



The LRO Connection

SPRING NEWSLETTER

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President Andy

andyguarriello@verizon.net



IT's of no surprise to any of us that we, and most of the world, are experiencing very difficult economic conditions. Bankruptcy filings and business failings are common news.

Alcatel-Lucent (ALU) is no stranger to financial distress and in a global recession, even more so. Wherever possible, ALU will continue to aggressively cut costs. Plans for personnel reductions have already been announced. So, despite ALU's contentions that their efforts would be better spent in developing and marketing new services and innovations, their focus may well be on reversing their retiree commitments in attempting to save money.

With this mind, our goals for 2009 include:

Reviewing ALU public documents (domestic and international) for their impact on our retirees.

Providing maximum support to the National Retiree Legislative Network (NRLN) in supporting their

efforts in enacting federal pension and benefit protection legislation.

Researching, evaluating and comparing ALUs healthcare benefit offerings to those of other available public offerings. These comparisons will then be published so you will be better informed on your health care decisions.

Ensuring legal support whenever necessary to understand and protect our rights as retirees.

Regularly communicate with our membership to ensure all are kept informed of those actions being taken affecting their security. This includes any developments affecting pension and healthcare regardless of source. We will keep you informed via our Newsletters, LRO email notifications and "the" Message Board.

It is only through your vigilance on retiree issues that we can continue to be effective in protecting our rights.

HEALTHCARE INSURANCE HORROR STORY?

ProtectSeniors.Org is yet another organization protecting our rights. Email your name, contact info and story to info@ProtectSeniors.Org.



LEGAL AFFAIRS

Chuck Graves - jgraves@austin.rr.com

As you may know, the U.S. Third Circuit Court of Appeals dismissed our Death Benefit appeal with a Summary Judgment, ruling that our "Death Benefit" was a "welfare benefit" that could be terminated at will by Lucent. At stake was \$400 million in

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future death benefits that had been paid previously to qualified beneficiaries of retiree participants in AT&T Management Pension Plans since 1964, including the Plan inherited from AT&T by Lucent in 1996.

Our legal position was that the Death Benefit is a vested pension benefit under ERISA, with AT&T Plan documents supporting our position. That's also the understanding of all of us had who spent a career in the Bell System.

There will be no appeal on this decision.

The matter will not end there however, as your LRO is reviewing all options, including extending every effort to motivate the new Congress, to rectify this unjust outcome and the hardships it has caused to survivors.



Do we have your most current contact information?

Click www.lucentretirees.com then "CLICK HERE TO CHANGE YOUR REGISTRATION DATA".

LRO Benefits Column

Ron Hoth - rhoth@triad.rr.com



The LRO Benefits Team will continue to do our best in clarifying and providing direction on how to navigate the Benefit choices you selected during the 2009 Open Enrollment period.

As expected, the Benefits Open Enrollment period proved to be challenging. This is especially true for management retirees and their dependents who are Medicare eligible participants. During the process we heard from and responded to hundreds of our members; provided answers to their questions; suggested solutions to their problems; and gave as much assistance as possible. We are continuing to provide assistance to those folks who are experiencing problems with the new SecureHorizons healthcare plan.

Herb Zydney, a Benefits team member, did a yeoman's job in researching and providing a plethora of information on the LRO Benefits web-site. The web site was designed to provide you with accurate and meaningful data during the 2008 open enrollment

exercise. Your feedback helped him modify and improve the web-site to make it a better tool in providing much needed assistance.

The LRO Benefits Team contracted with a private healthcare consultant to develop an easy-to-understand analyses of the various Medicare based options. This tool was made available to our members for use as an additional tool in making their personal healthcare decisions for 2009. An LRO funded resource, "NAVIGATING MEDICARE", became the topic for the first LRO Benefits and Leadership Seminar that was held in the Northeast Region in New Jersey on October 28, 2008. The Video "Navigating Medicare" is available by selecting the topic at the top of our webpage at www.lucentretirees.com.

Two hundred and seventy five members attended the LRO Benefits & Leadership seminar, at which time they had the opportunity to meet with members of the LRO Board - Andy Guarriello, President; Gary Reichow, VP; Eli Shaff, Secretary; Dick McCauley, Treasurer; Bob Janish, Advisor to the Board, and Dom Guerrera, Email Administrator. A note of appreciation goes to Gary Reichow, Pat Smith, Herb Zydney, Dom Guerrera, Joe Sciulli, Judy Archer, Walt Ehmer and Ron Hoth for all their time and efforts on making this project come to fruition. A thank you also goes to those LRO members who volunteered to help the day of the seminar.

In addition to the above initiatives, we received great input from many of you who reported your experiences, enabling us to share that information in helping others in similar situations. We thank you for that and encourage you to continue to communicate your experiences.

The LRO would be remiss if we did not acknowledge the cooperation of ALU's Vice President of Human Resources, John Hickey (and his group), in providing prompt personal assistance to retirees when requested during the Open Enrollment process and who still continue to assist our members as we move forward in 2009.

The following information pertains to the new Alcatel-Lucent (ALU) UnitedHealthcare SecureHorizons Private-Fee-For Service Medicare Direct Advantage Plan (PFFS PLAN):

- **PFFS plans** do not enter into contracts with medical providers and allow providers the option to accept (become "deemed providers") or not on a case by case basis. However, once a provider has accepted the Plan, it becomes a "deemed provider". The likelihood of a subsequent declination within the plan year ALU considers unlikely.
- **ALU reports** that of late, 95.5% of our Health Care providers have accepted the Plan. ALU further reports that their outreach to providers has been very aggressive and they will continue to reach out

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to providers currently not accepting. SecureHorizons Customer Service Center is available to help with any questions you may have with your health care provider at 888-980-8117. For "deemed" Medicare Direct providers, call SecureHorizons at 866-222-3069. If SecureHorizons is unresponsive, contact the ALU Benefit Center (number at the end of this column) or the LRO at benefits@lucentretirees.com.

- The **SecureHorizons Insurance Plan** is part of the Federal Medicare Program and is regulated by the Centers for Medicare and Medicaid Services (CMS).
- If you **haven't done so**, we encourage you to contact your current health care providers and affirm that they will accept the new SecureHorizons insurance plan.
- SecureHorizons is under current **Medicare rules**, which do not allow for a published provider list.
- **ALU moved** to the SecureHorizons Plan because it is less expensive for the Company and they consider it to be a good option for the vast majority of retirees (i.e., those whose providers accept the plan).
- **ALU reports** that the Plan reduces the monthly premium cost for the majority of Medicare retirees who pay premiums – there continues to be no premiums for pre 3/1/90 retirees.
- **Depending on the State** in which you live, you may be able to find a better plan on the commercial market. Many have selected a plan different from SecureHorizons. If however, your "other" plan does not work out as expected, you will be able to re-enroll in the ALU Plan during a future open enrollment period or if you experience a "qualified status change" at any time.
- Currently, if you **opt out of the ALU Plan**, you cannot participate in ALU's Medco Part D Prescription Drug Plan. It's either participation in both plans or none. We have asked ALU to reconsider that posture for 2010. They have agreed to take that under consideration, but there is no assurance at this time that they will do so.
- **ALU has informed the LRO** that a large majority of retirees chose to accept the health plan (s) offered.

We all have so much to learn about this new PFFS Plan and hope that it works as advertised. We ask that you continue to communicate with us and let us know what is and what is not working as you utilize this health insurance plan.

Lastly, some of you have asked if we still have our Basic Group Life Insurance Plan, the answer is yes.

If you have questions about your benefits or need

additional benefits related information, the following sites or telephone numbers should prove helpful:

- **ALU Benefits Resources Web site:** <http://resources.hewitt.com/alcatel-lucent>
- **Benefit Answers Plus Web site:** www.benefitanswerplus.com
- **ALU Benefits Center** at 1- 888-232-4111

LRO Pension Column

Frank Minter - fcminster@aol.com



At year end 2008, you should have received from Alcatel-Lucent (ALU) the Pension Summary Plan Description for plan year 2007. This is required by law and provides us with our Pension status as of yearend, 2007. No information for 2008 is contained in this report, but WILL be contained in the in the 2008 Pension Plan Summary you will be receiving no later than April 30, 2009. When the 2008 Pension Plan Summary arrives at the end of April, 2009, it should include:

- A statement of total assets and total liabilities for 2008 and the two preceding years.
- A statement of 100% funding or if not, the actual percentage for the current and two preceding years.
- The number of participants in the plan, including those retired as well as active participants.
- A statement of the Plan's funding policy and asset allocation.
- A statement of how to obtain a copy of the Plan's funding improvement plan.
- The effect during the year on Plan assets and liabilities from any plan amendment, change in benefits, or other known event.
- A summary of rules governing termination of the Plan.

Your LRO Pension Team plans to review and analyze the 2008 Pension Plan Summary and provide this analysis to our membership as soon as possible.

The LRO is working closely with and providing funding to the National Retiree Legislative Network (NRLN) to seek legislation to improve the ERISA law to prevent the improper use of Pension Plan assets. The primary focus of this proposed legislation would be to prohibit using plan assets to pay cash incentives to encourage employees to take early retirement. Such large cash withdrawals can leave the Pension Plan substantially underfunded, much like the Lucent Management Plan in the 2002-03. Such cash incentives were improperly taken since no actuarial calculation had ever contemplated such withdrawals and no funding to cover them had ever been contributed to the plan.

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LRO MESSAGE BOARD?

Contact a member OR leave us a message. Access the Board at <http://board.thelro.org/> or at member services from the Home page.

Legislative Affairs



Bob Martina - rfjm9870@aol.com

Your LRO continues to fund the National Retiree Legislative Network (NRLN) to act in our behalf by representing our “agenda” in Washington. Our legislative agenda, while long term in nature, should bring about the pension and health care legislation required to protect us. Listed below are several activities the NRLN will be working on:

- A **bill weakening our pension fund** was cut off by aggressive grassroots action and lobbying in late 2008. This bill would have allowed corporations to siphon off “so called surplus pension funds” (above minimum requirements) to help fund active duty employee benefits. It should also be noted that we were successful in lobbying for maintaining pension funding at 120 percent of 2007 funds, especially since the stock market went down in 4Q 08. Without this, our pensions would likely be underfunded.
- **401K & IRA 2009 Disbursements.** Partially due to our grassroots efforts, you will have the option of NOT taking a 2009 401k or IRA disbursement. By not taking a disbursement you can avoid the depressed stock prices and taxes.
- Our **2009 Legislative priorities/agenda** can be viewed on our website at <http://www.nrln.org/NRLN%202009%20Legislative%20Agenda.pdf>.
- **2009 Legislation** - New legislation will be proposed to provide more pension protections including restrictions on the use of so-called surplus funds for executive golden parachutes and bonuses as well as other restructuring expenses. We expect to see a bill introduced to do so in 2009. Other priorities include Health Care legislation. <http://www.nrln.org/NRLN%202009%20Major%20Initiatives.pdf>.
- **Survey of Congressional Candidates on Retiree Issues** – The NRLN conducted a survey of all congressional candidates in the November, 2008

general election. A summary of the 217 responses is posted on the NRLN web site: <http://nrln.org/>

- **Grassroots Network** - All LRO members have access to the NRLN CapWiz system and are members of the Grassroots Network. The CapWiz system provides email legislative Action Alerts from the NRLN and contact information for your congress person. The LRO and the NRLN rely on your participation in CapWiz to be successful with our legislative agenda.

If you wish to be an active NRLN Grassroots leader in Arkansas, Arizona, Kansas, Missouri, Oklahoma, Texas or Louisiana or Mississippi contact Bob Martina at rfjm9870@aol.com. A full list of congressional districts requiring a “Leader” will soon be posted on our web site.



Treasurers/Annual Report

Dick McCauley - dickmccauley@yahoo.com

Year 2008 was a successful and challenging year for the LRO. We added over 500 new members, but our dues collections declined by 14%. We also saw our investment income on our surplus funds decline due to market interest rates. We were able however, to manage our expenses in line with our revenue performance thus ending 2008 with a slight positive balance. In 2009 we will focus on dues collection and attracting new members.

Our expenses for 2008 were primarily in the areas of Healthcare Benefit analysis and support; the National Retiree Legislative Network (NRLN) and legal. It should be noted that all budget categories were within or below budget as amended.

We initiated a new dues category option, a Five Year – onetime \$100.00 payment. This is in addition to the Annual \$25.00 dues payment option and the Lifetime Member \$350.00 option. In the fourth quarter of 2008, over 25% of our new members selected the Five Year Option.

Category	2007	2008	\$ Diff	% Diff
Income	\$169,165	\$146,005	- 23,160	-14%
Expense	\$103,044	\$135,062	+32,018	+31%
Difference	\$66,121	\$10,943	-55,178	-83%

The 2008 figures are unaudited at this time.

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Alcatel-Lucent

Chris Bickes

chrisbickes@yahoo.com

As can be expected, ALU's financial news is not pretty, but then it could be worse. First, Alcatel-Lucent (ALU) held their annual 2008 results conference call on February 4, 2009. If interested refer to ALU's web site for the availability of a rebroadcast.

Since the merger, ALU has lost over 86% of market value and is forecasting another year of losses. Mr. Verwaayen, CEO, stated goal is to shave off another 1,000 employees and 5,000 contractors or \$1.4 billion in costs over the next two years. ALU is expected to be profitable in 2010.

In addition to cost cutting as a way to profitability, Mr. Verwaayen plans on substantially increasing their \$3.3 billion Services business and leverage their 3G wireless purchase from NorTel into their new mobile technology platform technology. Lastly, it has been reported that two-thirds of ALU's senior management is new.



R e g i o n a l l r o n e w s

Joe Dombrowski-dombrowski@cableone.net

I am your new National LRO Membership Director. As such, I will be coordinating our national membership efforts and support our Regional Directors. I can be reached at the email address listed above.

In 2008, we added over 500 new members, largely as a result of our participation at ALU's SecureHorizon meetings and our activism on Health Care and Pension issues. But our dues collections have declined. LRO provided the resources to assist our members in understanding the complex Secure Horizons option from ALU. LRO was represented at all SecureHorizons meetings in 14 states.

We will continue to communicate our efforts to protect and preserve your pension rights and benefits through frequent local/regional meetings in your region.

In February, all LRO members will be sent a membership card. Leave a message on the LRO Message Board if one does not arrive by March.

New England Region

Paul Bayliss-jpbayliss@comcast.net



Almost 400 retirees and spouses attended the Secure Horizons Healthcare information sessions held at the Andover (MA) Country Club on October 13th and 14th. Attendees had many questions and concerns. A major concern in this region is the acceptance of the Secure Horizons PFFS Plan. Several years ago another health care provider, that had licensed the Secure Horizons trade name, ceased operations due to financial difficulty. This left the Secure Horizons name with a bad reputation among health care providers in this area. Nevertheless, my limited survey of retirees in the Region indicates that most have enrolled in the Secure Horizons plan offered by ALU.

Several ALU retiree groups meet regularly in the Haverhill, MA area. Most participants worked at the Merrimack Valley Works in North Andover, MA. This is a great opportunity to meet with old (sorry about the adjective, but it's accurate) colleagues. If you would like to receive notification of these meetings and/or news of MVW retirees, contact Rodney Flynn. His email address is FVirgos01801@aol.com.

Southeast Region

Walt Ehmer-wjehmer@att.net



In late October and November we hosted hospitality rooms for the Secure Horizons meetings and we met approximately 500 retirees and spouses over 3 days in Atlanta, Sarasota and Palm Beach. Material was distributed regarding the LRO and many people that did not know about the LRO took the opportunity to join our organization. In the coming months we will try to arrange similar meetings in the Florida panhandle and the Jacksonville, Florida areas for those retirees who found it too far to travel to the other locations. If you are interested in attending the meetings or would like to help in the logistics for the meetings please contact Walt Ehmer on 770- 392-0935 or wjehmer@att.net Since the sign up for the Secure Horizons plan I have heard from several of our members who have had problems with the plan or difficulties with the sign up and the LRO has taken steps to help the members resolve their difficulties. In addition I have attended retiree meetings in the Atlanta area that are held on a monthly basis. I will be glad to assist any of you who would like to have a get together in your region.

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PENSION SURPLUS

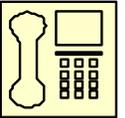
On December 12, 2008 ALU reported a roughly \$3.5 billion surplus at the end of September. The real story, the 2008 Plan Summary, will be distributed to all Retirees by ALU before the end of April, 2009. LRO will provide our membership with a careful analysis of the plan summary in May.

www.pionline.com, pension fund web site, reported that as of September 30, 2008, our pension fund had lost 14.8% in asset value. The average asset loss for defined benefit plans (such as ours) was 16.5%. So we're in a slightly better position than average. While our loss is unacceptable, it was cushioned by over 62% of our asset portfolio in bonds. Our pension fund has the fifth largest percentage of invested funds in bonds. In sum, our Pension Fund is a mixed message, with many other funds in far worse condition.

Editor

Join The LRO

LRO dues are \$25 for Annual membership or \$350 for Lifetime membership. Additionally, you have the option of prepaying \$100 for a five year membership and saving \$25. Please take time today to write your check to the LRO and mail it to: **LRO Inc., P. O. Box 412, Chatham, NJ 07928** If you prefer to pay by credit card, visit the LRO Website at www.lucentretirees.com. *Please send a check, not cash.*



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

PLEASE COMPLETE THE ENTIRE MEMBERSHIP FORM AND ATTACH WITH YOUR CHECK

The LRO is a not-for-profit, tax-exempt organization. Dues and/or Contributions are not tax deductible.

LRO Membership Information

Renew My LRO Membership

Register Me As A New LRO Member

\$25 Annual Membership

\$100 Five year prepaid Membership

\$350 Lifetime Membership

Name: _____ Email address: _____

Mailing Address: _____ City: _____

State: _____ Zip Code: _____ Phone: _____

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) _____

Would you like to be contacted about joining one of the LRO committees such as Membership, Benefits, Regional, Pension, Legislative or Legal?

Please specify: _____