January 17, 2007 Omaha/Avaya/CSM Pensioners Association Meeting Minutes
At the Millard American Legion Post 374

WELCOME: The meeting was opened by President, Lyle Nicholson.
PLEDGE: We all stood for the Pledge of Allegiance.
ROLL CALL: Present for the 10AM meeting was Lyle Nicholson, Dan Kovar, Andy Barges, Jim Filipiak, Bill Love, Bev Opfer, Everett Peterson, Edie Riester, Ray Sempek, and Cheryl Todd. Absent were John Barnes, Nick Johnson, Vern Klaumann, John Pinkerton, and Mary Jo Pinkerton. Bill Love and Cheryl Todd were absent also for the 1PM meeting.
EXPLAINING CONTRACTS AND HEALTHCARE: Everett welcomed everyone to the meeting.

Late 2002 Lucent and Unions had early bargaining on new contract, old one to expire the end of May, 2003. Bargaining broke off before the end of 2002.

January, 2003 more bargaining resumed and a 20 month contract negotiated. Twenty month contract till October 31, 2004; Increase co-pays, but no premium costs:

On June 14, 2004 Lucent and the Unions, CWA and IBEW, opened early bargaining on the new contract to replace contract expiring October 31, 2004. Early July, 2004 bargaining recessed.

August, 2004 representatives from retiree groups from Reading, PA, Allentown, PA, Columbus, OH, Omaha, NE, and Oklahoma City, OK met in Washington D.C. at the IBEW Headquarters. Troy Johnson and Robert Roberts from the IBEW: John Hickey and Ingrid Orav from Lucent"s Benefit Department: This was when bargaining was in recess.

They showed with a slide film, etc., how Lucent was in such financial straits. They may have to impose large healthcare premiums.

	2005 65+ Single	2005 Family	2005 Under 65	2005 Family
	$50.00	$150.00	$150.00	$300.00
2012	$200.00	$300.00	$300.00	$550.00

In October, 2004 Lucent and the Unions resumed bargaining.. An agreement was reached early November, 2004. That agreement brought a 7 year 7 month contract with increased co-pays, increased deductibles, and monthly premiums.

Premiums:

	2005 - 65+ Single	Family	2005 -Under 65	Family
Percent of Pension	2%	4%	3%	5%

And a ½% Increase each year going forward

However there were other things in the contract to reckon with:

1. The Company setting up a 400 Million Dollar 401H Healthcare Trust Account to be funded from company funds or transfers from pension fund if it was over-funded.

This was set up per getting Legislative changes to the IRS 420 Rule annual and multiyear transfers and relief from 5 year maintenance rule.
In February 2005 reps from retiree groups again met in Washington D.C. IBEW Headquarters:
This time with Troy Johnson, IBEW, Bill Schecter, Lucent Work Force Relations, and John Hickey, Benefits.
There pitch was help in getting IRS 420 Rule changes through congress.
The original bill Lucent only S1573 never got anywhere.
However, IRS 420 Rule changes became part of both the House and Senate versions of the 2005 Pension Bill.
In 2006 the House and Senate conferees had to come up with one language to the HR4 2006 Pension Bill Finally August 5th it reached the Presidents desk signed on August 17th.
Then we find out section 841 the part pertaining to 420 transfers permits multiyear transfers but not annual transfers.

So it does not meet Lucent's demand.

Mr. Mumm called me on the Thursday before Labor Day and made me aware of this. He and others had a meeting with Senator Ben Nelson's Office Staff on Wednesday about this and a conference call with Lee Terry on Thursday. Lucent gave until September 30th to get the technical changes made.

The retiree group attempted to get this done by mailing the cards to you the other locations did similar things. I think it helped although we did not get the changes made Lucent gave an extension till June 30, 2007 to get them made.

Some had hoped that with the extension and the $550 million Lucent was transferring from pension fund to the healthcare trust fund the first transfer since fiscal 2003 that there would be a minimal increase in the premiums.

HOWEVER THAT IS NOT WHAT HAPPENED:

Post March 1, 1990 Lucent retirees were notified in their open enrollment information of large increases in their 2007 premiums.

If the retiree ignored that information they then noticed a reduction in the January Pension payment amount.

LUCENT TECHNOLOGIES WEBSITE: LUCENTS 2005 ANNUAL REPORT, MAY 5, 2006 AND 8K REPORT AND LUCENTS 2006 OCTOBER 24TH'S EARNINGS REPORT:

We currently provide retiree healthcare benefits for our retirees in the United States, including 46,000 management retirees and 68,000 formerly represented retirees as well as an additional 68,000 dependents of retirees. The obligations and plan assets for management and formerly represented retirees are accounted for separately. Historically, retiree healthcare benefits were funded through plan assets set aside in trusts of excess pension assets. There are approximately $550 million of assets in trusts that are available to fund the obligations of the formerly represented retirees as of September 30, 2005, including approximately $400 million of plan assets that were set aside in a welfare benefits trust during fiscal 2005.

We are permitted to transfer pension plan assets that are in excess of 125% of pension plan obligations under Section 420 of the Internal Revenue Code to fund annual retiree healthcare benefits. Our cumulative Section 420 transfers during the past several years were $1.9 billion, although no transfers were made within the management retiree plan since fiscal 2002 or within the formerly represented retiree plan since fiscal 2003. If a Section 420 transfer is made, we are required to maintain a certain level of cost per participant for a period of five years beginning with the year of transfer. As a result, although these excess pension asset transfers can help fund retiree healthcare benefits, they limit the ability to implement cost reductions in the future.

Together with our unions, we are seeking legislative changes to allow an employer to fund more than one year's retiree healthcare benefits through a Section 420 transfer and permit the terms of an enforceable collective bargaining agreement to serve as an alternative to the maintenance of cost requirements described above.

If the legislative changes that we are seeking are not obtained by September 1, 2006 our obligation to fund a $400 million trust for represented retiree health care by 2012 will terminate, and we can change the level of the subsidy for represented retiree health care at our sole discretion beginning January 1, 2007, subject to the maintenance of cost requirements that expire on September 30, 2007.

During the fourth quarter, we applied $62 million of operating cash to fund retiree healthcare and other post-retirement benefits. This amount excludes the reimbursement of $25 million funded in the year ago quarter. While we are on this point, I would like to provide some additional information on our pension and post-retirement benefit plans. As of September 30, 2006, the aggregate fair market value of pension and other post-retirement benefit assets was $35.9 billion as compared to obligations of $35.8 billion. Aggregate funding status of these plans improved by $2.5 billion during fiscal 2006, primarily due to plan asset performance and to a lesser extent a 25 basis point increase in the discount rate for measuring pension and post-retirement healthcare liabilities. Our U.S. pension plans meet the requirements of ERISA'S current funding rules and we do not expect to make any contributions to the qualified U.S. pension plans through 2007. We also currently believe it is unlikely that any required contributions would have a material effect on our liquidity through 2010.

The fair market value of assets held in pension trust was approximately $35 billion as of September 30, 2006, as compared to approximately $34 billion as of June 30, 2006. Almost all of these assets are related to the U.S. pension plans. On August 17th, President Bush signed into law Pension Protection Act of 2006. The principal changes under this legislation relate to the way assets and liabilities are valued to determine required pension contributions. Although section 420 legislative changes were included in the Act, additional changes which would give us greater flexibility when using excess pension assets to fund retiree healthcare. The Act does provide for what's called a collectively bargained transfer. Under this new type of transfer, pension assets in excess of 120% of obligations would be available to fund retiree healthcare costs. Under a conventional transfer, the threshold is 125%.

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As of the January 1, 2006 valuation date, there were approximately $2.8 billion of pension assets that would be eligible for collectively bargained transfers to fund retiree healthcare costs for our formerly represented retirees. $2.2 billion would be available for conventional transfers. We currently expect to make a collectively bargained for transfer of about $550 million in December, 2006. This transfer will cover formerly represented retiree healthcare costs from October, 2006 through December, 2007. Together with our unions, we have amended our collective bargaining agreement to extend the deadline for technical corrections to the Act to June 30, 2007. If by that date, the legislation imposes constraints that would significantly impair the Company's ability to pre-fund retiree healthcare costs using excess pension assets.

Lucent would have the ability at its sole discretion beginning on January 1, 2008, to adjust the level of subsidy it provides for formerly represented retiree healthcare.

REMEMBER LUCENT HAS NEVER CONTRIBUTED FROM COMPANY REVENUES MONEY FOR RETIREE HEALTHCARE FOR THE FORMERLY REPRESENTED WITH THE EXCEPTION OF $25 MILLION A YEAR AGO WHICH NOW THEY ARE TAKING BACK!

INTRODUCTION OF SPEAKER: Everett introduced Al Mumm, CWA President of Local 7290, representing 5 states. His office is in the AFL-CIO building. Al opened by saying we are all in this together.

MEETINGS WITH SENATORS, CONGRESSMEN, and REPRESENTATIVES: Meetings with Senator Ben Nelson, Senator Chuck Hagel, Congressman Lee Terry, Omaha Mayor, Mike Fahey in Nebraska and in western Iowa, new Governor Culver, Representative Steve King, Senator Harkin, and Senator Chuck Grassley were attempted to be set up. All have not taken place yet, but there is correspondence. Because of our correspondence they have already set up or requested a meeting with Lucent about this issue. That meeting has not taken place yet.

Very supportive was the meeting with Lee Terry because of all the Lucent retirees who are affected in his district. Lucent's prescription drug plan is better than Medicare Part D. When they passed this legislation, because of the law, Lucent is given a subsidy from the government so they won't drop their better prescription drug plan and also this would keep them from dropping all their retirees into Medicare Part D. Last year Lucent got $26 million from the government. Terry wishes that when they made this law up in legislation, they would have a stipulation that this subsidy money should go back into the employee's group healthcare fund. Now, without this stipulation in there, by law, the companies can do whatever they want to. Terry pledged to work first (we gave him all the cities in the U.S. that have Lucent retirees) with others in Congress to make sure that the 420 transfer law, that is extended to June 30, 2007, gets the technical language changed. CWA and IBEW are already working on this. The language should read that the $26 million subsidy goes back in to the retiree's healthcare fund and not into their pockets.

Obviously this does not help the immediate problem of the premium increases. The CWA Union met with representatives from Alcatel/Lucent. They demanded that the company reopen this contract because of the healthcare increase to retirees when they haven't spent a penny of their own money for this. They did not flat out say no; so this is a little bit of an encouragement:

The unions were told that the merger between Alcatel and Lucent was a good thing because Lucent would not have survived on their own. The unions, as we speak, are mobilizing against this merger in Europe because most of these job losses sound as if they are going to be in Europe.

CWA, along with IBEW, filed an unfair labor practice charge with the National labor board force about this unfair healthcare premium increase on the grounds that the company had not provided what they were contractually and legally obliged to have provided to the unions information that they were suppose to supply to the unions.

Then they filed an executive level grievance, charged to Lucent: Lucent denied the charges. The unions are waiting for a court decision, how long this will take they don't know. The unions filed the grievance because they maintain the company has violated the agreement to the joint healthcare cost containment committee, which is made up of CWA, IBEW and Lucent. They meet every year to try and determine healthcare costs. The Company flat out refuses to agree with anything and they reached an impasse, which is why they imposed the increase in healthcare premiums. When they got the date changed from September 30, 2006 to June 30, 2007 the unions thought they were home free, that there was not going to be a substantive increase in premiums, at least no more than ½%. The unions got blindsided when they got this agreement and then all of a sudden Lucent went ahead and imposed these increases anyway.

Letters of protest was sent to the old list of Board of Directors of Lucent. New sample letters should be mailed out to the new Board of Directors of Alcatel/Lucent. With the new list, three are in France, two are in Turkey, one in the United Kingdom, and the rest are in the United States. A form letter is good, but a personal letter is better and makes a great impact. In a personal letter, tell of your personal reasons why these outrageous healthcare increases have made a hardship to you. People who are on Medicare, you are getting hosed even worse than those of us that aren't on Medicare yet, because the coverage that you get for the so called supplemental is not worth a darn. So you're paying 13% for family and 6 ½% for single. 17% for family if you are not on Medicare: New letters should be sent out to the new Congressmen and Senators taking office.

This fight is far from over. We don't know whether in 2008 premiums will be rolled back or just where this will go or what we will be able to accomplish. These companies do not want to be shown negatively before the Congressmen and Senators in Legislation. Retirees have a lot of power – more than you think. We have to hammer away and keep working on this. This is an appeal and they have to except or reject.

Mike Fahey was sent all the questions and answers, the whole package, with explanations, and all the addresses of the Board of Directors and within a week Al got back a copy addressed to all the Board of Directors with his sympathy of our situation and encouraged them to do something about it. All the legislative people they contacted, Ben Nelson, Lee Terry, and Mayor Mike Fahey have been the ones to step forward to say what we can do to help. Our Governor still needs to be notified by all of us, it certainly helps because Al thinks that could be the reason Alcatel/Lucent did not flat out say no when the unions wanted to renegotiate the contract on this premium increase.

Alcatel/Lucent has an Ethics Compliance Hotline. 1-888-267-7732 this hotline is for us! Call and complain about the Medicare Part D Supplement, the $100 million dollar savings they're getting from Metco, or just in general the premium increase and what a personal hardship it is for you. This will have a great effect! Letters to the Board of Directors and the Legislators arena will have the largest impact on change.

Everett announced why we are working so closely with the CWA. CWA is working with IBEW. They have the larger number still working. It is 2800 to 3000 CWA actively working for Lucent (1500 Installers). All we have is approximately 250 in Columbus, OH and not sure how long they will be there plus whatever is still out at the plant.

Alcatel in France and Lucent in the United States is 180 degrees from each other. The last contract installation miraculously got a watermark that the company can not lay off below 1500 and this is good till 2012. The fear right now with both unions concerning this merger that they are going to do with the unionized portion in this country what Verizon has been doing to their wired phone company people for several years. Isolate you from the mainstream, divide the company into different divisions. Unionized people in one division, going to isolate that from any new product lines or any new business and let you die on the line. That is the bleak future of the workers out there now.

Keep the pressure up legislatively, politically and through us this can be licked for the retiree's issue. The company will go back to reducing this ridiculous premium increase.

OPEN TO QUESTIONS AND ANSWERS:

1. Jim Filipiak: They know they don't have to pay for those of us that pass away!
2. Question about Stock: Profit and Loss/Why reward somebody for never making a profit!
3. Are we the only country after the Alcatel/Lucent merger that is not on socialized medicine or Universal healthcare? Answer: We are probably the only ones.
4. Martha Ross: We can not take loosely this issue, need to unite and take this seriously.
   CWA and IBEW have attorneys looking into this thing completely. CWA created a Strategic Industry Fund during there last convention. It has 10's of millions of dollars in it already. If there is a fight with a certain industry they can use money from the fund. Publicity ads, TV ads, Newspaper ads, an overall strategy for the healthcare issue in general.
5. Death Benefit: Taken away for management.

The impact of the $200 to $300 dollars that will not be spent in the different areas because it has to be spent on healthcare we haven't even figured out yet. Hundreds of millions nation wide:

6. Jim Black: Write to the World Herald and all newspapers in the different areas. Al wrote to the World Herald, but they won't publish unless it reaches their requirements. Be prepared to back up everything with facts.
7. Go on a TV station: Al Mumm to go on about this hot topic: Lyle will look into contacting Channel 7.

SAMPLE LETTERS: The letters you picked up at the front table when you came in, we need you to sign these and mail them in.

MINUTES: The October 18th minutes were read by the secretary. Motion to accept the minutes as read and seconded.

DEATHS: Announcement of deaths since the October quarterly meeting: Stood for a moment of silence:

OLD BUSINESS: Donation buckets were passed around.

Letters or cards to Congressmen and Senators will probably be mailed out again.

TREASURER'S REPORT: The beginning balance in October was $1163.89, deposited $1116.00, outgoing for office supplies was $160.39, and hall rental was $150.00, Post Office Box rental $72.00, Ending Balance of $1897.50.

What the company made in the different years. In 2006 $660 million from Pension Credits: Net Income of $527 million, loss of $133 million: With all the bonuses they pay out they just verily show a profit.

OCC: (Other Covered Charges) Lucent or Avaya retirees: Lucent can do a buy up if they did not do it when they retired. It can be done at any time during the year. Avaya can only do it at Open Enrollment.

FEDERAL EXCISE TAX REFUND CREDIT: When you do your taxes, the Excise Tax of the Phone Bill Refund, you claim the credit on line 71 of your form 1040. Be sure and check that box. You can get between $30 and $60 dollars refund on that.

NATIONAL ORGANIZATION: This is moving along slowly because we are trying to incorporate.

REMINDER: Our new website and email address are on the meeting handout and on new business cards you may pick up by the front table.

NEXT MEETING: Scheduled for April 18th, 2007 at the Millard American Legion Hall at 10Am and 1PM.

SPEAKER: Our speaker will be from ENOA (Eastern Nebraska of Aging).

Motion to Adjourn was made by Claude Welch and 2nd by Susan Dellinger

Meeting was adjourned: