



Lucent Retirees Organization

www.lucentretirees.com

September 2007

The LRO Connection

LRO Fall 2007 Newsletter

Note to LRO Members: If you have received this newsletter by U.S. mail, it is because we do not have a valid email address for you or, for some reason, your email agent rejected our message. The LRO can save future printing and postage costs by sending an email notice for you to read the newsletters on the LRO Website. Also, you'll periodically receive other important email messages. Accordingly, at the LRO Website Home Page [www.lucentretirees.com], go to "Member Support" and click on "Change Membership Information" and enter your latest email address to ensure the LRO records are up to date.

Last Call For 2007 Dues

In early August, a letter was sent to all members who had not paid dues in 2007. If you received such notification and your dues have not yet been paid, please send your payment to the LRO Treasurer at the earliest possible time. Dues are the sole source of financial support for all LRO external services and internal administrative duties! They are vital for the continuation of LRO activities on behalf of all Lucent retirees and their spouses.

Dues are \$25 for annual membership or \$350 for Lifetime enrollment. Additional contributions are always appreciated. Your check or money order should be made out to LRO Inc. and accompanied by the registration coupon at the end of this newsletter. Mail these two items to: LRO, P O Box 1535, Cranford, N. J. 07016. If you wish to pay by credit card, please visit the LRO Website at www.lucentretirees.com. **Do not send cash.** If you're uncertain as to the status of your dues, contact us at the above address or via email at lro_message@lucentretirees.com. We'll rapidly research your inquiry and get back to you.

Solicitation of 2008 dues will commence with the release of our Dec./Jan. newsletter

Members Are Key Link For Enrolling New Members

Our existing membership is the most important link for helping to enroll new LRO members. The assistance of our entire membership body is needed in campaigning for new LRO members! Contact your former Lucent friends, associates, and co-workers to excite and induce them to join LRO! If you have any questions regarding member solicitation, please contact your Regional Director or write to us in care of the P.O. box or email address shown under the Dues caption.

Do we have your email address?

Again, we repeat: Email facilitates the transmission of information to LRO members and it reduces the cost and time of U.S. mail.

If you have an email address that has not been provided to us, please add this information to your personal profile by visiting our website or writing to us. If your email address has changed, please update it via the LRO website.

Go to www.lucentretirees.com; click on "Member Support" and then select "Change Membership Information".

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Alcatel-Lucent's (ALU's) second straight quarterly loss -- 586 million euros (\$803 million) - in 2q07 - is a bleak reminder that the merger created nearly a year ago has not ended the company's financial problems. And, based on ALU's June 30, 2007 letter to management retirees, it appears that the amount the company contributes to retiree healthcare and prescription drug coverage will be reduced in 2008. It seems as if the merged company will be following Lucent's past practices of offsetting inadequate results from operations (as reflected in its financial performance) by further reducing reserves intended for retirees.

This, while ALU executives receive multi-millions in compensation for their poor performance **and** while French retirees have their pensions and benefits protected by the government of France. **What is wrong with this picture?** All U.S. elected officials who pass laws on such critical issues as healthcare and other retirement-related matters must be made aware of your concerns about ALU's adverse actions that harm retirees and their dependents. As you'll read in the Public Affairs Column authored by Bill Kadereit, the National Retiree Legislative Network (NRLN) is lobbying for legislation to better protect pensions and help reduce the cost of retiree healthcare.

In ALU's second quarter Profit & Loss there was an entry entitled "Post Retirement Benefit Plan Amendments." That entry provided ALU with an additional 265 million euros (\$363 million) to the company's adjusted P&L. The LRO does not know the impact of this on possible added cost to Lucent retirees healthcare or to the further erosion of retiree benefits.

During recent months, the LRO has repeatedly attempted to re-establish a face-to-face dialogue with ALU. I wrote to ALU CEO Pat Russo and to ALU North America executives requesting meetings to discuss what retirees could expect for 2008 healthcare and prescription drug plans and to learn what ALU is doing to improve the protection of our personal information in the databases of the company and its vendors. While ALU responded to a few questions, my requests for ALU executives to meet with LRO leaders were ignored.

At the LRO Board's semi-annual planning meeting in October we will examine the LRO's strategies to accomplish its mission; whether we expect to gain ALU's attention in the future and, if not, what alternatives must be developed to serve as the voice for Lucent retirees. (The LRO Board will hold its meeting in Oklahoma City; in addition, its members will be the guests of Lucent retirees at the Thunderbird Pioneers Club's meeting on October 3rd.)

If you read the early June news articles on the LRO's website about the ALU's annual shareholders meeting in Paris, you know that many ALU French employees (who are union members) disrupted the presentations of ALU executives by blowing whistles and horns and shouting comments opposing ALU's plans to eliminate 12,500 jobs, including some in France. Disruption of company business hasn't been the LRO's style to gain the company's attention. However, our tactics may have to change if ALU continues to maintain its present position of not dialoguing with us to discuss important retiree issues.

In a July 2nd news article, it was reported that French President Nicolas Sarkozy met with unions representing ALU

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LRO Board of Directors

President – Ken Raschke - kraschke@triad.rr.com - Phone: 336-765-9765
Mail Address: 231 Pinetuck Lane - Winston-Salem, NC 27104

Vice President & Membership Director - Andy Guarriello -
andyguarriello@verizon.net - Phone: 972-523-7311
Mail Address: 6605 Castle Pines Drive - Plano, TX 75093

Secretary - Eli Shaff - retiredelishaff@aol.com - Phone: 972-307-5777
Mail Address: 3224 Prestonwood Drive - Plano, TX 75093

Treasurer – Bob Janish - rajanish@att.net - Phone: 908-276-7596
Mail Address: 208 Richard St. - Cranford, NJ 07016-2546

Board Member – Mike Bard – mbard1@earthlink.net - Phone: 910-270-2394
Mail Address: 515 Olde Point Road - Hampstead, NC 28443

Board Member– Charles Graves - jgraves@austin.rr.com - Phone: 512-266-7138
Mail Address: 6818 Oasis Pass - Austin, TX 78732

Legislative Affairs Director – Bill Kadereit – bkad@sbcglobal.net - Phone: 972-722-5928
Mail Address: 2308 Versailles Court – Heath, TX 75032

Communications Director – Ed Beltram – edbeltram@msn.com - Phone: 719-687-6157
Mail Address: 420 Fairfield Lane – Woodland Park, CO 80863

Regional Directors

New England (MA, ME, NH, RI, VT) – Paul Bayliss – bayliss@suscom-maine.net
Phone: 207-725-1431 Mail Address: 5 Wren Drive – Topsham, ME 04086

Northeast (CT, DE, NJ, NY, PA) - Patricia Smith - patriciaa_2@yahoo.com
Phone: 908-889-5757 Mail Address: 1133 Tanglewood Lane - Scotch Plains, NJ 07076

Mid Atlantic (DC, MD, NC, SC, VA, WVA) - Hal Worley - hworley@triad.rr.com
Phone: 336-725-3603 Mail Address: 839 Glen Echo Trail – Winston-Salem, NC 27106

Southeast (AL, FL, GA, KY, MS, TN) – Walt Ehmer - wiehmer@att.net
Phone: 770-392-0935 Mail Address: 1785 Brandon Hall Drive – Atlanta, GA 30350

Southwest (AR, KS, LA, MO, OK, TX) – Bob Allen – vetb@bellsouth.net
Phone: 318-797-5804 Mail Address: 10090 Chenier Point – Shreveport, LA 71106

North Central (IL, IN, MI, OH, WI) – John Woodruff – jwcepi@sbcglobal.net Phone: 317-846-6496
Mail Address: 12444 Pebblepoint Pass - Carmel, IN 46033

Mountain (AZ, CO, IA, MN, ND, NE, NM, SD, UT, WY) Pete McCarthy -
prm806@comcast.net Phone: 520-529-8828 Mail Address: 4288 N. Placita de Sandra – Tuscon, AZ 85718

West Coast (CA, HI, NV) - Jerry Hanley - hanley5545@gmail.com Phone: 805-473-3536
Mail Address: 920 Wigeon Way - Arroyo Grande, CA 93420

Pacific Northwest (AK, ID, MT, OR, WA) – Walt Greenwood –
wgreenwood@ix.netcom.com Phone: 425-257-3219 Mail Address: 618 View Ridge Drive, Everett, WA 98203

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(Continued from page 2) *From Ken Raschke President's Perspective*

employees. He said that he planned to meet with ALU executives to discuss ALU's plans to eliminate jobs in France. According to an August 20th news report out of Paris, President Sarkozy and Prime Minister Francois Fillon have each held meetings with CEO Patricia Russo and Chairman Serge Tchuruk during the summer. I wonder what it would take to get President Bush to request a meeting with ALU executives to talk about the company's erosion of benefits that were promised to retirees? After all, President Bush signed off on the final approval for Alcatel to acquire Lucent.

Months before the ALU recommendation in the June 30, 2007 letter to management retirees stating "we encourage you to explore other benefit options you may have available to you," the LRO Benefits Team began working to obtain professional guidance to assist LRO members in comparing ALU healthcare plans with other available plans. The LRO will continue to seek to identify useful ways to help retirees navigate through the complex issues associated with healthcare benefits. However, the LRO can't be a substitute for each individual's careful and prompt review of documents sent by ALU in order to find the answers that will best satisfy each person's particular needs. Make sure and read the article in this newsletter regarding the efforts of the LRO Benefits Team.

There are a number of dedicated volunteers serving the LRO. We need others to step forward who are willing to serve their fellow retirees in LRO leadership positions. Please read the article in this newsletter that solicits volunteers willing to serve as LRO officers. Several of the current officers have served since the LRO was chartered in January 2003. It is desirable to inject "new blood" into an organization to bring new ideas as to how the LRO's mission can best be addressed.

From Jerry Hanley

LRO Benefits Team Report

The LRO Benefit Team (BT) continues its work with considerable support—from many members, the full LRO Board, and in concert with our NRLN colleagues—regarding our established priorities for LRO members and ALL retirees receiving pensions from

Lucent Technologies (now the merged Alcatel-Lucent (ALU) Corporation).

The BT has established three priorities for its work:

- 1) Helping members/retirees with their current benefit plans;
- 2) Improving Lucent's plans through negotiations and other actions; and
- 3) Empowering members/retirees to best find other healthcare solutions if they so desire.

GETTING READY FOR THE NEXT SHOE TO DROP - The Yellow Envelope:

We have our plate really full with these three priorities but we're focusing SHORT-TERM efforts on actions that may help each individual to navigate through the coming weeks and months as she/he face what could be important healthcare benefit changes and choices. The recent letter from ALU to management retirees on this subject is one driver for this, but, in fact, we have been asking the company to share—and to share promptly—all possible information that could clarify what to expect for 2008.

We continue to see, and respond to, inquiries from many retirees and we see offers from our members to assist us with these efforts. On the basis of your feedback and messages, we have been able to gain a deep set of resource information about benefit options and tools to compare and evaluate your present and possible future options.

Please continue to share your thoughts with us through emails to benefits@lucentretirees.com.

We are also working through a specific process so that we can be in a better position to react PROMPTLY to what changes may occur to retiree benefits when the Fall letter/package arrives from ALU. Some LRO members have volunteered to help review the DRAFTS of the documents being prepared by the BT, but all this will require official facts and details from ALU.

START NOW TO THINK THROUGH YOUR POSSIBLE ACTIONS/CHOICES

Access to the current LRO website is encouraged to obtain up-to-date references and resources. We expect that there will be more specifics pertinent to the "yellow envelope" package shortly after it arrives from ALU that we will prepare and send as well. The best place to go is <http://www.lucentretirees.com/BenefitsTeam/>.

On the Benefits Team web page you'll see the headline: "LRO Healthcare Survey Results – Insurance Alternatives." The LRO conducted a follow-up Healthcare Insurance Survey with those LRO members who noted in the LRO Opinion Survey early in 2007 that they had found alternatives to the healthcare insurance plans offered by ALU. There is a link to a list of healthcare insurance carriers that some of our fellow Lucent retirees have

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(Continued from page 3) **From Jerry Heanley LRO Benefits Team Report**

chosen to use. The list is organized by Under Age 65 Plans and Over Age 65 (Medicare Eligible) Plans by state because insurance plans vary from state to state.

Given the fact that ALU stated in its 6/30/07 letter to management retirees that "...we encourage you to explore other benefit options you have available to you..." it might be worthwhile for management retirees to begin requesting information from alternative healthcare insurance providers now for the state where you reside so you can read and understand what is available as an alternative to the ALU plans. However, keep in mind that the rates for 2008 will not be available at this time and you'll need to call later in the year to get the rates for 2008.

As another example of information on the BT web page, provided is here a recent posting to illustrate our approach and some specific content:

If you're considering other health insurance options, scan Consumer's Reports' current issue (September 2007) that rates health care plans. It only rates a small number of plans, but if the one you're interested in is there, it's helpful. If not, you'll need to do some searching, but the effort is well worth the time for such an important decision.

Consumer Reports provides useful advice on how to compare plans. It recommends getting a "report card" of health plans serving your home area from the NCQA (click on <http://hprc.ncqa.org/frameset.asp>).

Consumer Reports also recommends reviewing how other policyholders rate insurance companies, using the "justified complaint record" maintained by your state's Department of Insurance (DOI). You can find links to your DOI at http://www.naic.org/state_web_map.htm. This will take you to your state web site, where you'll need to do some searching to find the complaint records. Each site is a bit different.

The LRO BT has more helpful links on its home page at www.lucentretirees.com/BenefitsTeam. Once there, click on the tab [Compare]. One site that uses widely available statistics to compare health insurance companies in your home state is http://health.usnews.com/usnews/health/best-health-insurance/top_plans.htm. Select your State in the upper right hand corner.

EXPECT MORE SOON TO HELP YOU HELP YOURSELF

In the coming months, the BT's efforts will continue to make a concerted effort to directly engage, if at all possible, with ALU's corporate leadership and their Benefits professionals. But, regardless of what might be the success of that outcome we see clearly that our goals are to help you help yourself and, wherever possible, to make this important process as clear and uncomplicated as possible. OUR ACTIONS need to produce results that are best suited to empowering you to act promptly and in an informed manner that will be best suited to your and your dependents' particular healthcare, financial, personal needs.

Keep sending benefits@lucentretirees.com your thoughts on how we're doing and how we can reach these goals in better ways!

In a "Special Edition" of the National Retiree Legislative Network's Summer 2007 issue of the FOCUS Newsletter, NRLN President Jim Norby announced a major change in policy for the NRLN. The leadership of the NRLN has concluded that it must do more to realize its mission and legislative objectives. The NRLN Board concluded that the NRLN couldn't do significantly better with present financial resources based only on dues and donations. The Board, with the concurrence of the leadership among the affiliated member retiree associations (including the LRO), has voted to establish a "for profit" subsidiary to manage various products and services offered to NRLN members and others. The NRLN is undertaking this action for three fundamental reasons:

- To provide "value added" programs to its constituency.
- To provide products and services to its older population, which those persons might not otherwise know about or can't afford.
- To provide a new revenue stream to both member organizations and the NRLN so as to enhance the NRLN ability to perform its Washington, D.C., mission. **[Note: The LRO Board has voted not to accept any revenues that might result from its members' purchase of insurance.]**

The first offering will be two insurance products: life insurance and related financial products, and casualty insurance (home, auto, etc.).

In the case of life insurance, NRLN members (including LRO members) will be able to buy ordinary life insurance policies at almost any age and, depending on circumstances, at very competitive premium levels (the result of the NRLN's endorsement of these companies). The

**NRLN Endorses Life & Casualty
Insurance for its Members**

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(Continued from page 4) ***NRLN Endorses Life & Casualty Insurance for its Members***

NRLN's agreement with the casualty insurance vendor allows for potentially sizable discounts. (The exact possible savings will depend upon coverage needed and the state in which you reside.)

Norby said that, in the near future, members can expect the NRLN to endorse a health insurance plan. He said the NRLN has formed a "study group" to explore healthcare plan options. Norby noted that each week, it seems another group of retirees is informed that their former employer is reducing - or even canceling - healthcare coverage that was promised and earned.

NRLN's Due Diligence On Insurance Offerings

A special committee composed of NRLN Board members invested many months in a "due diligence" research to find what it believes to be the best possible organizations with which to partner. Financial standing, integrity, rate structures, distribution ability, and service were among the criteria used in the committee's final recommendation to the NRLN Board. The two companies are:

- **Lindblad Financial Group** of Phoenix, Arizona (www.lindbladfinancial.com), which will have the exclusive endorsement on matters of life insurance. Daniel Lindblad, CLU, represents and is licensed with many major insurance companies in America. For more information call 1-800-355-2557 and identify yourself as an NRLN member through the Lucent Retirees Organization.
- **Liberty Mutual** (www.libertymutual.com) is the NRLN's casualty company of choice. For information call 1-800-524-9400 and identify yourself as an NRLN member through the Lucent Retirees Organization.

No Unwanted Phone Calls Or E-mails

"It's important to note that we have been especially aware of the sensitivity of our members when it comes to unsolicited calling and e-mailing," Norby said. "You will not receive any unwanted phone calls or e-mails. In the case of Liberty Mutual, you may receive by mail a special announcement about NRLN's special discounted offer. The burden of response is with you if you're interested in further information.

"The same is true for life insurance. You may receive from your own association an invitation to attend a seminar, sponsored by your association, to learn about the insurance programs. You may also receive some notification from your association to call an "800" number for information - you will not be burdened with unsolicited calls or e-mails about life insurance."

To read the entire NRLN announcement, please go to the NRLN website's FOCUS section at <http://www.nrln.org/focus%20newsletter.htm> and click on the link to Volume IV, Issue 2, Summer 2007. If you should have a problem accessing this link, go to the NRLN website home page at <http://www.nrln.org>, open the navigation window at the left of the page and click on FOCUS Newsletter. You will need Adobe Reader software to be able to open the newsletter. If you do not have Adobe Reader software, please go to the following link and download the latest version of the FREE Adobe Reader: <http://www.adobe.com/products/acrobat/readstep2.html>.

In 2003, the LRO board decided to join the NRLN to gain influence in Washington, DC that would lead to favorable legislation needed to protect LRO retiree pensions and healthcare benefits. Healthcare benefits then, as now, are not protected by ERISA (Employee Retirement Income Security Act) and retiree benefits needed greater protection. The LRO held a seat on the NRLN board in 2004 and the LRO's representative became active in shaping the NRLN's legislative agenda.

In late 2004-05, Congress, government agencies, unions and retiree groups became engulfed in a frantic exercise to protect pension plans. Lucent had helped itself to billions of dollars in the management pension plan in 2001-02 to pay for restructuring charges associated with severance pay and layoffs. Then in 2003, in order to avoid having to fully fund the pension plan, Lucent cancelled the "Death Benefit" thereby eliminating a plan liability of \$428 million. Canceling the retiree Death Benefit was a big help to Lucent's survival.

The LRO member on the NRLN Board spearheaded a 2005-06 legislative agenda containing proposals designed to prohibit the use of funds to pay for layoff allowances, to shorten the window for asset smoothing from 5 to 2 years, to improve the visibility into plans by requiring earlier Form 5500 filings and expanding disclosure requirements. The NRLN also supported Pension Benefit Guaranty Corporation (PBGC) proposals that would raise the funding threshold level to 100% from 90%, and would require conservative discount interest rates so as to prevent assets from being overstated or liabilities from being understated, etc.

In 2006, when pension reform bills were rolling through Congress, the NRLN's lead representative in Washington, Marta Bascom, received a tip from a former colleague that Prudential Insurance Company and a consortium of companies had lobbied to attach an amendment that would lower the surplus retention level from 125% to 110%. Under the Prudential

From Bill Jadereut
Legislative Affairs

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(Continued from page 5) From Bill Jadereut **Legislative Affairs**

proposal, a plan funded at 110% would fail in a down market (2000-01) sooner than one funded at 125%.

The CWA and IBEW unions and the NRLN signed a two-page appeal to the pension reform conference committee that cited market-crash statistics and the added risk that a weaker 110% limit would impose. After hundreds of email messages and calls from LRO members went to a New Jersey Senator who was the prime sponsor of the amendment to lower the threshold to 110%, support faded. A new limit was set at 120%.

Protection of pension plan assets has been the #1 priority of the LRO, even in the face of mounting healthcare costs. What remains necessary for pension protection is to convince the IRS and Congress to amend ERISA to prevent companies like Lucent, now Alcatel-Lucent, from raiding pension assets to pay for restructuring and to prevent an over-weighting of portfolio assets in riskier securities once plans are adequately funded.

That having been said, our pension plans are far more secure today than they were three years ago and although ALU is a French company that seems distant, they **MUST** manage our pension plans in accordance with the rules of ERISA. The LRO will continue to support the NRLN's efforts to lobby for the two remaining changes.

The NRLN is actively pursuing a healthcare agenda in this session of Congress. The current buzz over healthcare, national healthcare, Medicare plans, etc. is highly politicized. The NRLN has helped get a House bill passed and another amendment added to a second bill. Both deal with prescription drugs, but neither is law yet. The LRO and the NRLN are watching for ALU's 2008 prescription drug plan changes and other healthcare changes that ALU will announce this fall.

Please read the LRO / NRLN legislative agenda at <http://www.nrln.org>. Send comments or questions to me at bkad@sbcglobal.net. Sign-up to help convince Congress to help you! Send an email to Bob Martina, LRO and NRLN Grassroots Coordinator, at rfjm9870@aol.com.

Candidates Sought For LRO Officers Positions

Candidates for the positions of LRO President, Vice President, Secretary and Treasurer are being sought. If you are interested and have the background and experience, please send a brief personal resume to: Bob Janish, 208 Richard St, Cranford, N J 07016, or via email to rajanish@att.net. All submissions will be kept confidential.

Join The LRO

LRO dues are **\$25** for Annual membership or **\$350** for Lifetime membership. Please take time today to write your check to the LRO and mail it to: Mr. Bob Janish, LRO Inc., P. O. Box 1535, Cranford, NJ 07016-1535. If you prefer to pay by credit card, visit the LRO Website at www.lucentretirees.com. **Do not send cash.**



Include this coupon with your check

The LRO is a nonprofit, tax-exempt organization. Contributions are not tax deductible.

LRO Membership Information

Renew My LRO Membership

Register Me As A New LRO Member

First Name MI Last Name Street Address or P.O. Box #

City State Zip Code Phone Email Address

The LRO Website allows dues-paying members to access the contact information of other members.

If you DO NOT want your information accessed, check here

Check one: Retiree with Pension Vested for Pension Surviving Spouse

Check one: Management Non-Management

Retirement Date _____ Company At Retirement _____ Years of Service _____

How did you learn about LRO? from a friend/former co-worker; from the LRO web site; from News Articles; from Pioneers/Retiree Clubs; from Credit Union Publication Ad; Other (please specify) _____