

JULY 18, 2012 MINUTES OF THE OMAHA WORKS RETIREE GROUP
AT THE IBEW UNION HALL

PLEDGE OF ALLEGIANCE: Our president, Dan Kovar, asked us to all stand for the pledge of allegiance to our flag of the United States of America.

ROLL CALL: Present were Dan Kovar, Howard Clark, Pauline Lieth, Andy Barges, Bill Love, John Pinkerton, Mary Jo Pinkerton, Ray Sempek, Bob Agee, Don Kadereit, Mary Ellen Newell. Absent were Jim Filipiak, John Barnes, Edie Riester, Cheryl Todd, and Vern Klaumann.

DECEASED RETIREEES: Pauline read from a list those that have passed away since the April 18, 2012 retiree's meeting. The attendees were asked if they knew of any other retiree that had passed away that was not mentioned. We all stood for a moment of silence.

BUCKETS: The collection buckets for donations were passed by Bill Love.

MINUTES: Pauline read a summary of the April 18, 2012 minutes. Mary Jo Pinkerton made a motion to accept the minutes as read and Loretta Thimngen seconded the motion, all ayes, motion accepted.

TREASURER'S REPORT:

Balance as of April 18, 2012-----	\$2793.99
Deposits from Donations-----	400.00
Expenses:	
Interpreter-----	\$88.00
Hall Rental-----	\$75.00
New Checks-----	4.00
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Final Balance-----	\$3026.99

OLD BUSINESS FROM THE FLOOR: None given

NEW BUSINESS FROM THE CHAIR:

No new information on CSMI:

No new information from AVAYA:

JRHC RESULTS: Ray Sempek introduced Bryan Flickinger, our IBEW Healthcare Coordinator for Alcatel-Lucent. Bryan came up from Missouri as an outreach to us and after the meeting was over our E-Board decided to give him \$300.00 for his travel expenses and good gesture. A separate sheet is on the JRHC report given by Bryan Flickinger:

FLYERS FROM PETE PETERSON: Pete reported on Obamacare and had flyers for **Alcatel-Lucent Long Term Care** and **Medco and Express Scripts Pharmacy Benefit Managers Merger**.

ANNOUNCEMENT OF OUR NEXT MEETING: Dan thanked everyone for coming and announced that our next meeting will be October 17, 2012.

MOTION TO ADJOURN: Motion made to adjourn, seconded, all ayes, meeting was adjourned.

Re: Results of the JRHC negotiations for calendar year 2013

Planning for calendar year 2013 was one of the most challenging years ever for the Joint Retiree Healthcare Committee (JRHC). Bill Schechter, Alcatel-Lucent V.P. of Law and Workforce Relations, informed CWA V.P. Ralph Maly that the collective bargaining agreement between the parties is set to expire on May 26, 2013 and with it the company's obligation to fund retiree healthcare. To add insult to injury Mr. Schechter informed V.P. Maly that the retirees share of the cost of healthcare for a complete year of coverage was \$175 Million dollars! To be fair to the retirees Mr. Schechter "offered" to increase the retiree's premiums effective January 1, 2013 to "spread the cost out over the year". An increase in premiums in the magnitude needed to cover \$175 million dollars would absolutely bankrupt our retirees or worse yet leave them with no healthcare coverage or grossly under covered!

To say that the ensuing "conversations" were contentious is an understatement. However after many such conversations an agreement was reached between CWA, IBEW and Alcatel-Lucent to extend the provisions of the National Memorandum for Post Retirement Medical and Dental Benefits to December 31, 2013. In exchange, the Unions agreed to pay an additional \$40 million from the Taft Hartley Trust towards the cost of retiree healthcare benefits for plan year 2013. This is a huge victory for our retirees but let's be clear - it puts the fight off for another day. Alcatel-Lucent's position will not be any different when we are at the bargaining table next year. We must do everything in our collective power to ensure the protection of our retiree's healthcare. Their future and those of our active members is up to us.

As we have reported in the past, as negotiated in 2004, each year the JRHC reviews Retiree healthcare costs projected by the Company to have exceeded the negotiated Retiree Healthcare Caps for the year. The JRHC is required to "True Up" the balance of the excess cost by making changes to the Medical and/or Prescription Plan Designs, as well as Provider recommended programs designed to help save future costs for the Plans and for the Retirees. The JRHC must also consider possible increases to Retiree Contributions over and above those mandated by the

collective bargaining agreement. At the end of this year the Company is required to make a "balloon payment" to the Taft Hartley Trust to fulfill the contractual obligation of funding the Trust \$400 million over the life of the Agreement. We expect the balloon payment to be approximately \$185 million.

This year the deficit the committee was faced with, in addition to the \$40 million, was \$14,800,000. Given this amount of deficit the Committee was not able to hold contributions steady or reduce those as we have in the past therefore; the contributions for Pre-65 Retirees will be 12% for single and 24% for family. The premiums for the Post 65 Retirees will be 7.50% for single and 15% for families. The projected cost savings beyond the .05% contractual increase is an additional \$4,500,000.

Slight modifications to the prescription drug co-pays were made to the Formulary and Non-formulary drugs copayments for both retail and mail order.

The generic drug co-pays remain the same. The new co-payments are Retail - \$10/35/60 and Mail Order - \$25/87/150. The out of pocket maximum was also increased from \$1,500 to \$1,600. Along with the expansion of clinical drug management programs the projected savings is \$1,847,875. Changes to the medical plan include raising the out of pocket maximum for the PPO in network from \$1,500 to \$1,600 and out of network from \$3,500 to \$4,000 and Traditional Indemnity and Medicare Advantage PPO plans from \$1,500 to \$1,600. These savings are projected to be \$1,151,000.

Finally, the JRHC will be utilizing a \$7,301,125 from the Taft Hartley Trust to shore up the remainder of the deficit in addition to the \$40,000,000 for a total of \$47,301,125.

These negotiations are never easy and they were made more difficult by the position of Workforce Relations. We must prepare early for the devastating onslaught of company rhetoric in 2013 bargaining. An injustice to one is an injustice to all.

In Unity,
Mary Jo Reilly