffs' administrative claim and, if so, the basis for such opposition. By refusing to respond to Plaintiffs' administrative claim, effectively, SuperMedia EBC denied Plaintiffs' claim.

122. SuperMedia EBC did not give Plaintiffs a full and fair review of their claim that

⁸ ERISA Section 502(a)(1)(B), 29 U.S.C. § 1132(a)(1)(B), states in relevant part: "**(a) Persons Empowered to Bring Civil Action.**— A civil action may be brought — **(1)** by a participant or beneficiary — **(B)** to recover benefits due to him under the terms of his plan, to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan;" (emphasis original).

class members should be removed from SuperMedia's retirement rolls, reinstated into Verizon's retirement rolls and resume receiving Verizon's sponsored retirement benefits.

123. SuperMedia EBC's behavior completely thwarted ERISA's goal of encouraging the resolution of benefits disputes by means of internal grievance procedures, rather than by means of costly litigation.

124. Plaintiffs stated within their September 15, 2009 internal appeals letter:

Named Claimants are certain that leaders at both Verizon and SuperMedia have received written demands from scores of other involuntarily transferred retirees stating they wish join in Named Claimants' internal claim and be included in this administrative claims procedure. Named Claimants demand that all those written demand letters received by Respondents, together with all written response letters, be made part of Named Claimants' internal claim and the same documents be included in the administrative record for this internal claims appeal.

However, none of the requested documents were made part of the administrative appeal.

125. Verizon plan administrators refused to decide Plaintiffs' administrative claim contending that the determination about whether to transfer the retirees out of Verizon's pension plans was, in part, a fiduciary decision and a decision not in Plaintiffs' best interests. In the July 31, 2009 initial denial letter, VCRU stated, in part, "[w]hether such determination was, in the first instance, a business decision by Verizon or a fiduciary decision by the applicable Plan administrator does not affect our determination of the Claimants claims for benefits under the Plans."

126. It was an unfair tactic and breach of fiduciary duty for Verizon EBC to fail or refuse to include in the internal administrative record the scores of demand letters the plan administrators received from other retirees who, like Plaintiffs, sought payment of Verizon pension plan benefits and rescission of their involuntary transfer into SuperMedia's pension plans.

Verizon Defendants wrongly contend that class members' letters and the responses thereto are not properly part of the administrative records relating to Plaintiffs' internal claim and appeal.

127. The Verizon Management Pension Plan states, in part, that

[i]n connection with an appeal, the claimant (or his duly authorized representative) may review documents and other information relevant to the claim (copies of which shall be provided free of charge upon request) and may submit evidence and arguments in writing to the VCRC.

(Section 9.13, at page 99 of the Verizon Management Pension Plan, as amended and restated effective January 1, 2002). Verizon EBC's failure to produce to Plaintiffs the documents they requested during the internal administrative claims process was a violation of Section 9.13 of the Verizon Management Pension Plan. By not producing documents and information requested by Plaintiffs that they reasonably deemed relevant to their class-wide administrative claim, Verizon EBC effectively made Plaintiffs' internal appeals procedure futile.⁹

128. During the internal claims process, Verizon EBC and plan participants informed Plaintiffs that "[b]efore any Claimant can bring any action at law or at equity to recover benefits under the applicable Plan, he or she must exhaust this process." Accordingly, since Plaintiffs in good faith diligently utilized the internal claims process before both Verizon's pension plan administrators and SuperMedia's pension plan administrators, Plaintiffs' claims asserted herein should be deemed tolled during the administrative process.

129. Although SuperMedia EBC received Plaintiffs' written request, SuperMedia EBC did not supply a full record of Plaintiffs' administrative claim or any record whatsoever of their

⁹ The applicable federal regulation requires plan administrators to provide a claimant "upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits." 29 C.F.R. § 2560.503-1(h)(2)(iii).

administrative appeal.

130. Both Verizon EBC and SuperMedia EBC failed or refused to allow Plaintiffs access to a reasonable internal claims procedure that would yield a decision on the merits of Plaintiffs' class-wide administrative claim.

131. ERISA Section 502(a)(3), 29 U.S.C. § 1132(a)(3) authorizes a civil action "by a participant, beneficiary, or fiduciary (A) to enjoin any act or practice which violates any provision of this subchapter or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this subchapter or the terms of the plan."

132. Pursuant to ERISA Section 502(a)(3), 29 U.S.C. Section 1132(a)(3), Plaintiffs ask this Court to grant appropriate equitable relief and declare that both Verizon EBC and SuperMedia EBC failed to provide Plaintiffs with a full and fair review and, as a consequence, Plaintiffs' claims asserted herein should be deemed tolled during the administrative process and Plaintiffs should recover an award of reasonable attorney's fees and costs necessarily incurred in this civil action in order to litigate the class certification issue and the merits of Plaintiffs' administrative claim.

SECOND CLAIM FOR RELIEF
**(Against Verizon EBC for Breach of Fiduciary Duty
Due to Failure to Make Disclosure in Pension Plan SPDs)**

133. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 132, as if they were fully set forth herein.

134. ERISA Section 502(a)(3) authorizes plan participants to bring a civil action "(A) to enjoin any act or practice which violates any provision of this title or the terms of the plan, or

(B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan.” 29 U.S.C. § 1132(a)(3).

135. ERISA Section 102(b) requires, in part, that a pension plan administrator provide each plan participant with a summary plan description (SPD) which describes the “circumstances which may result in disqualification, ineligibility, or denial or loss of benefits.” 29 U.S.C. § 1022(b). Department of Labor (“DOL”) Regulation requires, in part, the SPD contain a statement

clearly identifying circumstances which may result in disqualification, ineligibility, or denial, loss, forfeiture, suspension, offset, reduction or recovery. . . of any benefits that a participant or beneficiary might otherwise reasonably expect the plan to provide on the basis of the description of benefits. . .

29 C.F.R. Section 2520.102-3-(I).

136. The SPD is considered essential in informing employees and retirees of their rights, reasonable expectations and obligations under a pension plan.

137. Verizon’s SPDs for the pension plans contain a uniform provision that informs the plan participants that one manner in which benefits could be reduced, lost, suspended or delayed is when:

you transfer to another Verizon affiliate or to a portability company, and your plan benefit is transferred to and paid from another pension plan maintained by such other company;¹⁰

The provision pertains to a transfer of employment by an active employee, not an involuntary transfer of a retired person. The provision does not pertain to any transfer by a plan participant

¹⁰ SPD for Verizon Management Pension Plan at page 59, bates No. VZ000151; SPD for Verizon Pension Plan for New York & New England Associates at page 54, bates No. VZ000672; and SPD for Verizon Pension Plan for Mid-Atlantic Associates at page 52, bates No. VZ000746..

to an unrelated independent company or other separate publicly traded corporation.

138. The corporate entity created by Verizon's Spin-off, Idearc, Inc, now known as SuperMedia, Inc. is not a Verizon affiliate, a company under common control of Verizon.

139. The corporate entity created by Verizon's Spin-off, Idearc, Inc, now known as SuperMedia, Inc. is not a portability company, a former Bell System Company.

140. Verizon EBC has consistently failed to meet ERISA's requirement to disclose in a pension plan SPD all circumstances that Verizon, as plan sponsor, contemplated may result in Plaintiffs' and class members' ineligibility for or loss of Verizon sponsored pension plan benefits.

141. In none of the pension plan SPDs issued to Plaintiffs and class members by the Verizon pension plan administrators is there any discussion, disclosure or notice that a retiree with vested rights could be involuntarily removed from enrollment in his or her pension plan and, thereby, made ineligible for continued receipt of Verizon sponsored pension plan benefits.

142. In none of the pension plan SPDs issued to Plaintiffs and class members by the Verizon pension plan administrators is there any discussion, disclosure or notice that a retiree with vested rights could be involuntarily removed from enrollment in his or her pension plan and, thereby, made ineligible for continued receipt of Verizon sponsored pension plan benefits because he or she was transferred to a non-affiliate company, non-portability company or separate publicly traded corporation.

143. In none of the pension plan SPDs issued to Plaintiffs and class members by the Verizon pension plan administrators is there any discussion, disclosure or notice that a retiree could be involuntarily removed from enrollment in his or her pension plan and either traded,

sold, bartered or transferred to a separate publicly traded corporation's pension plan.

144. Hence, none of the pension plan SPDs even mention the potential for a retiree being involuntarily transferred in a spinoff, let alone explain its full import. Therefore, all of the SPDs issued to class members fall short of the high standards of clarity and completeness to which SPDs are held.

145. No average plan participant would understand from reading any of the pension plan SPDs that he or she could be removed from a Verizon sponsored pension plan and enrolled in a new pension plan sponsored by a new independent corporate entity created as a result of a Verizon sponsored spin-off. No such scenario can be envisioned from a reasonable review, reading and understanding of any of Verizon's pension plan SPDs.

146. Verizon Defendants have no basis to contend the pension plan SPDs are the products of an innocent mistake or omission.

147. None of the controlling pension plan documents, the several restated master plan documents, contain any terms that authorize the involuntary removal of retirees from continued participation in the pension plans.

148. While each master plan document simplistically states that the plan may be merged into or consolidated with another plan, and its assets or liabilities may be transferred to another plan, there is no term, rule or directive that allows retired pension plan participants to be removed from the plan and transferred without his or her knowledge and consent. There are no terms in the master plan documents allowing either the plan sponsor or plan administrator to segregate and allocate vested pensioners in a spin-off transaction.

149. Pursuant to ERISA Section 502(a)(3)(B), 29 U.S.C. Section 1132(a)(3)(B),

Plaintiffs ask this Court to grant appropriate class-wide equitable relief including a declaration that Verizon EBC violated ERISA Section 102(b), 29 U.S.C. § 1022(b), and DOL Regulation 29 C.F.R. Section 2520.102-3-(I) by failing to make disclosure in any pension plan SPD issued to Plaintiffs and class members that a spin-off could result in their loss of eligibility for continued participation in their respective Verizon pension plan and, as a consequence, declare no such action could be taken against Plaintiffs and class members. Plaintiffs ask this Court to grant injunctive relief ordering reinstatement of Plaintiffs and class members into Verizon's sponsored pension plans and that Plaintiffs and class members be made whole.

THIRD CLAIM FOR RELIEF

(Against Verizon EBC for Violation of ERISA Sections 406(b)(2) and (b)(3))

150. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 149, as if they were fully set forth herein.

151. ERISA Section 502(a)(3) authorizes plan participants to bring a civil action “(A) to enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan.” 29 U.S.C. § 1132(a)(3).

152. ERISA Section 406(b)(2), 29 U.S.C. § 1106(b)(2), prohibits a fiduciary from acting in a fiduciary or any other capacity in any transaction involving a pension plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or the interests of plan participants and beneficiaries. ERISA Section 406(b)(3), 29 U.S.C. § 1106(b)(3) prohibits a fiduciary from receiving any consideration for his own personal account from any party dealing with a pension plan in connection with a transaction involving the assets

of the pension plan.

153. Throughout the planning stage of the Spin-off transaction, senior management officers of Verizon were highly motivated to include Plaintiffs and class members in the Spin-off in order to rid the corporation of its obligation for continued payment of over \$240 million in Plaintiffs' and class members' other post retirement benefit obligations ("OPEBs"). OPEBs include health care benefits, dental care benefits and life insurance benefits.¹¹

154. Despite the months long planning for the Spin-off transaction, there was no formal agreement that Plaintiffs and class members would be included in the Spin-off and transferred to SuperMedia until the final date of the Spin-off, November 17, 2006.

155. The Employee Matters Agreement which contained terms for the transfer of Plaintiffs and class members was not executed until November 17, 2006.

156. Verizon EBC and plan administrators took no steps to protect or advocate for the best interests of Plaintiffs and class members. Instead, the Verizon EBC members and pension plan administrators endeavored to assist and promote Verizon's corporate interests and goals which were adverse to Plaintiffs' and class members' interests.

157. During the pre-Spin-off period, Verizon EBC members and pension plan administrators consented to a request made by Verizon corporate to postpone sending a written notice to Plaintiffs and class members to advise them of Verizon's plan to remove class members from Verizon's pension plans and place them in Idearc's pension plans.

¹¹ Verizon Defendants state in response to Plaintiffs' Interrogatory No. 10, that the total amount by which the corporation reduced its OPEB liabilities for all transferred employees and retirees was \$400,903,000. Plaintiffs contend that at least \$240 million of the total amount was for Plaintiffs' and class members' OPEBs.

158. The Verizon EBC and pension plan administrators did not send a written notice to Plaintiffs and class members until several months after they had already been transferred.

159. Both prior to and on the Spin-off date, the Verizon EBC assisted and allowed Verizon to go forward with transferring Plaintiffs and class members out of Verizon's pension plans, despite the nonexistence of pension plan terms that would allow such action. Belated pension plan terms were created on December 22, 2006 and retroactively applied, without any cry of foul from either the members of the Verizon EBC or plan administrators.

160. The inclusion of class members in the November 2006 Spin-off transaction was not strictly a plan design function. Instead, the inclusion of Plaintiffs and class members was, in part, a fiduciary function carried out by pension plan administrators.

161. During November 2006, the following Verizon officers were members of the Verizon EBC, the plan administrator for all of Verizon's pension plans which had principal responsibility for implementing Verizon's decision to transfer assets, Plaintiffs and class members from Verizon's pension plans into SuperMedia's pension plans: Executive Vice President Marc C. Reed (Chairperson); Vice President Donna C. Chiffriller; Senior Vice President John M. Bell; Senior Vice President William F. Heitmann; Senior Vice President Robert A. Tooley; and Senior Vice President & Controller Thomas A. Bartlett.

162. The December 22, 2006 pension plan amendments reflect that the Verizon EBC made the determination as to whether Plaintiffs and each class member met the criteria for being transferred into SuperMedia's pension plans. The amendments to the Verizon management pension plans identify each transferred management retiree as a person who "has been determined by the Committee" (meaning the Verizon EBC) to have met the necessary last active

employment criteria. Likewise, the amendments to the Verizon union pension plans identify each transferred union retiree as a person “who has been determined by the Plan Administrator” (meaning the Verizon EBC) to have met the necessary last active employment criteria. The plan amendments did not authorize Verizon, acting in its corporate capacity, to make that determination. Verizon Defendants state in their answer to Plaintiffs’ Interrogatory No. 6 that

[m]embers of the Verizon Employee Benefits Committee were the Verizon personnel with principal responsibility for implementing the decision of Verizon, as settlor of the Verizon Pension Plans, to transfer assets and obligations relating to the pension benefits of former VIS employees to Idearc’s pension plans in connection with the November 2006 Idearc spin-off transaction.

Therefore, the Verizon EBC members, while exercising discretionary control and authority respecting management of the pension plans, plan assets and disposition of retiree plan participants, and while otherwise acting in a non-fiduciary role most supportive of Verizon’s corporate interests, were heavily involved in Verizon’s decision and, on behalf of Verizon, played a significant role insofar as the inclusion of Plaintiffs and class members in the November 2006 Spin-off transaction.

163. Verizon did not provide any funding for Plaintiffs’ and class members’ OPEB liabilities which were assigned to Idearc, Inc.

164. The inclusion of Plaintiffs and class members in the November 2006 Spin-off was a transaction involving the pension plans that was adverse to Plaintiffs’ and class members’ best interests.

165. It was in the best interest of Plaintiffs and class members that they *not* be included in the Spin-off transaction and that they be permitted to continue participation in Verizon’s sponsored pension and welfare benefit plans.

166. Verizon sought to structure the Spin-off transaction so as to apply the Pension Benefit Guaranty Corporation's ("PBGC") "*de minimis*" rule exception to the Spin-off of the pension plans and, thereby, avoid having to give the Spin-off entity hundreds of millions of dollars of surplus assets from Verizon's management pension plans.

167. Verizon EBC and plan administrators assisted Verizon in achieving a corporate goal of utilizing the PBGC's *de minimis* exception rule by identifying and not including in the group of retirees to be transferred numerous management classified retirees with rights to deferred vested pensions ("DVPs"). At the same time, Verizon EBC and plan administrators identified and selected for transfer numerous nonmanagement classified DVPs. The division of the DVPs served to allow Verizon to achieve a corporate goal of utilizing the PBGC's *de minimis* exception rule and, thus, avoid having to give SuperMedia, Inc. a proportionate share of the surplus assets from Verizon's management pension plans.

168. Since Plaintiffs and class members were selected for transfer in the Spin-off transaction, it would have been in Plaintiffs' and class members' best interests to have a proportionate share of surplus pension assets transferred to SuperMedia, Inc. which surplus assets could have provided Plaintiffs and class members with more financial security for their pension and OPEBs.

169. Prior to the actual Spin-off date, on or about November 1, 2006, Verizon EBC, acting through VIMCO, caused or allowed VMPP assets to be allocated and transferred for accounting and calculation purposes into a separate account for the benefit of the proposed Spin-off entity. In formal letter providing the final pension asset transfer amounts relating to the Idearc Spin-off transaction, which letter was drafted and/or executed by Hewitt Associates LLC,

Verizon's enrolled actuary for the pension plans and the Bell Atlantic Master Trust states, in part, "The VMPP transfer to the Idearc Management Plan is as of November 1, 2006."¹² In a formal Summary Annual Report, SuperMedia EBC discloses the value of assets transferred to its management plan was "\$499,975,123 as of November 1, 2006." (See SM00198).

170. The pre-Spin-off asset transfer was not authorized by any then existing master trust terms or pension plan terms.

171. On November 20, 2006, only a few days after Plaintiffs and class members had been transferred, all members of the Verizon EBC (all Verizon corporate officers) received one share of Idearc Inc for every 20 shares owned of Verizon on November 1, 2006. All members of the Verizon EBC received Idearc shares in connection with the Spin-off transaction involving the transfer of pension plan assets, Plaintiffs and class members.

172. When Plaintiffs and class members were transferred, SuperMedia pension plan administrators were not yet prepared to be fully responsible for administering pension benefits. Therefore, pursuant to the terms of an agreement between Verizon and SuperMedia with respect to the Spin-off transaction, Verizon EBC permitted pension plan administrators to continue paying Plaintiffs and class members pension benefits directly from Verizon's pension plans.

173. Collectively, Verizon EBC's actions in the Spin-off transaction constituted a violation of ERISA Sections 406(b)(2) and (b)(3), 29 U.S.C. §§ 1106(b)(2) and (b)(3). The Spin-off transaction involved the pension plans. Verizon was a party in interest to the Spin-off transaction. During the transaction, Verizon EBC acted on behalf of Verizon. During the

¹² See, September 1, 2009 letter from Thomas M. Jarrett of Hewitt Associates LLC to Marty Mans of JP Compensation and Benefit Strategies (VZ003177-VZ003179).

transaction, Verizon EBC also acted on behalf of Idearc EBC, a party that was dealing with the pension plans' assets, Plaintiffs and class members. During the transaction, Verizon's and Idearc's interests were adverse to Plaintiffs' and class members' interests. As a result of the Spin-off transaction, Verizon distributed to all members of the Verizon EBC monetary consideration for their own personal accounts in the form of corporate stock issued by Idearc.

174. Pursuant to ERISA Section 502(a)(3)(B)(i), 29 U.S.C. Section 1132(a)(3)(B)(i), Plaintiffs ask this Court to grant appropriate class-wide equitable relief including a declaration that Verizon EBC and pension plan administrators violated ERISA Sections 406(b)(2) and (b)(3), 29 U.S.C. § 1106(b)(2) and (b)(3). Plaintiffs ask this Court to grant further appropriate equitable relief, including injunctive relief ordering reinstatement of Plaintiffs and class members into Verizon's sponsored pension and welfare benefit plans and that they be made whole.

FOURTH CLAIM FOR RELIEF
**(Against Verizon EBC For Breach of Fiduciary Duty,
Including Failure to Comply with Plan Document Rules)**

175. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 174, inclusive, as if they were fully set forth herein.

176. ERISA Section 502(a)(3) authorizes plan participants to bring a civil action “(A) to enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan.” 29 U.S.C. § 1132(a)(3).

Verizon EBC's Violation of Plan Documents Rules

177. One of ERISA's cardinal duties imposed on pension plan administrators is that they must act in strict conformity with existing plan terms and rules, to the extent the plan's terms and rules are not inconsistent with ERISA.

178. During the November 2006 Spin-off transaction, the Verizon EBC and pension plan administrators did not act in accordance with then existing pension plan terms and rules.

179. Plaintiffs invoke the teachings and pronouncements by the United States Supreme Court in the case of *Kennedy v. Plan Administrator for DuPont Savings and Investment*, 129 S.Ct. 865 (2009), wherein the Court confirmed that ERISA provides no exception to the plan administrator's duty to act in accordance with existing plan documents and stated rules.

180. During November 2006, each of Verizon's pension plans contained a specific provision contemplating there could be mergers, consolidations of the pension plans, and transfers of "assets" or "liabilities." (See, e.g., Section 11.3 of the Verizon Management Pension Plan; Section 11.3 of the Verizon Enterprises Management Pension Plan; Section 20.6 of the Verizon Pension Plan for New York and New England Associates; and Section 20.6 of the Verizon Pension Plan for Mid-Atlantic Associates).

181. Neither the terms of Section 11.3 set forth in Verizon's management pension plans nor the terms of Section 20.6 set forth in Verizon's union pension plans authorize the involuntary transfer of plan participants.

182. Plaintiffs and class members are neither pension "assets" nor pension "liabilities." They are persons, plan participants with rights to vested accrued benefits. No pension plan terms

define liabilities so as to include persons or retiree plan participants.¹³

183. None of the commingled assets of Verizon's defined benefit pension plans are traceable to any particular Plaintiff or class member.

184. During November 2006, Verizon's pension plans lacked terms or rules that would have allowed the curtailment of payment to Plaintiffs and class members of their accrued Verizon sponsored pension plan benefits and the simultaneous involuntary transfer of Plaintiffs and class members into SuperMedia's pension plans.

185. No Verizon pension plan contains any terms dictating that the transfer of excess or surplus assets operates to extinguish Plaintiffs' and class members' rights to payment of pension benefits payable under their respective pension plan.

186. No Verizon pension plan contains a reservation of rights provision ("ROR") that allows the plan sponsor to transfer retirees out of the pension plan.

187. While each Verizon pension plan contains a ROR provision that allows the plan sponsor to either terminate or amend the plan, there is no ROR provision that allows the plan sponsor to involuntarily remove or transfer retired plan participants.

188. Section 14.4 appearing on page 128 of the Verizon Management Pension Plan states, in part, "[n]othing in the Plan shall relieve or be deemed to relieve any Plan fiduciary, obligation, or duty imposed by ERISA."

¹³ The Court should apply a plain and ordinary dictionary definition to the word "liabilities." Notably, both Verizon and Idearc have agreed the definition does not include persons. Section 1.1 at page 4 of the November 17, 2006 EMA executed by Verizon and Idearc, Inc. states: "Liabilities" means any and all losses, claims, charges, debts, demands, actions, costs and expenses (including administrative and related costs and expenses of any plan, program or arrangement), of any nature whatsoever, whether absolute or contingent, vested or unvested, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising."

189. By failing to act in the best interests of Plaintiffs and class members during the November 2006 Spin-off transaction, Verizon EBC's conduct violated the terms of Section 14.4 of the Verizon Management Pension Plan.

190. Section 11.2 appearing on page 106 of the Verizon Management Pension Plan states, in part, "no amendment shall reduce any benefit, that is accrued or treated as accrued under section 411(d)(6) of the Code, of any participant, or the percentage (if any) of such benefit that is vested, on the later of the date on which the amendment is adopted or the date on which the amendment becomes effective."

191. By allowing Plaintiffs' and class members' rights to receive payment of accrued benefits from Verizon's pension plans to be reduced to zero percent and nullified during the November 2006 Spin-off transaction, Verizon EBC's conduct violated the terms of Section 11.2 of the Verizon Management Pension Plan.

192. Verizon EBC's participation with and consent to the transfer of Plaintiffs and class members out of Verizon's sponsored pension plans as of November 17, 2006 was action taken in violation of Plaintiffs' and class members' contractual rights under the Verizon pension plans, and it was action taken in violation of controlling pension plan terms.

Verizon EBC's Violation of ERISA Duty of Loyalty and Care

193. Throughout November 2006, Verizon EBC and other pension plan fiduciaries and plan administrators continued to owe all Plaintiffs and class members the highest duty of care.

194. The inclusion of Plaintiffs and class members in the November 2006 Spin-off transaction was not strictly a plan design function. Instead, the inclusion of Plaintiffs and class members in the Spin-off transaction was, in part, a fiduciary function carried out by pension plan

administrators.

195. The December 22, 2006 pension plan amendments reflect that Verizon EBC made the determination as to whether Plaintiffs and each class member met the criteria for being transferred into SuperMedia's pension plans. The amendments to the Verizon management pension plans identify each transferred management retiree as a person who "has been determined by the Committee" (meaning the Verizon EBC) to have met the necessary last active employment criteria. Likewise, the amendments to the Verizon union pension plans identify each transferred union retiree as a person "who has been determined by the Plan Administrator" (meaning the Verizon EBC) to have met the necessary last active employment criteria. The plan amendments did not authorize Verizon, acting in its corporate capacity, to make that determination. Verizon Defendants state in their answer to Plaintiffs' Interrogatory No. 6 that

[m]embers of the Verizon Employee Benefits Committee were the Verizon personnel with principal responsibility for implementing the decision of Verizon, as settlor of the Verizon Pension Plans, to transfer assets and obligations relating to the pension benefits of former VIS employees to Idearc's pension plans in connection with the November 2006 Idearc spin-off transaction.

Therefore, the Verizon EBC members, while exercising discretionary control and authority respecting management of the pension plans and the disposition of the retiree plan participants, were heavily involved in Verizon's decision and, on behalf of Verizon, played a significant role insofar as the inclusion of Plaintiffs and class members in the November 2006 Spin-off transaction.

196. The Verizon EBC's active participation in implementing the Spin-off transaction was such a breach of fiduciary duty that this Court should substitute its judgment for that of the Verizon EBC. Verizon EBC members were fully aware of financial projections that Idearc

would not prove to be as stable and secure sponsor of the retirees' pension and welfare benefit plans as Verizon had been and would remain in the future. For instance, while Verizon had a relative light debt to equity capitalization ratio of approximately 2 to 1, Idearc, Inc. was created with an oppressive debt to equity capitalization ratio of approximately 5.8 to 1. Verizon EBC members were fully aware that the Spin-off entity had limited opportunity for growth and value creation. Nevertheless, Verizon EBC proceeded to expel Plaintiffs and Class members from continued participation in Verizon's sponsored pension and welfare benefit plans.

197. As the designated Plan Administrator and fiduciary for each of Verizon's sponsored pension plans, Verizon EBC could not discriminate and accord different or special treatment to one group of retirees. However, during the November 2006 Spin-off transaction, Verizon EBC allowed for differing treatment to be accorded to two groups of similarly situated deferred vested pensioners ("DVPs") last employed with a VIS entity. Verizon EBC and pension plan administrators allowed and assisted Verizon in its corporate efforts to transfer nonmanagement DVPs to SuperMedia's sponsored pension plan while maintaining similarly situated management DVPs in Verizon's sponsored pension plans. Such non-uniform treatment of the similarly situated DVPs during the November 2006 Spin-off transaction is one example of how Verizon EBC's breached its ERISA duty of loyalty to Plaintiffs and class members.

198. Verizon amended its pension plan documents *after the fact*, more than a month after the November 17, 2006 Spin-off creation of SuperMedia, Inc., and the transfer of pension assets, Plaintiffs and class members. The pension plan amendments were executed and adopted on December 22, 2006.

199. The December 22, 2006 dated amendment for the Verizon Management Pension

Plan provides management class members' rights to continued participation in that pension plan ended as of November 17, 2006.

200. The December 22, 2006 dated plan amendments for Verizon's union pension plans provide nonmanagement class members' rights to continued participation in the pension plans ended as of November 17, 2006.

201. By allowing the terms of the December 22, 2006 adopted pension plan amendments to be *retroactively* applied so as to defeat Plaintiffs' and class members' rights to continued participation in Verizon's sponsored pension plans, the Verizon EBC and pension plan administrators violated their duties under Verizon's pension plans and under ERISA.

202. Verizon EBC did not disclose in any Summary of Material Modifications ("SMM") provided to Plaintiffs and class members the execution date of the December 22, 2006 pension plan amendments and the fact that the terms of the amendments were applied retroactively so as to defeat Plaintiffs' and class members' rights.

203. Prior to the November 2006 Spin-off transaction, there was no prior precedent established whereby Verizon EBC had permitted retirees to be transferred as part of a spin-off.

204. At no time before or after the completion of the November 2006 Spin-off transaction, did Verizon EBC have the transaction reviewed and opined by independent legal counsel as to the advisability of transferring Plaintiffs and class members to Idearc, Inc.'s.¹⁴

This failure on the part of the Verizon EBC is one example of how said defendant breached its ERISA duty of loyalty to Plaintiffs and class members.

¹⁴ In response to Plaintiffs' Document Request No. 8, "Verizon Defendants state that they are aware of no document generated in 2006 setting forth a legal opinion with respect to the transfer."

205. At no time before or after the completion of the November 2006 Spin-off transaction, did Verizon EBC have the transaction reviewed and opined by an independent fiduciary as to the advisability of transferring Plaintiffs and class members to SuperMedia's pension plans. This failure on the part of the Verizon EBC is one example of how said defendant breached its ERISA duty of loyalty to Plaintiffs and class members.

206. Plaintiffs and class members were simply transferred to Idearc, Inc. without their knowledge or consent. They were given no explanation, there were not asked for permission, and they were not even informed of the transfer until several months after the fact. Such a complete disregard of the rights and interests of the retirees is a clear breach of fiduciary duty in violation of ERISA Section 404(a)(1).

207. Verizon EBC violated ERISA Section 404(a)(1), which statutory provision mandates fiduciaries discharge their "duties with respect to a plan solely in the interest of the participants and beneficiaries and— for (A) for the exclusive purpose of: (i) providing benefits to participants and their beneficiaries; . . . (B) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; . . . and (D) in accordance with the documents and instruments governing the plan. . ." 29 U.S.C. § 1104(a)(1).

208. Pursuant to ERISA Section 502(a)(3)(B), 29 U.S.C. Section 1132(a)(3)(B), Plaintiffs ask this Court to grant appropriate class-wide equitable relief, including a declaration that Verizon EBC failed to meet and breached its statutory duty under ERISA Section 404(a)(1), 29 U.S.C. § 1104(a)(1), and grant Plaintiffs and class members injunctive relief ordering

reinstatement of Class members into Verizon's sponsored pension plans and that Plaintiffs and class members be made whole.

FIFTH CLAIM FOR RELIEF
**(Against SuperMedia EBC For Breach of Fiduciary Duty,
Violation of ERISA Section 104(b)(1)(A))**

209. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 208, inclusive, as if they were fully set forth herein.

210. ERISA Section 502(a)(3) authorizes plan participants to bring a civil action “(A) to enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan.” 29 U.S.C. § 1132(a)(3).

211. ERISA Section 104(b)(1)(A) requires a pension plan administrator to “furnish to each participant, and each beneficiary receiving benefits under the plan, a copy of the summary plan description, and all modifications and changes referred to in § 102(a)– (A) within 90 days after he becomes a participant, or (in the case of a beneficiary) within 90 days after he first receives benefits.” 29 U.S.C. § 1024(b)(1)(A). The applicable DOL Regulation requires, in part, the SPD to be provided

on or before the later of: (1) the date which is 90 days after the employee becomes a participant or (in the case of a beneficiary receiving benefits under a pension plan) within 90 days after he or she first receives benefits, . .

29 C.F.R. Section 2520.104b-2(a)(1).

212. The December 22, 2006 executed plan amendments to Verizon's pension plans state that Plaintiffs and class members, effective November 17, 2006, “shall cease to be eligible for a pension or any other benefit from the Plan based on employment before the spin-off date.”

213. Unbeknownst to Plaintiffs and class members, they were removed from Verizon's pension plans and made participants and beneficiaries of Idearc, Inc.'s sponsored pension plans as of November 17, 2006.

214. As a consequence of Verizon's November 2006 Spin-off transaction, SuperMedia EBC is the current plan administrator and has assumed responsibilities for Plaintiffs' and class members' pensions and OPEBs.

215. SuperMedia EBC failed to timely comply with ERISA Section 104(b)(1)(A), 29 U.S.C. § 1024(b)(1)(A) and the governing DOL regulation. SuperMedia EBC tried to take a shortcut not authorized by either ERISA or the DOL regulation.

216. After the 90 day deadline had passed, SuperMedia EBC sent March 19, 2007 dated letters to Plaintiffs and class members which letters included an enclosed copy of a *Verizon* SPD and a *Verizon* summary of material modifications ("SMM").

217. In the March 19, 2007 letters, SuperMedia EBC states, in part: "Taken together, Verizon's SPD, Verizon's SMM, and this letter will serve as your SuperMedia SPD until a new SPD is prepared." (See SM0001413-SM0001418).

218. The March 19, 2007 letters and enclosures do not meet ERISA's disclosure requirements under ERISA Section 104(b)(1)(A), 29 U.S.C. § 1024(b)(1)(A).

219. SuperMedia EBC failed to comply with the statutorily prescribed 90 day deadline to provide Plaintiffs and class members with a copy of an *Idearc/SuperMedia* pension plan SPD.

220. SuperMedia EBC never disclosed in any Summary of Material Modifications ("SMM") provided to Plaintiffs or class members the date the pension plan amendments were executed and the fact that they were applied retroactively so as to affect Plaintiffs' and class

members' rights.

221. Pursuant to ERISA Section 502(a)(3)(B), 29 U.S.C. Section 1132(a)(3)(B), Plaintiffs ask this Court to grant appropriate class-wide equitable relief including a declaration that SuperMedia EBC failed to meet and breached its statutory duty under ERISA Section 104(b)(1)(A), 29 U.S.C. § 1024(b)(1)(A), and grant class members such other and further appropriate equitable relief.

SIXTH CLAIM FOR RELIEF
(ERISA Sections 502(a)(2) and (a)(3) Claim for Appropriate Equitable Relief
Against Verizon, Verizon EBC and SuperMedia EBC)

222. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 221, inclusive, as if they were fully set forth herein.

223. ERISA Section 502(a)(3) authorizes plan participants to bring a civil action “(A) to enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan.” 29 U.S.C. § 1132(a)(3).

224. The pension assets Verizon transferred to SuperMedia, Inc. prior to December 22, 2006 were excess or surplus pension assets not earmarked or tied to any liabilities, and Plaintiffs request, pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Section 1132(a)(2) and (a)(3), appropriate equitable relief, including a declaration that the transfer of surplus assets, did not serve to change the retirees' status and did not extinguish Plaintiffs' or class members' rights to payment of benefits from Verizon's pension plans.

225. The terms of the December 22, 2006 pension plan amendments were illegally applied retroactively so as to defeat Plaintiffs' and class members' rights to continue

participation in Verizon's pension plans. Plaintiffs request, pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), appropriate equitable relief, including a declaration that the December 22, 2006 pension plan amendments are null and void and reforming the pension plans as they existed prior to the December 22, 2006 amendments.

226. Verizon's transfer of Plaintiffs and class members from participation in Verizon's pension plans violated the terms of the Verizon pension plans and, as a consequence of Verizon's November 2006 Spin-off transaction, SuperMedia EBC is the current plan administrator and has assumed responsibilities for Plaintiffs' and class members' pensions and OPEBs.

227. Both SuperMedia, Inc. and SuperMedia EBC should remove Plaintiffs and class members from SuperMedia's pension plans and restore them back into Verizon's pension plans. But, SuperMedia, Inc. and SuperMedia EBC will not take such action absent a directive and order issued by this Court.

228. Both Verizon's decision to include Plaintiffs and class members in the Spin-off transaction and Verizon EBC's active participation in implementing the transaction were such breaches of fiduciary duty that this Court should substitute its judgment for that of the Verizon Defendants. Verizon Defendants were fully aware of financial projections that Idearc would not prove to be as stable and secure sponsor of the retirees' pension and welfare benefit plans as Verizon had been and would remain in the future. For instance, while Verizon had a relatively light debt to equity capitalization ratio of approximately 2 to 1, Idearc, Inc. was created with an oppressive debt to equity capitalization ratio of approximately 5.8 to 1. Verizon Defendants were fully aware that the Spin-off entity had limited opportunity for growth and value creation.

Both Verizon and Verizon EBC should reinstate Plaintiffs and class members into Verizon's pension and welfare benefit plans and restore their pension benefits and all associated retiree welfare benefits. But, Verizon Defendants will not take such action absent a directive and order issued by this Court.

229. Plaintiffs request, pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), appropriate equitable relief, including injunctive relief ordering Verizon's transfer of Plaintiffs and class members be rescinded and that they be restored to their former status as participants in Verizon's pension and welfare plans and that they be made whole. Plaintiffs request an order requiring SuperMedia EBC and the plan sponsor, SuperMedia, Inc., to transfer Plaintiffs and class members back into Verizon's sponsored pension and welfare benefit plans. Plaintiffs request an order requiring Verizon EBC and the plans sponsor, Verizon, to reinstate Plaintiffs and class members into Verizon's sponsored pension and welfare benefit plans.

230. Pursuant to ERISA Section 502(a)(2), 29 U.S.C. § 1132(a)(2), Plaintiffs request equitable and remedial relief for the benefit of the pension plans including an order requiring reversal of all aspects associated with the involuntary transfer of Plaintiffs and class members from Verizon's pension plans into SuperMedia's pension plans and that Verizon's pension plans be made whole.

231. Pursuant to ERISA Section 502(a)(3), 29 U.S.C. § 1132(a)(3), Plaintiffs request an order removing from serving on both Verizon EBC and SuperMedia EBC those persons who supported, assisted and acquiesced in and defended the pension plan sponsor's efforts to transfer Plaintiffs and class members from Verizon's pension plans into SuperMedia's pension plans.

SEVENTH CLAIM FOR RELIEF
(ERISA Section 502(a)(1)(B) Claim for Verizon Pension Plan Benefits)

232. Plaintiffs incorporate and reallege by reference the foregoing paragraphs 1 through 231, inclusive, as if they were fully set forth herein.

233. Plaintiffs assert this claim against the Verizon Management Pension Plan, Verizon Enterprises Management Pension Plan, Verizon Pension Plan for New York & New England Associates and Verizon Pension Plan for Mid-Atlantic Associates as an alternative to their ERISA Section 502(a)(2) and (a)(3) based claims should the Court not grant full relief under those claims.

234. ERISA Section 502(a)(1)(B) provides, in pertinent part that “[a] civil action may be brought ... by a participant or beneficiary ... to recover benefits due to him under the terms of his plan, to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan.” 29 U.S.C. § 1132(a)(1)(B).

235. Verizon’s pension plans and their predecessor pension plans were unilateral contracts which created vested rights in Plaintiffs and class members who accepted the offer the pension plans contained by continuing in employment for the requisite number of years.

236. The Verizon pension plans and their predecessor pension plans were structured to provide a very significant increase in the value of the pension benefit once a participant reached a long-term service point, referred to as a “cliff,” which gave an incentive for Plaintiffs and class members to spend their entire careers with Verizon’s predecessors.

237. Prior to their being involuntarily transferred into SuperMedia’s pension plans, Plaintiffs and class members satisfied all of the conditions necessary for payment of benefits

under Verizon's pension plans. Plaintiffs and class members have been wrongfully denied continued participation in Verizon's pension plans.

238. Pursuant to ERISA Section 502(a)(1)(B), Plaintiffs and class members seek restoration into Verizon's pension plans and all benefits payable under the pension plans, together with all associated retiree welfare benefits.

Standard of Judicial Review

239. Verizon pension plan administrators' decision to deny MURPHY's, NOE's and PALMER's class-wide administrative claim for payment of Verizon pension plan benefits is not supported by substantial evidence and is unreasonable.

240. In adjudicating this ERISA Section 502(a)(1)(B) claim for Plaintiffs and class members, the Court may invoke substantive equitable principles including the principle that a pension plan amendment may not be applied retroactively so as to defeat participants' claims to payment of accrued pension benefits.

241. At all times when Verizon EBC and its delegates were deciding Plaintiffs' internal administrative claim, said defendant and pension plan administrators operated under a severe conflict of interest and were motivated to serve Verizon's corporate self-interest. Upon information and belief, Verizon EBC took no active steps to reduce potential bias. Thus, the Court's review should factor in the conflict of interest and the fact that the initial denial was tainted by self-interest.

242. The decision to deny Plaintiffs' claim for reinstatement into Verizon's pension plans and payment of Verizon pension plan benefits was an abuse of discretion and cannot withstand even a deferential review by the Court.

243. Since there was no timely compliance with federal regulations, 29 C.F.R. § 2560.503-1(1), the Court should not apply a deferential review to the initial adverse administrative decision made by Verizon's plan administrators with respect to Plaintiffs' class-wide claim. Furthermore, since there was no timely final internal appeals determination, the Court should apply de novo review.

Class ACTION ALLEGATIONS

244. Class Definition. Plaintiffs bring this action on behalf of:

All former participants in Verizon's pension plans who were transferred into SuperMedia's pension plans in connection with a spin-off transaction occurring in November 2006 and who were retired or terminated from Verizon at the time of the spin-off, as well as any beneficiaries of such participants.

The class is easily identifiable by Verizon's records and SuperMedia EBC's records.

245. This action is maintainable as a class action under Federal Rule of Civil Procedure Rule 23, subsections (a), (b)(2), and (b)(3).

246. Class Size. The size of the class is well over a thousand and closer to two thousand. Since the class is so numerous and members are dispersed and based all over the United States, joinder of all the members of the class is impracticable.

247. Questions of Law and Fact Common to the Class. This suit poses questions of law and fact which are common to and affect the rights of all class members. The questions presented include, but are not limited to: A) whether pension plan administrators and fiduciaries violated their fiduciary duties under ERISA Section 404(a)(1); B) whether Plaintiffs and other retired plan participants and their beneficiaries are entitled to declaratory and

injunctive relief, pursuant to ERISA Section 502(a)(3), and the form and extent of the relief to which they should receive; and C) whether Plaintiffs and class members are entitled to payment of Verizon pension plan benefits.

248. Typicality of the Claims of the Representatives. Plaintiffs' claims are typical of the claims of the class as a whole.

249. Adequacy of Representation. Plaintiffs have no interest antagonistic to or in conflict with the interests of the class. Indeed, Plaintiffs have the support of hundreds of class members.

250. Plaintiffs' counsel Curtis L. Kennedy and Robert E. Goodman, Jr., are experienced counsel who have served as class counsel in ERISA cases, collective actions and other complicated employment law cases successfully litigated and concluded. Plaintiffs' counsel satisfy the requirements of Fed.R.Civ.Proc. Rule 23(g).

251. The Second through Seventh Claims for Relief asserted by Plaintiffs herein satisfy the numerosity, commonality, typicality and adequacy requirements of Fed.R.Civ.Proc. Rule 23(a).

252. Each of the claims asserted herein will be tried to the Court. There are no individualized issues of proof on any elements of Plaintiffs' ERISA based claims. There are several documents that purport to affect all class members. On the last day of the Spin-off, Verizon and Idearc executed an Employee Matters Agreement which called for Plaintiffs and all class members to be included in the Spin-off and transferred into Idearc's retiree rolls. In addition, Defendants will contend that all class members' rights to Verizon's sponsored pension benefits were extinguished by the terms of *post hoc* pension plan amendments executed on

December 22, 2006. Defendants attempted to make the pension plan amendments retroactive to November 17, 2006, the final date of the Spin-off. Defendants did not tell the retirees what had happened to them until several months after the fact. The claims in this case only concern Defendants' conduct, not the conduct of any Plaintiff or class member.

253. Defendants' reliance on either the EMA, a non plan document, or *post hoc* amendments to Verizon's pension plans to uphold the involuntary transfer of Plaintiffs and class members into SuperMedia's pension plans makes appropriate an award of final injunctive and declaratory plan-wide and class-wide relief.

254. This case raises uniform, classwide legal and factual questions whether Defendants violated ERISA whether the Court should grant the class appropriate equitable relief, namely restoration into Verizon's sponsored employee benefit plans.

255. The Court should certify a class under Fed.R.Civ.Proc Rule 23(b)(1)(B), because individual adjudications would as a practical matter be dispositive of, or threaten, absent class members' interests, and/or Rule 23(b)(2), because the Defendants have acted in a way generally applicable to the class, making final injunctive or declaratory relief appropriate with respect to the class as a whole. Alternatively, if the Court does not deem a class appropriate under those provisions, the Court should certify a class under Rule 23(b)(3) or a combination of Rule 23(b)(2) and (b)(3).

256. Questions of law or fact common to the members of the class predominate over any questions affecting only individual participants and beneficiaries. The predominant questions in this litigation concern the rights of class members to receive declaratory, injunctive and equitable relief, and whether Defendants should be required to reverse Verizon's

reclassification and involuntary transfer of Plaintiffs and class members from Verizon's pension plans and welfare plans into SuperMedia's pension plans and welfare plans.

257. In this case, there are shared legal issues with no divergent factual predicates. In this case, the focus is entirely on the actions of Defendants, not the actions of any class member. The evidence of Verizon Defendants' common course of conduct will be used to establish liability under ERISA. Likewise, evidence of Verizon EBC's fiduciary status and conduct and SuperMedia EBC's fiduciary status and conduct will be common to all Plaintiffs and the class.

258. A class action is superior to other available methods for the fair and efficient adjudication of this controversy and members of the proposed class have little interest in individually controlling the prosecution of separate actions which would prove uneconomical.

259. In the interests of judicial efficiency, the claims arising out of this controversy should be consolidated in this class action before this Court.

260. No undue difficulties are anticipated to result from the prosecution of this proceeding as a class action.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs PHILIP A. MURPHY, Jr., SANDRA R. NOE, and CLAIRE M. PALMER, individually and on behalf of the class, seek orders and judgments against Defendants as follows:

A. With respect to the First claim in this Second Amended Complaint, pursuant to ERISA Section 502(a)(3), 29 U.S.C. Section 1132(a)(3), declare that both Verizon EBC and SuperMedia EBC, failed to provide Plaintiffs with a full and fair administrative review and thereby violated ERISA Section 503(2), 29 U.S.C. § 1133(2) and, as a consequence, Plaintiffs'

claims asserted herein should be deemed tolled during the administrative process and Plaintiffs should recover an award of reasonable attorney's fees and costs necessarily incurred in this civil action in order to litigate the class certification issue and the merits of Plaintiffs' administrative claim;

B. Order the Second through Seventh claims in this Second Amended Complaint be maintained as a class action under Fed.R.Civ.P., Rule 23(a), (b)(2) and (b)(3), that Plaintiffs be appointed class representatives, the undersigned counsel be appointed class counsel, and require Defendants at their expense to publish and mail notification of this action to all class members;

C. Grant Plaintiffs and class members the relief requested and set forth within the Second through Sixth claims in this Second Amended Complaint, including:

1. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members a declaration that Verizon EBC breached its ERISA fiduciary duty to make required disclosures in the summary plan descriptions for Verizon's pension plans as required by ERISA Section 102(b), 29 U.S.C. § 1022(b) and DOL Regulation 29 C.F.R. Section 2520.102-3(l);

2. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members a declaration that Verizon EBC violated ERISA Sections 406(b)(2) and (b)(3), 29 U.S.C. §§ 1106(b)(2) and (b)(3);

3. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members a declaration that Verizon EBC breached its ERISA duty of loyalty and failed to discharge its duties to act in the best interests of Plaintiffs and class members, as required by ERISA Section 404(a)(1), 29 U.S.C. § 1104(a)(1);

4. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members a declaration that Verizon EBC failed to act in compliance with Verizon's pension plan documents rules and violated ERISA Section 404(a)(1)(D), 29 U.S.C. § 1104(a)(1)(D);

5. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members appropriate equitable relief, including a declaration that, although the pension plans did authorize the plans' sponsor to transfer "assets" or "liabilities", the plans did not give either the plans' sponsor or Verizon EBC license to expel retired persons with vested pension rights and to end Plaintiffs' and class members' continued participation in Verizon's pension plans;

6. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members appropriate equitable relief, including a declaration that assets transferred to SuperMedia's master trust and pension plans were excess or surplus Verizon pension assets, and declare that the December 22, 2006 plan amendments are null and void and do not affect Plaintiffs' and class members' vested rights to continue participating in Verizon's sponsored pension plans;

7. Pursuant to ERISA Sections 502(a)(2) and (a)(3), 29 U.S.C. Sections 1132(a)(2) and (a)(3), grant Plaintiffs and class members a declaration that SuperMedia EBC breached its ERISA fiduciary duty to timely provide Plaintiffs and class members an Idearc/SuperMedia pension plan summary plan description, as required by ERISA Section 104(b)(1)(A), 29 U.S.C. § 1024(b)(1)(A) and DOL Regulation 29 U.S.C. § 1024(b)(1)(A);

8. Pursuant to ERISA Sections 502(a)(2), (a)(3), 29 U.S.C. Sections

1132(a)(2) and (a)(3), grant Plaintiffs additional appropriate equitable relief, including injunctive relief ordering Verizon's transfer of Plaintiffs and class members into Idearc/SuperMedia's sponsored pension plans be rescinded and that all Plaintiffs and class members be restored to their former status as participants and beneficiaries in Verizon's sponsored pension and welfare plans and that they be made whole. Specifically, Plaintiffs request an order mandating SuperMedia EBC and the current plan sponsor, SuperMedia, Inc. (and any successor plan sponsor), transfer Plaintiffs and class members back into Verizon's sponsored pension and welfare benefit plans. Plaintiffs request an order requiring Verizon EBC and the plans sponsor, Verizon, to reinstate Plaintiffs and class members in Verizon's sponsored pension and welfare benefit plans and make all Plaintiffs and class members whole;

9. Pursuant to ERISA Section 502(a)(2), 29 U.S.C. § 1132(a)(2), grant equitable and remedial relief for the benefit of the pension plans including reformation of the pension plans as they existed prior to the December 22, 2006 pension plan amendments and enter injunctive orders requiring reversal of all aspects associated with the involuntary transfer of Plaintiffs and class members from Verizon's pension plans into Idearc/SuperMedia's pension plans and that Verizon's pension plans be made whole;

10. Pursuant to ERISA Section 502(a)(3), 29 U.S.C. § 1132(a)(3), enter an order removing from serving on both the Verizon EBC and the SuperMedia EBC those persons who supported, assisted, implemented and defended the pension plan sponsor's efforts to transfer Plaintiffs and class members from Verizon's pension plans into Idearc's pension plans; and

11. Grant all Plaintiffs and class members such other and further class-wide and plan-wide relief, including appropriate equitable relief allowable under ERISA Section

502(a)(3), 29 U.S.C. § 1132(a)(3), as the Court deems just and proper; and

D. Grant Plaintiffs and class members the relief requested and set forth within the Seventh claim in this Second Amended Complaint, including an order pursuant to ERISA Section 502(a)(1)(B), 29 U.S.C. § 1132(a)(1)(B), entering judgment in favor of Plaintiffs and class members and ordering payment of Verizon sponsored pension and welfare benefits with interest;

E. Order Defendants' officers, employees and agents not to retaliate against Plaintiffs and class members on the basis of the filing or prosecution of this action; and

F. Pursuant to ERISA § 502(g)(1), 29 U.S.C. § 1132(g)(1), order Defendants to pay the reasonable value of Plaintiffs' interim and final attorney's fees for services performed, expert witness fees, accounting fees, necessary expenses of litigation, and costs of this action.

DATED this 21st day of June, 2011

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of June, 2011, a true and correct copy of the above and foregoing document was filed via this Court's electronic filing system, causing an electronic copy to be served upon all counsel of record, and a courtesy copy was sent via email to Defendants' counsel as follows:

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Also, copy of the same was delivered via email to each Named Plaintiff.

s/ Curtis L. Kennedy
Curtis L. Kennedy