



The LRO Connection

FALL NEWSLETTER

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President Andy

andyguarriello@verizon.net



As you well know, our country is going through a difficult time. We all feel it, especially as retirees on fixed incomes. We are all too aware of the effects of rising prices on our fixed income. Sad to say though, many of the benefit commitments made to us during our active years of employment, and upon our retirements, have been severely reduced or completely eliminated.

The LRO is the **ONLY** voice of advocacy for those of us who rely on Alcatel-Lucent (ALU) for pension continuity and health care.

Accordingly, the LRO Leadership Team is committed to the following goals in 2008/2009:

Seek agreement from ALU to work together on retiree issues.

- Encourage ALU to consider pension cost of living adjustments to help offset significant reductions in medical benefits.
- Review ALU financial disclosures to ensure the

soundness of the Pension Fund.

- Monitor ALU filings to ensure that Healthcare and Insurance Trusts proceeds are used for the purposes intended.
- Continue to support litigation regarding the handling of the Healthcare Trust Fund proceeds.
- Engage outside resources and support litigation, as necessary, to protect and preserve our pension rights and benefits.
- Collaborate with the National Retirees Legislative Network (NRLN) regarding such common interest items as:
 - Maintenance of cost payment for healthcare.
 - Medical reform for retirees under age 65
 - Tax deduction of healthcare costs
 - National healthcare coverage.
 - Exemption of tax on Social Security Income.

We cannot do this without you and with a growing membership comes a stronger voice on issues critical to our members.

PLEASE contact your former colleagues and associates and urge them to become LRO members! We **must** be strong and unified!! If you have any questions and/or need further support, please call the Regional Director in your area. There are nine Regional Directors and the contact information for each is listed on our website at www.lucentretirees.com, in the section entitled "**About the LRO**". Contact your Regional Director for any suggestions you may have in increasing LRO membership.



SAVE ON 2009 DUES
Choose a 5 year membership option for \$100 and save \$25. Eliminate the need for renewing each year.

Bring in 2 new members and receive one year free membership.
www.lucentretirees.com

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LEGAL AFFAIRS

Chuck Graves - jgraves@austin.rr.com

On August 28, the U.S. Third Circuit Court of Appeals agreed with the U.S. District Court in dismissing Lucent retirees' lawsuit against Alcatel-Lucent (ALU) over the company's elimination of the **Death Benefit** on February 3, 2003.

Attorneys for the Lucent retirees filed a petition for a "rehearing", before the entire U.S. Third Circuit Court of Appeals and was denied on September 22.

The retirees' arguments were well grounded in fact and law and ought to have persuaded the courts to at least re-hear the matter.

While the LRO absolutely deplors this decision, no further action will be taken at this time.

Lucent Health Care Lawsuit

On June 12 2008, a Federal District Court found that ALU breached its benefits maintenance requirements for 2003. The Court ordered further discovery (research) to determine the extent to which Lucent violated the "maintenance" of Health Care maintenance benefits for the years of 1999-2002 and 2003-2006.

This complex case involves Lucent's violation of IRS regulations in maintaining a five year level of consistent health care benefits, when transferring (September, 1999) excess pension assets from the Management Pension Trust to an IRS Section 420 Health Care Trust.

Essentially this lawsuit seeks to provide remedy to our Retirees by requiring that Lucent follow IRS regulations.

Instead of "maintaining" the current benefit levels as required by the IRS, Lucent chose to maintain cost levels. In other words, Lucent retirees picked up the additional cost of "maintaining" the benefit level, contrary to IRS regulations, but consistent with Lucent's own plan.

A full summary of this case can be found on the LRO website.

Additional Legal Initiatives...

Your LRO will continue to use our resources and membership dues in continuing to support the following legal actions:

- *Supporting* Retiree attorneys on two class action suits against ALU: Death Benefit and Health Care. Over \$1 billion in restitution is involved.
- Investigate EU and French law vs. U. S. law in supporting the pension and benefit obligations of ALU.

**Do we have
your most
current
contact
information?**



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

LRO Benefits Column

The Benefits Team



2009 BENEFITS OPEN ENROLLMENT

The LRO Benefits Team has worked throughout 2008 in helping members and retirees and their surviving spouses with problems they incurred during the 2008 Open Enrollment and also very complex issues related to their current benefit plans. In some cases, where needed, we interfaced on behalf of our members and retirees with John Hickey, Alcatel-Lucent Human Resources Vice President, and his Benefit organization.

With the upcoming 2009 Open Enrollment, November 10, 2008, through November 21, 2008, your Benefits Team will continue its work to help all of our members navigate through the coming weeks and months as they face what could be important healthcare benefit changes and choices for them and their families for 2009.

HEALTHCARE OPTION CHANGE FOR MEDICARE-ELIGIBLE PARTICIPANTS

In August Alcatel-Lucent (ALU) sent an announcement

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to Medicare-eligible participants informing them of “a new healthcare coverage option for 2009.” This option is designed exclusively for Medicare eligible participants (and Medicare eligible dependents) in the ALU management retiree plan design and is called the SecureHorizons MedicareDirect, a “Private Fee-for-Service retiree plan.” This new Medicare Advantage option “replaces the Traditional Indemnity option for Medicare-eligible participants and their Medicare-eligible dependents only.” This means, that during the 2009 Open Enrollment period, participants may choose to be covered next year by either SecureHorizons MedicareDirect or a Medicare Advantage Health Maintenance Organization (HMO) option, where available.”

In the August 8, 2008 letter, ALU further stated that “Medicare-eligible dependents of participants who are not currently eligible for Medicare, participants and dependents who are not Medicare-eligible, and Medicare-eligible participants and their dependents residing outside of the U.S. or a U.S. territory will not be eligible for this option. They will continue to be offered coverage under the Point of Service (POS) and/or Traditional Indemnity options through ALU”.

START YOUR PLANNING NOW!

In the August 2008 letter to management retirees (Medicare-eligible participants), ALU further stated: “... we encourage you to explore other benefit options for which you may be eligible, (that is, in order) to determine if Secure Horizons Medicare Direct is right for you...”

LRO suggests that it might be worthwhile for retirees and their eligible dependents who are considering making a change from the ALU healthcare and/or prescription drug plans to begin requesting information from alternative healthcare and prescription drug insurance providers now in the state where you reside. This way you can read and understand what is available as an alternative to the ALU plans/options being offered prior to the open enrollment timeframe. Keep in mind though that the rates for 2009 are not available at this time.

The LRO also suggests for Medicare- eligible Management Plan retiree participants and their Medicare-eligible dependents:

1. Be sure to attend the informational sessions held by Secure Horizons. SecureHorizons is currently mailing informational packets, with meeting dates, times and places to your home.
2. Check with each of their doctor's billing office to see if they accept SecureHorizons MedicareDirect

coverage. ALU has stated in their August 2008 letter that “Information will also be sent to you later in the fall to help you identify providers who accept this new option.”

3. Visit the Medicare Website at <http://www.medicare.gov> to find additional information about Private Fee-for-Service plans (PFFS) plans. Type in “Private Fee-for-Service” in the search toolbar at the top of the page, and then click “Your Guide to Medicare Private Fee-for-Service Plans.”
4. LRO members may want to refer to the LRO Benefits website at <http://www.lucentretirees.com>/Benefits Team. The LRO Benefits website has helpful links to references, resources and tools that could help you in getting information and comparing healthcare and prescription drug plans that you are considering for 2009.

Make sure your Personal Identification Number (PIN) is readily available and working prior to Open Enrollment (November 10-21). Remember, if you decide you need to take any action during the open enrollment to change your default plan or to re-enroll in an ALU's plan, you will need to have your PIN number. If you have questions about your PIN number, contact the Alcatel-Lucent Benefits Center online at <http://www.resources.hewitt.com/alcatel-lucent> or call 1-888-232-4111 (1-847-883-0660 if calling from outside of the United States.) Be sure to allow enough time to receive your PIN so that you can complete your enrollment during the specified enrollment timeframe.

LRO Pension Column

Frank Minter - fcminster@aol.com



Good news is always worth repeating. Both the non-management and the management pension funds were fully funded at the end of 2007, with pension assets exceeding requirements by \$3.2B and \$2.6B respectively. Equally important, our pension investment risk was reduced to 50% equity investment from 75%. A very positive step, especially since all the equity markets have lost over 10% in value this year. Another piece of good news is that the Pension Protection Act (safe guarding our many

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pension issues) becomes effective next year.

Large sums of money in Defined Benefit Pension funds will always draw the attention of Corporate Executives to fund operations and benefits; financial firms to purchase “frozen” pension funds; the U.S. Treasury for governance and taxation; and lastly, Congress for political posturing. Needless to say, with the amounts of money residing in our “Funds” and the risk to Lucent Retirees, we must stay active on the national legislative front. Our presence is known and felt through the efforts of you and the National Retiree Legislative Network (NRLN).

Lastly, LRO President Andy Guarriello will be presenting LRO’s ideas for a pension increase (to offset our cost of living) to ALU’s Leadership. We expect progress on this before year end.

LRO WEBMASTER SPEAKS

Joe Sculli -
webmaster@lucentretirees.com



I receive a lot of mail from members who try to pay dues or update their registration data and the system doesn’t recognize them. To gain access to your records, you must provide Last Name and Registration ID (preferred). Your Registration ID is contained in the confirmation email that you receive whenever you change your information. If you don’t have your Registration ID, you must enter your First and Last Name and either your U.S. email address or mail address. If your address has changed since you last updated your data, you must enter your old address.

The LRO web site has fresh content almost every day. To be sure you are getting the most out of your browsing experience, use the latest versions of the browsers, like Internet Explorer version 7 or Firefox version 3. Many documents on the web site are stored in Adobe format. The latest version of Adobe Reader is 9. These programs can be downloaded free.

Visually Challenged? You can enlarge the print on the website by depressing the Cntrl and + keys simultaneously on your keyboard. Successive

depressions will enlarge it more. Likewise, depressing Cntrl and - will make the print smaller.

If you have suggestions for our web site or news or links that you would like to share, write me at webmaster@lucentretirees.com.

TRIED THE NEW 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 is working with (through your membership fees) the NRLN on several legislative “fronts”. All of which should benefit our LRO members over the long run.

- 1) Drafting a legislative “**white paper**” for distribution to all the Congressional Staffs related to the improper use of defined pension fund assets. LRO member Herb Zydney has been invaluable in his analysis and understanding of this highly complex issue. The purpose of this paper is to suggest federal legislation in changing ERISA to preclude the use of pension fund assets to pay lump sum cash incentives in encouraging employees to retire. A secondary need for a revision to ERISA would be to prohibit the use of pension assets to pay “sweeteners” such as adding years and age to pension calculations.
- 2) Partnering with the NRLN in surveying NRLN Retiree Association leaders/members for their input into the NRLN 2009 Legislative Agenda. Once the “Agenda is approved it will be posted on the NRLN web site at <http://nrln.org/>
- 3) Writing arguments and outlines for new legislation to provide more pension protections including restrictions on the use of so-called surplus funds for executive golden parachutes and bonuses.



Treasurers/Annual Report

Dick McCauley - dickmccauley@yahoo.com

Our financial performance for the first seven months of 2008 has been strong. We have carefully managed our expenditures in concert with our dues collections. At present, our income for the year to date is \$ 80,000 vs. expenses of \$ 67,000. The majority of our expenses reflect legal and associated costs and our contribution to the National Retirees Legislative Network. We have seen a slight increase in our contingency reserve.

Our superior financial performance would not have been possible without the loyalty and support from you, our members. With the LRO being a total volunteer organization, it is of equal importance for us to recognize the day-to-day efforts of the operational support team performing in the background that we often take for granted.

Our hats are off to Bob Lear, our Accountant, Ray Gilday, our former dues bursar, Joe Sciulli, our webmaster, Dom Guererra, our electronic mail coordinator, and Charlie Flint, our U.S. Mail czar. We wish to thank Ray Gilday for his outstanding service to LRO as he has retired and we wish to welcome Anne Mellen who has stepped up to fill Ray's shoes.

THANKS JOHN HICKEY!

HR Vice President - ALU

For your professionalism and timely assistance on complex benefit issues.



Alcatel-Lucent ANNOUNCEMENTS

On September 2, 2008 ALU announced that Ben Verwaayen will replace Pat Russo as CEO and Philippe Camus, Serge Tchuruk as non-executive chairman. Mr. Verwaayen was a former British Telecom Group Head and Mr. Camus a co-managing partner of Lagardere SCA. Ms Russo and Mr. Tchuruk leave the company after six straight quarters of losses of over \$7B.

The Stockholders and the Investment community have been positive about the change, especially since Mr. Verwaayen comes from turning around British Telecom.

Further changes in leadership and a major restructuring can be expected.



REGIONAL LRO NEWS

This is a new column...it's intended to be your news, so let us know what's happening in your area and the issues concerning you. Keep us updated with your events and issues via the LRO Message Board.

New West Coast Regional Director



Janet O'Rourke has been elected the West Coast Regional Director. This Region includes California, Nevada and Hawaii. She brings a wealth of experience with over 19 years at AT&T and Lucent Technologies. Janet belongs to the National Association of Stock Plan Professionals where she lends her IRS and SEC legislative experience. Janet can be reached at 805-845-6338 or janetoro2007@aol.com.

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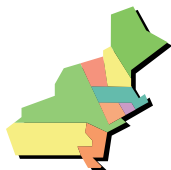
Mid-Atlantic Region Director Opening



Hal Worley, our current Regional Director, is hoping to retire. If you're looking for a very rewarding volunteer position, while protecting benefits, our Membership needs you!

The Mid-Atlantic Region includes Maryland, North Carolina, South Carolina, Virginia, West Virginia and Washington, D.C. Activities include member recruitment, regional retiree meetings & issues and representing LRO on legislative and benefit issues. Additionally, attendance at monthly conference calls.

Northeast Regional Director - Pat Smith



Pat has been the Northeastern Regional Director for over three years having retired from Bell Labs, AT&T and Lucent Technologies after more than 22 years of service. Pat's experience in HR and Benefits has helped the Retirees and the LRO membership tremendously. She's often crafting "Benefit" letters for retirees, providing guidance on benefit escalations or how to navigate ALU's many benefit vendors. Pat is also a key member of the Benefit Team where her experience is often needed.

When I asked why she dedicates so much time to the LRO, Pat said, "I feel for our Retirees, I'm very sympathetic and with (my background) I can help". In a parting thought, Pat encourages all LRO members and non-members to play an active role, for there is too much riding on our benefits.

It's Pat's dedication and that many like her, which is why we're members of the LRO. Encourage others to join and contribute to the efforts of Pat and many others. Pat can be reached at parriciaa2@yahoo.com or 908-889-5757.

Time to Spare?

Make sure these web sites are in your browser under favorites: www.ProjectSeniors.Org and www.nrln.org. And of course, AARP. They are a wealth of knowledge and they are very active on our behalf.

Southwest Region Lucent Retirees Help Gustav Evacuees



As hurricane Gustav approached New Orleans, Jerry Mauck's phone rang around 9 p.m. on Sunday, August 31. On the other end of the phone line was an official with the Oklahoma City Salvation Army asking Jerry to roundup Lucent retiree volunteers to help prepare a section of the former Lucent Oklahoma City factory for 30 bus loads of New Orleans evacuees.

Jerry, a member of the LRO Benefits Team and a Pioneers leader, and her husband Merle (better known as "Red") drove to the plant where Jerry had worked for more than 30 years and retired as a human resources supervisor in 1989. Within 20 minutes after reaching the vacated switching product distribution center section of the plant, Jerry had made phone calls and had more than 25 retirees and spouses – many gotten out of bed—headed for the plant to assist the Salvation Army and Red Cross.

Buses carrying men, women, children and pets began arriving at midnight. The retirees and their spouses uncrated cots and pillows throughout the night and early morning to help get 1,700 people settled into their new temporary home in the cavernous section of the former Lucent factory where millions of dollars of Electronic Switching Systems products had gone out the doors daily to customers around the world.

The Lucent Oklahoma City retirees who are members of the Thunderbird Pioneers Club regularly help the Salvation Army with projects. The Salvation Army Major in charge of the evacuee center said that they would have never made it without the help of the Lucent retirees.