

FOR IMMEDIATE RELEASE
January 26, 2004

FOR MORE INFORMATION:
TOM MOUKAWSHER
Moukawsher & Walsh, LLC
(860) 445-1908

SBC/CINGULAR SUIT CLAIMS \$123 MILLION SHORTCHANGE OF WORKERS' PENSIONS

Retirees Shortchanged Underfunding of Pension Plans Claimed SBC employees seeking to represent a class of over 500 workers brought suit today along with employees and retirees of its wireless subsidiary, Cingular, claiming the companies refuse to pay employees some \$123 million in retirement benefits and have underfunded their pension plans. The case, Parry v. SBC Corp., et al was filed today in United States District Court in Hartford. In it union workers and retirees from the former Southern New England Telephone company claim SBC and Cingular have deprived them of sums that amount to up to half of some of their pensions by refusing to honor a commitment to give long-serving employees who have not yet made it to retirement age the full pensions they would receive at age 65. The benefits lost include thousands of dollars of interest that should be added to their pension accounts in order to treat them as though they were age 65. The workers, participants in what is known as a cash balance pension plan, lost large portions of their pension prospects when SNET converted to a cash balance pension in 1995. Company contributions to cash balance pension plans consist of an annual pay credit (a percentage of annual wages) and an interest credit that is applied to the employee's cash balance account each year. This flat payment approach is under attack across the nation for dramatically reducing the pensions of older workers. They have been struck down by some courts and upheld by others. In 2001 the workers hoped some of their conversion losses could be made up when SBC agreed with their union, the Communication Workers of America, that former SNET workers with over 30 years of service or 20 years of service and 55 years of age could retire with the far better benefits they would receive if they were aged 65. Now the company refuses to honor its commitment, claiming the workers are not entitled to the legally required interest payments they would receive on their cash balance accounts if they were 65. The average loss per worker is estimated at over \$200,000.00 in pension money. The suit also alleges that SBC and Cingular have failed to provide adequate funds in the workers' pension plans to pay for the pensions the company promised workers. The suit arose after William Parry and four other Cingular employees retired relying upon repeatedly confirmed pension calculations from Cingular's actuary, Fidelity NetBenefits, only to have the figures repudiated by Cingular which offered to pay them 60% of the promised benefits instead. The employees hired Claude Poulin, Actuarial Trustee of the Connecticut State Employees' Retirement Commission to examine the Plan and the company's claim that it need not pay employees the interest they would have accumulated by age 65. Poulin found the payments mandatory under the plan and IRS regulations and the workers decided to file suit. SBC purchased SNET in 1998 and in 2001 transferred its wireless workers to Cingular.