April 19, 2007 Special Meeting at the American Legion Post #374
Omaha Lucent/Avaya/CSM Pensioners Association

WELCOME: Lyle Nicholson welcomed everyone there at the 10 A.M. special meeting.
PLEDGE OF ALLEGIANCE: Everyone stood for the Pledge of Allegiance.
INTRODUCTION OF NEW E-BOARD MEMBERS: Lyle introduced Martha Ross and John Malone as our two new board members.
FORMS FOR ELECTION OF OFFICERS: Lyle announced that the forms are up here at the front table to sign up if you would like to become an Executive Officer. There will be an election on July 18th, 2007 at our quarterly meeting. Pauline Lieth is resigning as Secretary of the Pensioners Association and Cheryl Todd is resigning as Secretary of the E-Board, so we are asking if anybody is interested in taking those positions. We definitely need more board members.
ROLL CALL: Present were Lyle Nicholson, Dan Kovar, Pauline Lieth, Andy Barges, John Barnes, Bill Love, John Malone, Bev Opfer, Everett Peterson, John Pinkerton, Mary Jo Pinkerton, Martha Ross, Ray Sempek, and Cheryl Todd. Absent were Jim Filipiak, Nick Johnson, Vern Klaumann, and Edie Riester.
ANNOUNCEMENT: John Barnes announced that we had to rent some extra chairs and rent the extra space today, there are some buckets marked for an extra dollar donation specified for this. It would be nice if you could give to this cause to cover that. Also, John said now is not the time to visit with old friends, please pay respect to our speakers and listen carefully, it would be appreciated very much.
BUCKETS FOR DONATION: The buckets were passed for donations.
50TH ANNIVERSARY CELEBRATION FOR IBEW: Mary Jo Pinkerton did a fine job of announcing the 50th anniversary celebration to all attendees. If anyone planning on attending please call 691-4954 or the Local 1974 Hall at 895-4080. Mary Jo was a charter member of IBEW and that is why she was asked to give the 50th anniversary announcement. The 50th anniversary will be on May 12th. Tentative as of right now – 12-3 – cake and visiting, 3-5 or 6 – barbeque and beer, 6-8 beer and visiting until the beer is gone. 8 shut the doors. Mary Jo asked how many were here in 1957 when the ratification of the first contract took place. They voted to go with IBEW; their choice was CWA or IBEW. Mary Jo and her husband John looked for the first newspaper and they found the Short Circuit (which it was called) with these details inside. IBEW's first representative was Robert Garrity, Lowell Iske was the first President, and on the E-Board were Paul Elvers, Rolland Cooper, Larry Smith, Don Henggeler, Gene Saab, Mike Grudenic, and Jerry Proctor. The first meeting of our local was March 8, 1957 at the Rome Hotel. Mary Jo was Miss Hello Charley in 1959.
INTRODUCTION OF FIRST SPEAKER: Dan Kovar introduced Ken Mass from the AFL-CIO.
Ken asked how many were working at the plant in 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966-1970, 1971-1980, & 1984. He thanked Dan for the introduction and those that don't remember him; he told us he is now a 43 year member of IBEW Local 1974. He left the local in 1985 working for the state fed, secretary & treasurer moving up to President in 1989. He is still there, enjoying what he does, we'll see what happens. We are heavily involved in legislative politics. He knows down the road that is a favorite term for the people here, but politics is the only game in town and you're going

to hear from two individuals from the IBEW and CWA in regards to getting involved in politics, contacting your Senator and Legislators about issues that effect you daily, regardless if you may not be on the job anymore, but on the voting list and **your vote counts**. Contacting Senators, our state legislators, and things like this is important. He left on the table in the back if you didn't already pick them up, two sheets and a post card; one is a yellow sheet that has an 800 number on it. The post card
Deals with what we call the Employee Free Choice Act. This is going on in Washington D.C. right now. The Employee Free Choice Act will give an opportunity for organizing individuals. He asked us to sign the cards if we want to be organized and the international union gets the majority of those cards and they can give it to their employer and ask for recognition to have them represent them as a union. They deal with the National Labor Act, the board is really not afraid of organized labor any more because of the one who sets in the White House is a result of it. If anybody thinks that George Bush is a friend of the working men and women, guess again. We may have lost our retirement somewhere along this line of thinking, but hopefully in 2008 we can change that and get a friend in the White House. This will change the direction of the labor board. This post card, just tear it off, one goes to Hagel and one goes to Nelson; Ken will collect them before he leaves there, put your name on it and they will transport them back to D.C. at our AFL-CIO Headquarters, also they will be presented the next couple of months. Folks living in Iowa, put down Harkin and Grassley. On the yellow sheet that has the 800 number (800-774-8941) on it we ask that you pick up the phone, call and tell them you want to talk to Nelson or Hagel, tell them to co-sponsor and support the Employee Free Choice Act. It takes a minute to do, very easy to do, so we ask you to please call that 800 number. Nelson is probably our only shot; we have 53 votes in the Senate right now, the Employee Free Choice Act passed the House, 241 to 185. We're in the Senate now, we have got 53 supporters of it, need less to say we need 60 for the override of the veto from President Bush. Remember to fill out the post card and leave it at the back table before you leave. If anyone is interested in the Pancake Breakfast this Sunday down at our building, the AFL-CIO building on South 27th, 27th and R, right behind UPS. The annual Spring Pancake Breakfast runs from 8 till noon, $3 a person, $10 per family up to 5 people, we learned that early. At one of our first pancake breakfast' we had an old retiree that showed up with 32 folks. "This is my family", he said. Also we have a flyer for our annual golf tournament for all the golfers here. Get your foursome together; we're down at Yankee Hill this year in Lincoln. It is a Country Club and it will be on June 2nd. Pick that flyer up and mail it into our office and they will take care of you. He thanked everyone for inviting him and he thought it was good to see everybody.

INTRODUCTION OF TROY JOHNSON AND RALPH MALY: Dan Kovar introduced Troy Johnson and Ralph Maly and that we appreciated them coming all this way to speak to us. Ralph started by saying we are going to do this together in unity, both of us standing up. Ralph gave us a brief background in where he came from. He is the International Vise President for the Communication and Technologies Office of CWA. He has a history of going back to the Western Electric days, he started in Buffalo, New York in 1965 and he was involved in the local back in Buffalo. The facility closed and as many of us know a number of people from Buffalo transferred to Omaha. He transferred on the other hand to Atlanta, Georgia, became a local President down in

Atlanta and went on staff. He has been involved in Western Electric, AT&T, & Lucent's bargaining since 1986. He chaired the last two bargaining as the CWA Lucent bargaining '98' & 2004 and has been in the healthcare crisis issue and everything else that goes around Lucent since their inception. Troy Johnson thanked us folks for asking them here, and it is good being with us here today. When he saw us guys raise our hands when Ken asked who started in 1963, he said that's when he was born. He came from Oklahoma City, Oklahoma and was hired there with Western Electric in 1983. He has been with the IBEW for about 24 years, in September. He became the President and business manager of local 2021 there, your sister or brother local, or whatever you want to call it, in Oklahoma City in 1998. That was the first actual bargaining with Lucent that he was involved in. In 2002 he was hired as an International Representative and moved to Washington D.C. to the manufacturing department, and that time he became the IBEW's chair for negotiations with Lucent along with the CWA, Ralph Maly. Since then and as you guys know and you're more aware of what's going on than anyone else because of the healthcare crisis. We have very, very few actual active IBEW members with Lucent any more. In fact that number is reaching approximately 200 and all of those are in Columbus; and we have maybe 10 IBEW members in labor in Naperville, Illinois, the machinist group. We don't have a lot of bargaining power for active workers. A lot of what we deal with is the healthcare so that is why we're here today to talk to you about. We understand that we haven't done a very good job of public relations for you guys. That's why we're here and we appreciate your asking us to come speak with you. We want to give you as much information as we can and it's probably not going to be all good information. He apologized for that, but it is what it is. We're here to have some discussion with you, answer as many questions as we can and continue that dialogue. Ralph thanked us also and particularly Lyle, Dan, and Al Mumm, local President for CWA for their efforts in getting them here and for the opportunity to come speak to everyone today. Ralph always likes to start any speech of discussion with any members or retired members with a little levity. Some sort of little story: As he looked around the room he has done a number of retiree meetings, he does a lot of them in the CWA arena around the country and he came up with his own version. You know when you're getting older when: The top 10 reasons: Sharing with us these 10 top reasons: #10. Your secrets are safe with your friends because they can't remember them either. #9: You've quit trying to hold your stomach in no matter who walks into the room. #8: Your pharmacist has become your new best friend. #7: Things you buy now won't wear out! #6: You can talk about good grass and you're referring to someone's lawn. Anybody growing up in the 60's knows what he means by that. #5: People call at 9PM and ask, 'did I wake you'. #4: Our happy hour now is a nap! #3: You're investment in health insurance is finally getting to pay off! It is fitting in this case. #2: Getting lucky means you've found your car in the parking lot! #1: You can live without sex, but you cannot live without your glasses. First thing we're going to do is walk through the history of what we've been involved in the bargaining, going back to 2003, how we bargained the early agreement, the extension of what we went through in 2004 bargaining, what we actually bargained, why we bargained it, how we bargained it, what has transpired since bargaining, how the company has continued to violate what we bargained, what we're doing about, where do we go in the future and also we'll talk about the 420 legislation that is extremely important for us to get accomplished. Through your efforts we are moving in that right direction. He had to say, from our efforts; that is extremely important because we have made the difference here. He sights one quick thing, recently Al Mumm is like a pit-bull. When he decides he is going after a legislator to get them to respond to him and there is no holding him back. He knows from dealing with them, as a local President, when he calls me either I respond to him or he never lets me go. Ralph makes sure, there was a rumor going around that if you try and get Congressman Terry to support you or even talk to you about union related items, he would not return your call. Not only did Congressman Terry call Al back because of not only his efforts, but our efforts; Terry got so tired of Al constantly nagging him, he called my office and he had to talk to me. Then recently the lobbyist for Lucent called Ralph and said, "look, could you do me a favor, would you please have Al Mumm stop calling Congressman Terry", he wants to do whatever he can so Al will leave him alone. So I know what you guys are doing and what Al is doing has made a huge difference and we need you to keep that up. We will start walking through the history and both Troy and I will intercede back and forth as we go through that. Let us start with 2003, in 2003 Lucent approached them. At that period of time we were very concerned that Lucent would go bankrupt. Why is that important to us? As all of us know who had Lucent' stock, you know what the stock value did. It went from, if you count the time it split the real value of Lucent' stock in 1998 & 1999 time frame was about 160 dollars because it split 4 times. All of a sudden, boom, boom, boom, it went down and by 2003 it was around 3 dollars a share. Less than that! We were very concerned when the company approached us that they were looking at the option and we do know that several board of directors were saying that they should file bankruptcy. Why is this important to all our retirees as well as our actives? Because if they were to file bankruptcy their obligation for healthcare goes away: There is no more healthcare for anybody, active or retirees. There is no collective bargaining agreement, in fact, the unions would have to go to the court, to the bankruptcy court, and stand in line, wait their turn, to make the pitch to get a judge to rule that the collective bargaining agreement could continue or a new one could be negotiated. The Pension and healthcare would be eliminated; the pensions would be moved to the PBGC and would be protected under the government PBGC association. Troy added one point to what Ralph just said, when you're company files bankruptcy and they release their pension obligation to the Pension Benefit Guarantee Corporation (PBGC) as we all know Lucent's Pension Plan, represented plan, is greatly over funded. There is no doubt about that, probably closely to 145% funded. The problem is the only obligation when a company turns that money over the PBGC is the pension liability themselves, that's your monthly check, all monies above and beyond that 100%; at 100% if the maximum, that is your liabilities for your pension, any amounts above that 100%, the PBGC also gets. Guess what they put it in? Their bank account and that money helps off set costs that they have got to pay out to the other pensioners, like mine workers, steel workers, airline workers, whose pensions that were under funded that were turned over to the PBGC, they were not financed well enough. We have to understand that if that happens and the company goes bankrupt and the money gets turned over their only obligation is to your pensions, based on the amount of the pensions, maybe not even 100% of that. Ralph said as we can see, as Troy walked through that, it is very important for us that we help, whether we liked it or not, that we helped Lucent stay afloat. Now, we would like to say we had a bigger role in the business decisions, or rather, the stupid business decisions that caused them to get into this position. But typical when you're dealing with a corporation, those senior level managers have all the answers and really don't want any response from us, from the represented work force or from the unions. The only time they want a response from you is when they are in trouble. They approached us in 2003 and they were in crisis mode and if they didn't get some concessions in the healthcare arena then they didn't think they could survive. They met with Lucent and they spent about 10 to 12 weeks bargaining and they come up with a package, to give them 76 million dollars of design plan changes meaning prescription drugs, doctor visits, emergency room visits, that kind of stuff. That enabled them to reduce that incurred costs going forward forever in a day. In return for that, the 76 million dollars they had, they had to give us 76 million dollars, quote, unquote, 'Lucent Stock'. What the unions did was hire an outside pecuniary, which by law they had to do. That pecuniary managed that 76 million dollars in stock and at each quarter the company gave us the stock, that individual would look at the value and decide should I keep it or should I sell it. Over that 2 year period he sold most of the Lucent's stock and by the end of 2004 our 76 million dollar investment in stock was converted to 114 million dollars and we used the money for retiree health in 2004. Making that deal, although it is helped our retirees it also helped our retirees as we got to 2004 bargaining. In early mid summer of 2004 the company approached the unions again, this is going to be very crucial bargaining, we're still not out of the woods, in 1999 Lucent was a 38 billion dollar revenue company, we are now about an 8 billion dollar revenue company. The total cost of healthcare for the occupational and the management is about 880 million dollars a year and we cannot continue to pay it. Lucent is dealing with the management because they don't have a collective bargaining agreement, and they are doing what they need to do in the management ranks and many of us know they have taken a worse hit than even the represented retirees have taken. With this in mind, Lucent wanted to see if they could get early bargaining done and get over the hump before they got to the deadline. The unions attempted to do this, they spent 90 days in Washington D.C, June, July and August, and they bargained every single day, including Saturday and Sunday and reached no agreement. The unions knew as they went to the 2004 bargaining they were going to have a gun to their head. Their only resolve as they sat at the opening of bargaining was both the unions and the company laid down their initial healthcare proposal in 2004 and as they talked with them in early bargaining was backing up – under the law the unions are not allowed to bargain for retirees. It is not a mandatory subject of bargaining. It is permissive, you can talk about it, but the company can say no, we are not interested. Because this is a permissive subject of bargaining, the unions cannot strike over that issue. So as a result of what the unions did in 2003 they had to get a letter from Lucent that would make a 2004 retiree health a mandatory subject of bargaining. As a condition of reaching that agreement and giving them that concession they agreed to make for one time only, a 2004 mandatory subject of bargaining for retiree health. It only meant Lucent had to bargain to impasse. If they didn't reach an agreement they could impose whatever they wanted and the unions had an option. They could have struck or they could have done something else. Looking at the perspective of what you represent of active employees in 1998, between the two unions, we represented 60 thousand plus occupational employees, in 2004, between the two unions we represented 2800, 300 in Columbus, 4 in Naperville, 2500 in CWA, most were in installation. Troy mentioned in 1998 the unions called a strike; it only lasted for about an hour! He asked if anybody remembered, does anyone know what that strike was about? As Ralph just told us, retiree benefits are not something you can strike over. That's just the law, if the company comes to us and says they are going to do this to your retirees, it doesn't matter how strong we are, you can't say you're going to strike over that. We can't legally do that. The unions picked other subjects, other situations that dealt with the active population of some 60 thousand folks in 1998. They struck over that, but in reality it was retiree's healthcare. That is what the issue was. It took less than an hour for the company to pull their proposal of making us pay the kind of premiums that they ultimately ended up making us pay today anyway. We just don't have an active population that we can strike now. In 2004 they actually hired replacement workers, not only for the CWA installers, which they had over 2500, but we had less than 300 IBEW workers in Columbus and Naperville. They actually hired replacement workers in anticipation of the unions going on strike. Ralph continued by telling us to look at the history of the old Western Electric, AT&T and then Lucent, that was the first time ever that that organization had hired replacement workers for the sole purpose of destroying the union. Here's what the unions were facing, if they did not reach an agreement on the deadline of that contract of 2004, then the company was prepared effective January 2005 to impose premiums on every occupational single representative retiree to the tune of on an average of 700 dollars a month immediately. Your January notice for reenrollment would have quoted on saying your payment would have been 700, 800, or 900 depending, on your circumstances; single, spouses, depending on what it was. That is what they were ready to impose if they had not reached on an agreement. They continued bargaining week after week; they met with the CFO of Lucent from a financial standpoint; they were in a dilemma. Here's part of the problem, not defending Lucent's actions, but we need to understand the financial dilemma they were facing. Because of the changes, because of all the mismanagement, the rich McGinns of the world; the guy from Enron, Ken Lay, the guy from Tyco, the guy from MCI, those people forced this country and this Congress to change legislation on how you account for your income, your net and everything. They created a Sorbian Doctorate Law that requires companies to do their booking accounting on all of their assets and their liabilities a different way. As a result, as we remember, over the years since 1989, because of the rise in healthcare and it was all part of AT&T, they bargained what was called a cap. Every employee on roll that is going to be eligible to retire, you will have a cap amount, X amount of dollars for your healthcare going forward as you retire. That's what the language says. Anyone that retires prior to 3-1-1990 is guaranteed no premiums, anyone retired after 3-1-1990 would be subject to the healthcare cap. If they went over the cap, they would have to pay the difference. However each contract they bargained including '89','92','95' and '98', they bargained during the life of the contract, the company would pay anything over the cap. Which they struck over in 1998! Under the Sorbian Doctorate rules of accounting, the company was now being forced, even though they was booking the capped liability, their auditors, you have a cap, it's X amount of dollars and people go over the cap and you still make the payment. Reality is your cap is whatever you're paying, it is not what you bargained. You either change the caps, increase it and whatever it is you are paying or establish the cap. It's strictly for accounting purposes. The company came to the unions in 2004 and said no matter what any contract we reach we will not go above the cap, we will not make any more payments and if we don't make a deal we are going to get out of healthcare. We are going to start premiums at the 700 dollar level and most people will have to make a decision if they even want healthcare or not. That's what the unions were facing. The company didn't have a resolve to fix it, the union kept thinking what can we do and actuality Troy came up with the resolve on how to fix it. They created what was called a cap health trust fund. This trust fund allowed the company to take money whether it is from the pension plan or from operating and put into this outside trust that was run by both the company and the unions. This money, the 400 million that they bargained would be utilized for the cost associated with everything over the cap. Also bargained there was the trust, the premiums that they talked about, the 1/2 percentage for the life of the contract and the company's obligation for the cap. Basically that is how they got through the agreement. What the contract also says is that each year the healthcare costs containment committee will review the previous year's costs and will talk about anticipation costs going into the future. They will look at the cost for the previous year, how much the cap was, how much the premiums were by the retirees and how much access was left; how much money out of the trust fund should they use to pay for that access. Example: In 2005 they had a payment from the company into the trust of about 25 million dollars, they used 24,300 dollars and they had about ½% increase in our healthcare payment and they still had about 200 thousand dollars left in the trust fund. In 2006 they started to discuss with the joint healthcare containment committee our coverage for the previous year and the excess monies. At that time Lucent said they didn't want to solve what happened last year, they want to solve what will happen in the future. The language says we can discuss it, but there doesn't need to be an agreement to do it. There is not enough money in the trust, if you want to put in more than 25 million, then they could talk about future liabilities, but without enough money in the trust the union is not going to try to solve what they don't yet know and they are not going to put this cost on the retirees. The second part of the discussion was the company didn't want to do anything in the arena of design plan changes. All the company wanted to talk about was instead of design plan changes, do premium changes. Why is this important? Because anyone retiring prior 3-1-1990 does not have to pay premiums, if they did premium changes it would only impact those people that retired after 3-1-1990, if you did design plan changes, like the union wanted to do it is as follows. Example: we presently have a four tier prescription drug plan. More cost to the retirees! The company was insistent that they not do design plan changes. The other part in doing a design plan change, if you increase say generic drugs, say 1 dollar, you get every single individual because you can get all the way back to somebody who retired in the 1970's. Design plan changes are different than a premium. Right now we have approximately 75 thousand retirees, a little less than half are the pre 3-1-1990, the rest are post 3-1-1990. If you include spouses, it's about 120 thousand people. The split is still about the same. If you do a design plan change, although everybody is paying a little bit, you can do it across 120 thousand people; if you do premiums, you're limited to about 35 thousand people and that's why the union wanted design plan changes. The company was insistent that they do premiums. They bargained from January to June. Troy was part of the bargaining. As they reached the end of the bargaining the company insisted that they not only solve for previous cost, but for future liabilities. The union argued they did not need to do future liabilities, the healthcare costs could have been fixed by design plan changes and it would have had no impact on the retirees as far as their premiums, other than what the contract called for with ½% increase. In addition to that had the company given the 50 million instead of 25 million for the trust, they could have fixed the issue completely. The company refused to do that, the contract said they had to give a minimum of 25 million and that is all they would give. They could have taken 50 million out of the pension fund and it wouldn't have cost them a penny. A piece of information that probably nobody knows: Since the early 1990's, when we were part of AT&T they have never paid for occupational employee retiree healthcare. Not a penny! When Lucent started in1997 and to this very day today Lucent has never contributed a penny out of operating for retiree health. Everything has come from the pension plan. There cap obligation comes from our pension fund. Their actual cost, bottom line of payment, is zero. Even their trust money is taken out of the pension plan. This latest deduction from the pension plan covered 2005 and 2006 obligations, the company took a multiyear plan out and then they took an additional 50 million dollars out to pay – you would think, they were going to use this 50 million dollars for the trust fund. But instead of putting all 50 million in the trust fund they only put the minimum 25 million and kept the other 25 million dollars in another fund to be used for next year because they didn't want the unions to be able to transfer any of that money to the retiree to pay for their healthcare costs. As they continued to talk about the gage quad zee and about not reaching an agreement they could not understand why the company was insistent on premiums. The unions thought there was something more there than they just didn't want to do it. The unions had read a number of articles where the unions had filed law suits to get information and this was one part of their problem as they were dealing with the bargaining from January to June. The company was reluctant to give them all of the data they were requesting. One request they made was concerns about Medco and the prescription drug plan, how much money was being made on this deal. They couldn't get it from Medco and they couldn't get it from Lucent. The unions decided to proceed with a law suit against Medco to force them to give the unions the information because they are the providers and the unions are involved in negotiations over it. Several other unions did this to get the information. When the unions told Medco they were going to file a law suit, Medco notified the union that they were willing to sit and meet with them. They had the CEO meet with them, but they wanted Lucent to be there. In October the unions met with Medco and Lucent. During this discussion questions were asked, were there any rebates or kickbacks back to Lucent based on the amount of drugs and prescriptions utilized? During that discussion Medco said yes, they would give Lucent back approximately 100 to 110 million dollars based on the usage over a 3 year period. What that means is if you use more drugs, they get a bigger kickback. If you have people that move from pre 65 to post 65 and end up using more drugs, they get a bigger kickback. They understood then why Lucent did not want to do the prescription plan. They then challenged Lucent to take that money because that was profit they were getting back, we were paying 10 dollars for a prescription and they are getting a dollar for it. This is sad and in addition to that, for those that are post 65, we have an opportunity to go to Medicare D, but the Lucent's prescription plan is better than the government plan for prescriptions. Lucent and the unions encouraged all retirees to stay in the Lucent's plan. If we stay in this Lucent plan the government; that is sponsoring this program, gives Lucent a discount for us staying in their plan. This amounts to approximately 28 to 35 million dollars a year. If you take the 101 million and the 30 million that they are getting for Medicare D, that is about 140 million dollars, in fact, it is over 200 million in a 3 year period, that Lucent gets as a profit for their business while we continue to pay increases in the prescription plan, doctors visits, and everything associated with it, well at least the prescription plan in this particular case. As the unions uncovered all of this, they went back and challenged them again. They now have a Senator, once he was talked to about this, not sure he was in Al's area; they now have a congressional representative that is saying "we didn't enact the law on Medicare D for companies to make a profit on this prescription plan". Lee Terry is this Congressman. This money should be used for future retiree healthcare costs. Here is Lucent getting 100 million some monies from the drug companies, they are getting 30 million a year from Medicare D, they are paying their liabilities, all their obligation from our pension plan and they are making a profit on this whole operation. Because this is such a mismanaged corporation over the years since Lucent's existence the only reason they stayed in the black, at least showed they were in the black – only one reason. They did a tax discount. Their over funding of the pension plan and the approximately 575 million dollars a year – tax credit they get. That 575 million a year kept them in the black. If you took that away, if the pension fund wasn't so over funded this company would have never been in the black since their existence. This is a company that started at 38 billion dollars a year in revenue and they were never in the black unless they used the credit from the pension plan. That's scary! It is hard to understand or fathom how somebody could mismanage the business to that degree and consider themselves the senior of leadership of a corporation! Not to delay the issue, the unions together have gone and they have filed a grievance saying they are in violation of the collective bargaining agreement by forcing the issue and making it an argument that you can change for future liabilities that you don't know what you have. The language is clear that the discussions made take place, but they didn't have to have an agreement. If they didn't agree to do it they couldn't do it. The company rejected that and the unions filed a grievance, the company rejected the union's right to grieve it because they said it is a benefit question and you can't grieve and arbitrate benefits. The unions argued back that it is a contractual bargaining question, we filed a charge with the NLRB and as you heard from Ken earlier that is like punching his head up against that wall, we got nowhere from the NLRB, the only thing they said is Lucent has to talk. The unions went back to Lucent and they refused to give them any more data, they refused to hear the grievance and now the unions are proceeding into court, to get a judge to tell them that the company must agree to grieve and arbitrate the question. What the judge will say or not say is, yes, you have to allow the unions to arbitrate the question or no you don't. If the judge says yes, then we have to go back to an arbitrator and then the arbitrator has to decide whether the question is arbitratable. If he rules that it is arbitratable then we have to go back a third time to arbitration to argue the contract language. Lucent is made up in labor relations of lawyers that are what they are. All of the old labor people that you may have known over the years at bargain contracts are all gone. They got rid of them all in 1998, when they had the flash flood of getting rid of all the managers. As Ralph talked about with the LRO, they are facing a worse set of circumstances, the management organization because they believe they were promised the same things you were and the difference is they don't have a contract, so no matter what they think there is nothing they can do. They basically are relying on what our union can do and they will piggyback on. Where are we today? We continue to move through the legislative arena to get the 420 legislation. How did this incur? Troy got back to the point of there may be several questions as to why did you guys negotiate what you did if the company had always picked up all the overage cost on the pension plan and it is still so over funded, why in the world are the retirees starting to pay money today. Pointing to the 420 legislation – in order for a company to move money from the pension plan, which is the over funded portion and before the most recent legislation that got passed and now they need our help to fix it. Any monies above the 125% of the pension fund could be transferred to a 401H account, which is a healthcare account to be used only for retiree benefits. The problem with that is Lucent's mind was, in the past it wasn't a problem because they had money in the event they got stuck with the bill from there pockets, they no longer have that. What the law stated was if you did a 420 transfer, IRS code, section 420, from the pension plan then you were obligated to maintenance of costs. The maintenance of costs stated was that you had to look at the current year's liabilities and average that over the entire population. If the formerly represented group was ½ billion dollars you average that over the entire population, if that is what Lucent was spending, then you take that per person and that is what Lucent is obligated for 5 years going forward. Worse than that on the company not only do you take a year, but you have a 2 year look back, so if they had more cost the previous year or 2 years earlier then they had to use that cost. They were obligated to pay a set amount for 5 years going forward and in the past it was never a problem. They continue to do 420 transfers each year and in the event that the pension plan couldn't handle it then they had the money in their pocket themselves. They went from almost a 40 billion dollar company to under 10 billion dollars a year company; they couldn't afford a billion dollars, 10% of their revenue, on retiree healthcare. Although the unions thought they could afford it their CFO said they are not going to put themselves in that situation of making 420 transfers. It didn't matter how over funded the pension plan was. If there wasn't a fix to the issue there would not be any more 420 transfers. There would be no more healthcare paid for by the company out of the pension plan regardless how much there was. The unions had to come up with the idea to fix the Internal Revenue Code, section 420, which could allow the company to continue to move these monies to continue to pay retiree healthcare and still be obligated to a cost. It had to be in the contract. That cap amount cost, is that cost that they negotiated for us in the event the company needed to make the transfers. Without that language in the contract they are not obligated to anything. What they got done was, the language passed in the Pension Protection Act last year, 2006. CWA and IBEW spent 2 years and Lucent's lobbyist on Capital Hill educating the Congressmen and Senators as to the importance of this issue. They ultimately got their language into the Pension Protection Act in 2006. It passed, problem was it didn't pass to meet the requirements of that not only Lucent wanted, but we really feel like were important ourselves, and that is first it takes the maintenance of cost issue off of the company, if you have a collective bargained agreement, the company has to live up to those costs, which is what was negotiated; secondly it allows the company to move more than 1 year's funds to pay for retirees healthcare going forward in the future. Previously they could only use 1 year's and that 1 year's funding required them to adjust their books to look at the maintenance cost that was just explained. Once they got away from the maintenance cost of the negotiated agreement, what they wanted to do was the multi-year transfer because they had no idea in 2004 how viable this company would be going forward. They knew the pension plan was over funded, they knew they had the ability to use that money for retirees, but we had no idea where the company was going to be. If those pension monies were given to the PBGC, the money is gone and is no longer used for healthcare. Looking for a way to let Lucent transfer more than 1 year's cost, if the pension plan grows it can be more aggressively invested in the pension plan than it can in the 401H, the healthcare account, by law the 401H account is invested very conservatively. They wanted that money to set in the pension plan and continue to grow and continue to draw 1 year at a time to pay for retiree healthcare. When the Senate and the House got together in conference after passing their 2 bills, something happened where someone pulled out part of our language that allows the company to do single year transfers. This is important because the pension plan is more aggressively invested, if you take more than 1 year's monies out of the plan, it doesn't grow as well as it could if you take just 1. If they are taking more than 2 year's or more out of the pension money to pay for retiree healthcare our pension plan is not going to grow. In the future, in 2011 or 2012 it is our idea in estimates of getting that pension plan to grow to the point where we can make 1 transfer into an account that could help us pay for retiree healthcare until the last retiree was no longer around, whenever that is. This is why we need this language right. The company does not like the idea they have to do more than 1 year and neither doe's the union because it reduces the amount too soon. That's why the unions need our help going forward in the legislation arena. They have got the language written, it has to be attached to another bill. They recently learned that what they were told last year would be single 'technical correction' on the section 420 legislation that was recently added to the Pension Protection Act of 2006 is actually not going to be considered 'technical correction' after all, that was in March. What that means is our language is, because of Congress' fault, they are the ones that stripped the language out of the bill, the union had it exactly how they needed it, and they changed it. Now we have to attach our language, as it was, to another bill, doesn't matter what bill it is, minimum wage bill, it doesn't matter. We just need something to a bill that is going to pass both Houses and be signed by the President before June 30, 2007. June 30th is the deadline; they extended it to September, then to January, now January to June. Troy did not stand there and tell us the company won't agree to extend that deadline further, but now that the company has merged with Alcatel, the French; he said the following. Troy doesn't have warm fuzzes for the French really caring whether we have healthcare or not. They take their orders from Paris, France; Troy does not want to take the risk that we can extend this past June 30th. What they are going to try and do is find a bill that is going to pass, once they do that, they are going to be getting with us, we are going to be writing letters to our Congressmen, to Nancy Pelosi, to Harry Reid, to everybody they can think of to let them know that bill will need to be passed by June 30th and no later. We are definitely going to be a huge part of that process. Now Troy can only speculate as to what will happen if the language doesn't pass and this means the language in the contract says if we don't have this legislation passed, or supposed to be passed by June 30th, the company is no longer obligated. Are they going to be obligated to tap up the amount because they filled that up because they feel like they promised us money, that's for the unions to decide? Do they think the company feels like they are obligated to them? Troy doesn't, it's a worry for him and it is a worry for the CWA as well. That's exactly why Troy and Ralph were here, to help us in doing everything they can to help us, but from this time forward it is going to take a lot of help from us as well. Troy has less that 300 members left with IBEW, with this company. They are not very old, sad be it, they are not willing to go out and do something to protect retiree benefits, they're just not. As we know we cannot force them to do that either. Ralph said so we can be real clear, he agrees with Troy. He has been to Paris, France, he's met with European work councils, in fact, many of us have seen the report that he put out afterwards. Because they have a national healthcare policy in France, that's not an issue for them. In fact we are the only country in the world, progressive country in the world that has no national healthcare policy. When we go forward Ralph urges us and he doesn't care what political party you belong to or what sort of party we favor, we have to, as a country, there is no company or no one union that can fix the healthcare crisis in this country. It needs to have a national healthcare policy. We can't compete with countries that have a national healthcare policy like Germany, like most of Europe, like South America, like China, like Canada and you wonder why the work is leaving this country when we have a society that says you are on your own, if you can't survive or just put money into a healthcare investment account, saving's account, Ralph doesn't care how rich you are if you put 20 thousand dollars a year into a health saving's account and you have major surgery, if you put it in for 5 years that's 100 thousand dollars and it's gone in one surgery. Example: Ralph's daughter last year had quadruplets, she had the baby girls down in Atlanta, and she was talking about healthcare because she knows that he is such a freak on it. "How much do you think it cost to have the birth of 4 girls and to keep Emily in the hospital a week longer than everybody else? Take a guess"! Ralph guessed 100 thousand dollars, "No", OK then 150 thousand dollars, "No". Ralph asked how much then, he was tired of guessing. 275 thousand dollars and she was not in the hospital a week. Now there is no control in this country about the rise in the cost of healthcare. When we go to the polls and support candidates, we should be looking at whether they support worker's rights, whether they support the kind of programs that we should have in this country, that we don't have and quit telling us that, well, we'll just take the social security plan and we'll put it in and let 5 inductor's decide for us. Think about this, if we would have done that in 2000 and 2001 and the Ken Lays of the world got that money, where in the hell would we be today? That's a sad, sad note, and when we talk about retiree health, when Ralph meets with the legislators around the country, a lot of them just don't get it! When he talks to their Chief of Staff, here's the problem, we're not looking for a handout, this is what we bargained and we bargained to the point like we had a gun to each others head to get this agreement and we're just asking you to make a modification in the pension that will allow us to take money from an over funded pension to take care of our retirees. He has had more of his share of aides or assistants to congressional representatives to tell him that it isn't his problem; we get a lot of people who want ity bity changes. You can bargain and fix that problem. If they could bargain and fix that problem they would not be there. The reality is its not fixable, this country needs to wake up and we need some sort of national healthcare policy. He wasn't preaching and apologized if he sounded like he was, but we need that kind of help. The little class is leaving the country and we need those kinds of things otherwise we don't survive. When they are dealing with a company, as we go forward, we talk about the bargaining of the future, this contract goes through 2012 and they have 2800 employees (CWA). He doesn't anticipate when if we get to 2012 we'll still have 2800 members still working for Lucent, because as the result of the merger they now have 6 thousand non-union people and only 2800 union people. They have walled off all of our members into one business and all the future work, the new technology is going to the non-union shops. The only person that CWA has guaranteed jobs for is installation, the other half of our group they couldn't get that. Troy couldn't get that for his members in the IBEW. Potentially they could be facing a group of 1500 people come 2012 and they have in Alcatel installers that do exactly the same work they do. When they have asked the company to abide by the language that you will not interfere if we go organize them, that language does not apply to the new merged company and they will fight them every single step of the way. In fact what they told them is our members that want to transfer to an Alcatel location are prohibited from doing that and they are hiring off the street while they are downsizing in New Jersey and potentially in Columbus, Ohio. The unions are going to continue to fight them and if they go forward and ask for our help, if we get this legislation and bill number then they need us to get with every congressional representative we can to tell them to pass this bill, to get this done because it is important, not for this Lucent, because if we don't then they will walk away from their obligation because they don't care.

QUESTION: From Joe O'Grady:

ANSWER: International President Hill has taken upon himself and the IBEW to start a national healthcare plan for IBEW members. That is just getting off the ground and where that started in the 200 thousand of us folks that you're talking about is the construction locals. The construction members pay 2,025 dollars a year in dues, opposed to the production workers like you see in our factories that pay some 300 dollars a year. The benefit plans are going to start in the construction locals because there is input of money from employers who the construction lawyers work for. There is going to be an in flex of money outside of the members as well. So it is not going to be completely by IBEW members either. Once that gets off the ground with construction locals, however long that takes, it may be a year, it may be 5 years, at least he is starting somewhere, but right now that's where it is and that's where it's going to be concentrated on. Most of us don't realize this, but the plan that we have today, whether it be good, bad or indifferent with the prescription drug plan would cost us in the open market upwards of 1500 dollars a month. Seriously, those are the facts. He knows that is a lot! You can't just roll it out there for everybody, including all retirees, automatically, and I don't know where you can find healthcare for 50 dollars a month. What the International President is doing is starting in the areas where folks don't have health insurance. Although all of us are up against a huge brick wall you still do have healthcare insurance offered. Some of these folks that he's talking about don't even have healthcare insurance offered to them unless they go out into the open market and pay 1500 dollars a month to get that. That's the best answer Troy can give you. Ralph had one more comment, he is not a pessimist, but he is a realist, we are not talking about a company that is contributing 300 million dollars a year out of operating income to pay for retiree health, we're talking about a company that over your life span you made concessions in bargaining to maintain healthcare. You've earned the right to have a healthcare plan. You gave up wages and other benefits so we can continue to have healthcare. This is not an obligation that the company has contributed a nickel to and letting them off the hook is not the resolve. They have a social responsibility to those people who helped make this company a success and make it a profitable business so that people like Pat Russo, who is the CEO today, in 2006 got

23 million dollars in pay and she has never increased the stock price since the day she came into office. Never, in fact, she has a guarantee of a pension worth 970 thousand a year and a guaranteed healthcare plan for her and her spouse. So, we are not talking about a company that can't make the payment for say 25 or 50 million dollars out of operating to live up to what we bargained was their responsibility. We are talking about a company, one of many who have decided in this country that they do not want to be responsible for retirees in healthcare. We are not the only community fighting that issue. The airline, the auto, the steel industry, the government, **THE GOVERNMENT!**
ANNOUNCEMENT: Dan announced if they come up with a number of a bill we may have another meeting in May! Whatever they need because we won't have a chance to mail out anything like we did with the cards: There is a lot of people leaving and he just wanted to tell them the calling committee may be calling when they get the number of the bill. Troy said they will let our group know the number of the bill that our language fix will be attached to. It may be the minimum wage bill that has nothing to do with this. Senators and Congressmen add things to bills all the time. Whatever their experts say will most likely pass the fastest to get us to June.
QUESTION: If everybody drops out of Lucent's Healthcare Plan today can the company still dip into the pension plan and pull money out?
ANSWER: NO
QUESTION: Did you give out the Ethics Compliance Hotline number?
ANSWER: The Ethics Compliance Hotline number is posted on our board over to the right of our platform. It is 1-888-267-7732.
ANNOUNCEMENT: Lyle told the attendees that they are serving lunch in the other room, whoever wants to take advantage of that may do so. They will take as many as they can seat.
MEETING WAS ADJOURNED: