
EXHIBIT B

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AT&T PENSION BENEFIT PLAN –
NONBARGAINED PROGRAM

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

QUILLER BARNES,)	Case No. CV 08-04058 MHP
)	
Plaintiff,)	
)	ANSWER OF DEFENDANT AT&T
v.)	PENSION BENEFIT PLAN –
)	NONBARGAINED PROGRAM TO
AT&T PENSION BENEFIT PLAN –)	PLAINTIFF'S AMENDED COMPLAINT
NONBARGAINED PROGRAM,)	(CLASS ACTION)
)	
Defendant)	

Defendant AT&T PENSION BENEFIT PLAN - NONBARGAINED PROGRAM
("Defendant" or "the AT&T Pension Plan") hereby answers the Amended Complaint ("Amended
Complaint") filed by Plaintiff Quiller Barnes ("Plaintiff") as follows:

INTRODUCTORY ALLEGATIONS

1. In answer to paragraph 1 of the Amended Complaint, there are no charging
allegations calling for an admission or a denial. Rather, paragraph 1 constitutes an introductory

Pension Plan”). The PTG Pension Plan was merged into the SBC Pension Benefit Plan – Nonbargained Program (the “SBC Pension Plan”) in January, 1999, and was thereafter renamed the AT&T Pension Benefit Plan – Nonbargained Program (the “AT&T Pension Plan”) on November 18, 2005. The gist of Plaintiff’s complaint is that he was entitled to a “redetermined Acceleration Transition Benefit (“ATB”), adjusted to reflect his additional years of age and service after he was rehired and then retired again from his employment with Pacific Bell Telephone Company. Plaintiff’s claim is based on a fundamental misunderstanding and misinterpretation of section 3.4(d)(3) of the PTG Pension Plan Instrument which contemplates adjusted ATB for employees who elected to receive the benefit as a monthly *annuity* after their first term of employment. Employees who cash out the ATB in full as a lump sum, such as Plaintiff, have nothing left to “redetermine” and thus upon rehire are entitled only to the Cash Balance Benefit (or later, the Career Average Minimum Benefit – “CAM”), as set forth in section 3.4(a) of the PTG Pension Plan Instrument and section 10-30 of the Summary Plan Description (“SPD”) for the PTG Pension Plan. For this reason, and the further reasons set forth below, Defendant denies Plaintiff’s claims.

2. In answer to paragraph 2 of the Amended Complaint, Defendant admits and alleges that, in general, under section 3.2 of the PTG Pension Plan Instrument, a salaried employee who was employed by a Participating Company on March 22, 1996, and was a Participant in the Plan on any date during the period beginning March 22, 1996 and ending on July 1, 1996, was entitled on termination of employment to receive the greater of a Cash Balance Benefit or the Accelerated Transition Benefit (“ATB”), as calculated under the PTG Pension Plan Instrument. Defendant further admits that, under section 5.2 of the PTG Pension Plan Instrument

6 Defendant denies each and every allegation contained in paragraph 2.

7 3. In answer to paragraph 3 of the Amended Complaint, Defendant admits and
8 alleges that under the terms of the PTG Pension Plan Instrument, a salaried employee who
9 terminated employment on or after March 22, 1996, and elected an ATB benefit in the form of
10 monthly annuity that was subject to an age discount under section 5.2, was subsequently rehired
11 and then retired again after bridging his or her service, was potentially entitled to a benefit
12 consisting of the prior ATB annuity adjusted to reflect the employee's age and term of
13 employment at his or her next termination. The particulars of that benefit and benefit calculation
14 are subject to the terms of the PTG Pension Plan Instrument, which constitute the best evidence
15 thereof. Except as so admitted and alleged, and to the extent the allegations of paragraph 3 of the
16 Amended Complaint vary from, or are qualified by, the terms of the PTG Pension Plan
17 Instrument, Defendant denies each and every allegation contained in paragraph 3, and specifically
18 denies that section 3.4(d)(3) of the Plan Instrument relating to the adjustment of the ATB applies
19 to employees who took the ATB benefit in the form of a lump sum payment as Plaintiff did.

20 4. In answer to paragraph 4 of the Amended Complaint, Defendant admits and
21 alleges that, prior to the merger of the PTG Pension Plan into the SBC Pension Plan, a rehired
22 salaried employee who met all of the eligibility requirements set forth in the PTG Pension Plan
23 was entitled to a monthly Cash Balance Benefit under section 4.5(b) of the PTG Pension Plan
24 Instrument upon the employee's next termination of employment, based on allocations to the
25 employee's cash balance account from the employee's rehire date to the Annuity Start Date that
26 applies to the Cash Balance Benefit. After the merger of the PTG Pension Plan into the SBC
27 Pension Plan, and after the amendment of the SBC Pension Plan on September 28, 2001, by
28

6 Except as so admitted and alleged, and to the extent the allegations of paragraph 4 of the
7 Amended Complaint vary from, or are qualified by, the terms of the PTG Pension Plan Instrum
8 and/or the SBC Pension Plan Instrument, Defendant denies each and every allegation contained
9 paragraph 4.

10 5. In answer to paragraph 5 of the Amended Complaint, Defendant admits and
11 alleges that salaried employees who terminated their employment on or after March 22, 1996, a
12 cashed out their ATB in the form of a lump sum instead of an annuity, such as Plaintiff did, we
13 not entitled to have that benefit “redetermined” or recalculated under section 3.4(d)(3) of the P
14 Pension Plan Instrument if they were subsequently rehired and retired again after bridging their
15 service. Such employees were only entitled to a Cash Balance Benefit or, after September 28,
16 2001, the greater of the Cash Balance Benefit or the CAMS benefit. Only employees who took
17 their ATB in the form of an annuity were entitled to have that benefit adjusted to reflect the
18 employee’s additional age and term of employment upon their subsequent termination of
19 employment. Except as so admitted and alleged, Defendant denies each and every allegation
20 contained in paragraph 5 of the Amended Complaint.

21 6. In answer to paragraph 6 of the Amended Complaint, Defendant denies that
22 Plaintiff is entitled to the requested relief set forth therein.

23 JURISDICTION AND VENUE

24 7. In answer to paragraph 7 of the Amended Complaint, Defendant admits that the
25 Court has subject matter jurisdiction under 28 U.S.C. § 1331 and ERISA § 502(a), 29 U.S.C. §
26 1132(a).

27 8. In answer to paragraph 8 of the Amended Complaint, Defendant admits that the
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