



Lucent Retirees Organization

www.lucentretirees.com

July 2004

The LRO Connection

LRO Summer 2004 Newsletter

Note to LRO Members: If you have received this newsletter by mail, it is because we do not have a valid email address for you or for some other reason, your email agent rejected our message. The LRO can save printing and postage costs in the future by sending you an email version of the newsletter. Also, you'll periodically receive important email messages from the LRO. Please go to www.lucentretirees.com/lro-register-m.htm and re-register. Be sure to mark the box near the bottom of the form "changed registration". If your email address has changed since you registered, you can change it by going to www.lucentretirees.com/change-email.htm."

LRO Dues and Membership

Enrollment as a new LRO member can occur anytime throughout the year with dues for the current year paid preferably at the time of enrollment. For members renewing their membership, the dues period runs from January 1, through December 31, of each year. LRO dues are **\$25 for Annual membership or \$350 for Lifetime enrollment**. Special individual donations are always greatly appreciated. It is desirable for dues to be paid in the earlier part of the year primarily for budgeting purposes. However, payments are welcomed anytime during the year by conventional check or money order made out to Bob Janish-LRO Treasurer and mailed to the address listed on page 6 of this newsletter. Or, new enrollments and renewals can be accommodated by using our new on-line credit card feature accessed through our website at www.lucentretirees.com. **(Please do not send cash.)**

If you are paying your 2004 dues by check or money order, please utilize the coupon at the end of this newsletter and indicate whether your membership is new or existing. For existing members, if your personal contact information has changed since your original enrollment, your profile can be updated on-line by visiting our website and clicking on "confirm contact information", or advise us of the change on the form at the end of the newsletter if you do not have computer access.

The LRO has enrolled **over 7700 members** since being incorporated in late January 2003. However, much more is required to expand our presence in becoming a viable resource for Lucent retirees, and you, our members, can play a valuable role in helping us achieve this necessary growth. If each active member succeeded in enrolling one new LRO member, our enrollment base would dramatically expand with very little effort, time, and cost expended. Would you help us out by becoming a solicitor? Potential opportunities for attracting new members could include:

- ⊙ Contact with eligible relatives, friends, and former co-workers
- ⊙ Dialogue at Pioneer activities and functions
- ⊙ Visit with former ATT/WECO credit union affiliations for possible marketing exposure
- ⊙ Discussions at lunch gatherings with former workers

Your local Regional Director can be a resource if you feel assistance or participation may be helpful in soliciting new members. Nothing further fosters the cause of LRO than having members involved. We thank you for your support.

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Strong Allies

Other retiree organizations are strong allies to the LRO. Contact information for these organizations is as follows:

Verizon Retirees Bill Jones cwj@friend.ly.net Phone: 410-770-9485 www.belltelretirees.org	US West Retirees Nels Phelps nbphelps@worldnet.att.net Phone: 303-743-7928 www.uswestretirees.org	TelCo Retirees Association S. K. Emery skemery@pacbell.net Phone: 619-583-5577
IBM Retirees Sandy Anderson anderso001@aol.com	Association of Retired Xerox Employees David Coriale chairman@arxe.org	

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Nominations Open For LRO Officers and Board Members

The period for nominating candidates to serve as LRO officers and/or members of the Board of Directors is now open. From the nominations submitted by LRO members, the Nominations Committee composed of Regional Directors will create a ballot for a vote by the LRO membership through the Fall Newsletter (before year end 2004).

Under the LRO bylaws, up to one-half of the Officers/Board Members may be replaced during each annual election. A candidate may be nominated for any Officer position, Regional Director or Board Member-At-Large.

The qualifications for serving as an Officer/Board Member include:

- Being a qualified, dues-paying LRO member;
- Being willing and able to spend numerous hours working on behalf of the interests of Lucent retirees with no financial compensation for the service rendered.
- Volunteer service will include recruiting new LRO members, retaining existing members, communicating regularly with other Officers/Board Members and LRO members through phone calls, emails and letters; participating in fact-finding and other projects important to Lucent retirees.

If you intend to submit the name of one or more individuals as a nominee for LRO office, please check with the person first to be sure he or she is prepared to serve if elected. Nominations must be submitted to LRO Treasurer Bob Janish not later than September 15, 2004. The nominee's name, phone number and email address may be emailed to Bob at rajanish@worldnet.att.net or sent via US Mail to:

Bob Janish, LRO Treasurer
208 Richard Street
Cranford, NJ 07016

LRO Leaders

President - Ken Raschke - kraschke@triad.rr.com - Phone: 336-765-9765

Mail Address: 231 Pinetuck Lane - Winston-Salem, NC 27104

Vice President - Eli Shaff - retiredelishaff@aol.com - Phone: 972-307-5777

Mail Address: 3224 Prestonwood Drive - Plano, TX 75093

Secretary - Jim Goodman - goodmanjames@earthlink.net - Phone: 865 539-9743

Mail Address: 1812 Bellamy Oaks Drive - Knoxville TN 37922

Treasurer - Bob Janish - rajanish@att.net - Phone: 908-276-7596

Mail Address: 208 Richard St. - Cranford, NJ 07016-2546

Board Member - Mike Bard - mbard@charter.net - Phone: 910-270-2394

Mail Address: 515 Olde Point Road - Hampstead, NC 28443

Board Member - Herb Zydney - eherb@att.net - Phone: 917-744-8962

Mail Address: 3010 Grand Bay Blvd.- Longboat Key, FL 34228

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) - Philip MacLaren - pjmacl@worldnet.att.net

Phone: 215-862-6622 Mail Address: P.O. Box 393 - New Vernon, NJ 07976

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, LA, MS, TN) - Walt Ehmer - wjehmer@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@aol.com

Phone: 317-846-6496 Mail Address: 12444 Pebblepoint Pass - Carmel, IN 46033

Mountain (AZ, CO, IA, MN, ND, NE, NM, SD, UT, WY) Jack French - vrportrait@earthlink.net Phone: 303-840-1260

Mail Address: 10287 East Inspiration Drive - Parker, CO 80138

West Coast (CA, HI, NV) - Howard King - sanjose.king@att.net

Phone: 408-268-0429 Mail Address: 6118 Monteverde Drive - San Jose, CA 95120

Pacific Northwest (AK, ID, MT, OR, WA) - Charles Whiteley - cwhiteley@adelphia.net

Phone: 208-772-8268 Mail Address: 1632 E. Hanley Avenue - Dalton Gardens, ID 83815

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From Ken Raschke **President's Perspective**

A great deal has been happening with the LRO since our Spring Newsletter in March. For the LRO members who regularly visit our website and receive our periodic emails, some of what I have to say will be old news. However, for a sizable number of our members, this quarterly newsletter that they receive through the US Mail is their main source of communications from the LRO.

On March 26 and 27, most of the LRO's leaders gathered in Dallas for our annual planning meeting. The opening presentation at the meeting was a report by Walt Ehmer on the results of an LRO opinion survey conducted via email. As might be expected, the overwhelming priorities of respondents are for the LRO to continue its efforts to protect retirees' pension and health care benefits, along with attempting to restore the death benefit. An in-depth report on the survey and the actions to be taken on much of the feedback was posted on the LRO website. Other key presentations included:

- a report of the LRO's financial status;
- the LRO's vision to develop a more effective government relations program;
- a report from the LRO's representative who attended Lucent's annual meeting;
- a discussion on problems that members are encountering with Lucent's health care coverage providers;
- an update on the status of the Death Benefit lawsuits filed by retirees;
- a report on the creation of an online library of documents that may be useful to the attorneys handling the Death Benefit lawsuits and in other dealings with Lucent.

In addition to the time spent dialoguing on these issues, several hours were devoted to presentations and discussions focusing on months of work that have been put into researching financial disclosures that Lucent is required to file with federal agencies. Bill Kadereit went through the details of his research regarding Lucent's movements of funds in the pension trusts and the questions that he has identified. Herb Zydney provided an in-depth explanation of his work with an accounting firm that has performed a meticulous study of filings on Lucent's healthcare trusts.

The LRO Board appointed a search committee to identify an attorney or law firm with extensive experience in ERISA law, regulatory standards, pension welfare benefits, and age discrimination so that we can receive professional guidance in addressing questions regarding Lucent's administration of the pension and health care trusts.

In wrapping up the meeting, the Board spent considerable time on identifying a series of specific actions to preserve the pension plan, conserve benefits, address possible abuses of the trusts, further investigate the legality of Lucent's elimination of the death benefit, and endeavor to bring greater fiduciary accountability.

On March 29, the Wall Street Journal published a lengthy front-page article that revealed: (1) How Lucent has been able to use assets from pension and benefit trust funds to help pay for repeated rounds of downsizing; (2) How—thanks to accounting rules—Lucent received hundreds of millions of dollars of income from the pension and benefit trust funds; (3) How through a separate accounting maneuver, the cuts that Lucent made in the benefit plans last fall will contribute hundreds of millions of dollars more in income over future years, and (4) How in most years the pension and retiree benefit plans have enhanced Lucent's earnings, not burdened them.

The reporters wrote: "*Lucent also shows the sundry ways companies can actually profit from their retiree plans, both to relieve demands on their cash and to produce new income that burnishes the bottom line.*"

The article noted that the surplus in the biggest fund is essentially gone and, now that Lucent is faced with using some of its own cash to pay retiree benefits, it is cutting those benefits. The LRO provided input to one of the co-authors of the article and several retirees were quoted in the article.

When Lucent's new Pension Service Center vendor launched its website on April 1, many retirees expressed concern about the security for accessing the website that contained personal and financial information. The LRO insisted that the security for the website be strengthened. Lucent and its vendor responded and issued a new password access procedure.

On April 8, on behalf of the LRO, Herb Zydney sent a letter to the Securities and Exchange Commission asking that it apply the same rules to pension trust investment advisers as it is considering for mutual fund managers. The LRO has offered to testify at SEC hearings on the need to have greater transparency into the management of Lucent's and other pension trust funds.

The LRO sent letters on May 3 to President Bush, Senator John Kerry and the Democratic and Republican leaders in Congress requesting their intervention to stop the implementation of the Equal Employment Opportunity Commission rule

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(Continued from page 3) **President's Perspective**

that would allow companies to reduce or eliminate benefits to Medicare-eligible retirees. The LRO also sent a letter to the AARP commending it for its opposition to the EEOC's rule and its commitment, if necessary, to file a lawsuit to overturn the rule.

Letters were also sent to Congressional leaders requesting that they not prevent the adoption of the proposed Financial Accounting Standards Board rule that would require companies to expense stock options.

On May 6, Forbes.com carried an article with the headline "Lucent Throws A Pay Party." The article focused on the high compensation for top Lucent executives compared to Lucent's performance. I was quoted in the article as saying: "I think they should reduce salaries and perks to the officers. I think they ought to be a little more noble and make some sacrifices themselves."

Also on May 6, the Wall Street Journal carried a brief article announcing that Lucent disclosed it has adopted a policy of having executive severance pay packages approved by shareowners. This issue was addressed in the LRO-sponsored "Golden Parachute" proxy that received 65% of the shareowner votes cast at Lucent's annual meeting. A committee of LRO officers is currently working on resolutions that the LRO will support for submission as proxies at Lucent's next annual meeting.

On May 10, the LRO sent a letter to Lucent proposing agendas for two face-to-face meetings with Lucent executives. It was proposed that one meeting address health care coverage problems being experienced by retirees. The agenda items proposed for the other meeting were to gain more insight into the management of the health care benefit trust funds. Lucent turned down the LRO's good-faith request for the meetings. Instead, it provided written responses on May 28 to the proposed agenda items. The LRO considers most of Lucent's responses as unsatisfactory. Lucent's responses accompanied by the LRO's reaction to each response were posted on the LRO website. The LRO Board is examining its options as to what steps it should take in an effort to have these important issues addressed.

On June 9, I emailed a letter to Lucent Chairman and CEO Patricia Russo requesting an independent audit of pension funds by an accounting firm that is separate and apart from the one who performs Lucent's normal corporate auditing functions. I noted: "*A truly independent audit is the only way that all Lucent retirees can have peace of mind that their future income is secure.*" Two days later, Ms. Russo responded with a rejection of that LRO request for an independent audit. In rejecting our request, Ms. Russo stated: "*PricewaterhouseCoopers LLP (PwC), serves as Lucent's Independent Auditor and performs an annual audit of the records and accounts of our pension plan as required under ERISA guidelines.*"

PwC is the same firm that audits Lucent's corporate books. The LRO believes these simultaneous roles as the auditor of both the Lucent corporate books and the assets of the pension and benefit funds held for retirees present an opportunity for conflict of interest. If Lucent has nothing to hide, why won't its executives agree to an independent audit of the pension trust funds?

Since Lucent has thwarted our every attempt to gain information that would give us confidence in the security of our pension and health care trust funds, I have sent a letter to Secretary of Labor Elaine Chao. I've asked her for guidance on what retirees can do to gain genuine assurance that our pension and benefits trust funds are protected. I'm currently awaiting her response.

The activities I have mentioned here are just some of the actions that your organization is taking on behalf of its members. In a separate article in this newsletter, there is a notice that the process is now underway for identifying individuals willing to serve on the LRO Board. I hope many members will inform us that they are prepared to provide the LRO with their time and talents to advance the well-being and interests of all Lucent retirees.

In closing, I want to ask you to read a letter from the National Retiree Legislative Network. The LRO has found that the NRLN is an extremely vital partner to have on our side in dealing with Congress and the Administration. The LRO makes a contribution to the NRLN of \$2 for each of our members as our fee to affiliate with the organization and have a representative on its Board. In order to increase the finances necessary to effectively operate in the political arena, the NRLN has launched an individual membership campaign. I hope you will give serious consideration to becoming a member of the NRLN and help it become a stronger voice in Washington, DC for protecting the rights of retirees. Please ["click here"](#) to read the NRLN letter.

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Report On Regional Activities



Mountain Region - We continue to focus on membership growth in the Mountain Region and are actively recruiting reps for the states in our region. If you can help please call 303-840-5369. We are also very focused on increased volunteer involvement from members. There are many duties that need to be performed.

I'm pleased to be the new Mountain Region Director. I began my career in the Bell System with Western Electric in 1963. I held many positions in the Purchasing, Cable & Wire, and Service Divisions. Just prior to divestiture, I

worked on the DOJ case managing an organization that analyzed documents for keywords that others used to prepare legal briefs. During my ten years prior to retirement in 1990, I was with AT&T Network Systems in Installation Services. I was responsible for the installation of AT&T products for the then US West in Denver. I moved to NJ to work as the Functional Planner for Installation. Working in a revenue generating organization (after divestiture) as opposed to a cost based organization was very challenging. I look back on my career with satisfaction and fondness for the fine people with whom I was honored to work.

Janel Seymour had served as the Mountain Region director since the inception of LRO. Janel put in many hours developing the LRO Mountain Region and we look forward to Janel continuing to work with all of us to take those next steps that make us even stronger. Thank you Janel!!! - **Jack French, Mountain Regional Director**

New England Region - Thanks to the regional email list our website developers have provided, two mailings to New England Region LRO members were sent in the past couple of months. I hope our members found these communications useful. They helped identify some out-of-date email addresses and provided an opportunity for direct communication between me and some of our members. Please be sure to keep your contact information updated by going to the LRO website and clicking on the "Review Your Registration Info" and "Change Your Email Address" buttons.

Please contact me if you have any membership leads and I'll be pleased to follow up with them. We are looking for more members and help with our legislative contacts. Let me know if you'd be willing to participate in our legislative contact network by contacting your Congressional representatives to enlist their support of the LRO's legislative agenda. - **Paul Bayliss, New England Regional Director**

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This year—2004 – is a very important year for retirees and the nation. Because it is an election year each incumbent or new challenger for U.S. House and Senate seats tends to listen more to home state voters. So, it is very important that retirees frequently and with passion tell their story about containment of healthcare costs and preservation of benefits.

There is no doubt that inaction by Congress is perpetuating a bad situation for not just Lucent retirees but all retirees who's healthcare benefits have been reduced and are threatened even more in the future. Also, pension trust funds continue to be at risk of having surplus removed to pay healthcare and other costs. Pension funds are now paying voluntary separation allowances and other payments to prospective retirees.

Lucent's (Western Electric, AT&T) management made tough decisions over the years. These decisions resulted in re-sizing and closing of facilities, demotions, layoffs and voluntary retirements. The job of making money and paying the bills meant meeting all obligations. Today, management pays bonuses while falling short of meeting all obligations, most importantly those to employees and retirees.

The LRO has joined a nationwide effort to get out the vote in favor of a legislative agenda for retirees. The National Retiree Legislative Network (NRLN) member organizations have formed state level teams to advocate a legislative agenda that supports preservation of retiree benefits across the U.S.

The needed action is simple – go to town meetings, write letters, and call individually wherever and whenever there is a chance to influence your elected federal officials. As long as the law permits or encourages companies to take back what was promised (fine print notwithstanding) they will ignore moral and ethical obligations to employees and retirees. We have tried to reason with Lucent management, only to find them hiding behind favorable law or fine print they said nullified promises.

A full listing of the LRO Pension and Healthcare legislative agenda can be found by clicking the Legislative Directory Link on our LRO website or by addressing the file at www.thelro.net/legis/index.htm

The Legislative Directory lists the titles and definitions of bills, the impact of bills on retirees, the position advocated for each and the current status of each. In addition, if you want to read the entire bill you can click and read the entire legislative document and or download a PDF version of it for your reference. (The LRO regrets there is not a cost-effective way to make this information available in print for members who do not have access to the Internet.)

To make the LRO/NRLN 2004 legislative teams effective in advocating our agenda to Congressional delegations across the U.S., your personal effort is a must; go see, call, or write your elected officials or new candidates NOW.

Please contact your Regional Director to join a state level team - help make a difference. At this point, the game becomes very personal. Serious talk with elected officials in their own backyard is needed.

From Bill Kadereit

Public Affairs Update

The LRO Connection

(Continued from page 5) *Report On Regional Activities*

West Coast Region - I continue to meet with groups of retirees as invited. My concentration is still on recruiting new members. – **Howard King, West Coast Regional Director**

Southeast Region - Activities in the Southeast region are primarily concerned with increasing membership and obtaining more dues-paying members so that the LRO can fund initiatives needed to protect retiree pension and healthcare benefits. Activities involve corresponding with members and attending retiree functions such as luncheons and group meetings when invited. We also try to keep members informed of political issues associated with retiree benefits and corporate initiatives to reduce these benefits. **Walt Ehmer, Southeast Regional Director**

Southwest Region - We continue to try to find new members and encourage all members to make a contribution for 2004. I am working with two potential candidates for State Director positions in Kansas and Missouri. **Bob Allen, Southwest Region Director**



LRO Urges Support Of AARP's Request To Contact Senators About

The LRO supports the AARP's endorsement of the Rx Importation Bill - S. 2328. One of the key elements of this Senate Bill is that it allows individuals, pharmacies, and wholesalers to import drugs from Canada with a phase-in to some European Union countries. The intent of the legislation is to introduce more competition in the prescription drug industry in order for consumers to gain lower prices.

The AARP is asking Americans to contact their US Senators and urge them to co-sponsor S. 2328. You may register your view with your Senators via a very convenient process the AARP has set up. Just dial 1-800-211-0907 and follow the instructions to be automatically connected to your Senators' offices.

LRO Membership Registration

LRO membership is open to a current retiree with a Lucent pension, a person vested for a Lucent pension, or the spouse of a deceased Lucent retiree. Member registration does not require a donation but in order to help the LRO cover expenses, we ask that you attach a check for your donation - \$25 annually or \$350 lifetime. Please take time today to write your check to the LRO and mail it to:

Mr. Bob Janish, LRO Treasurer
208 Richard Street
Cranford, NJ 07016-2546



2004 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

Check one: Retiree Active Employee Surviving Spouse

Check one: Management Non-Management

Retirement Date _____ Company At Retirement _____ Years of Service _____

yearly dues are \$25
life-time dues are \$350