

November 14, 2006

Subject: Higher Premiums for Lucent Retirees

Dear Lucent Retirees and Active Employees,

We have been informed, by Lucent's Vice President of Workforce Relations, that Lucent intends to impose higher premiums on the retirees who retired after March 1, 1990 effective January 1st, 2007. This is not a surprise given the attitude and actions of the company during the last 8 months and their blatant disregard for the retirees. As late as last week we attempted to move Lucent off of this drastic course of action. Lucent is firm in its resolve to break the backs of our retirees.

For months, the Union members of the Joint Retiree Healthcare Committee have been trying to reason with Lucent, get accurate data, realize the cost savings from the providers, and minimize the impact to our retirees. Lucent refuses to budge from the position that the retiree has to pay today for what Lucent thinks the cost for healthcare will be down the road. Every one of the Union's proposals has been rejected by the company. By refusing to accept any of the Union's proposals, the company feels they can now impose a premium only solution for what they PROJECT the costs to be.

For those who retired after March 1, 1990 the premiums, which are a percentage of the retiree's pension, will be as follows:

| Today | Effective January 1, 2007 |
|-------------------------------|----------------------------------|
| Pre 65 Single – 3 ½ % | Pre 65 Single – 8 ½ % |
| Pre 65 2 Person / Family 7 % | Pre 65 2 Person / Family 17 % |
| Post 65 Single – 2 ½ % | Post 65 Single – 6 ½ % |
| Post 65 2 Person / Family 5 % | Post 65 2 Person / Family 13 % |

What is really keeping Lucent afloat? Is it the dynamic leadership? Is it the cutting edge technologies? Is it the responsiveness to the customer? Is it the synergies achieved by the Alcatel merger?

The answer is none of the above. The answer is THE LUCENT RETIREES. The same people who built this company and thought they could retire with a measure of comfort and dignity are the same ones who are now keeping Lucent afloat. Lucent portrays itself as a benevolent provider of retiree healthcare benefits when in fact Lucent has not paid a dime for the benefits it provides. Lucent has, and will continue to, take excess pension assets out of the occupational pension fund to pay for retiree healthcare. All the while expounding on the hardship they must bear to do so. The money used to provide healthcare benefits for occupational retirees comes from our pension fund and NOT from the company.

So how are the retirees keeping Lucent afloat? One way is that Lucent gets a subsidy from the government for providing a prescription drug plan that is equal to or better than what Medicare D provides. The subsidy Lucent receives is 28 % of the first \$250, up to \$5,100 of each of the retirees' eligible prescription drug spend. For January through September of this year alone, it is estimated the company will receive a \$24 million subsidy from the government. In essence, the excess pension assets from our pension fund that are used to pay these benefits is what Lucent is getting reimbursed for.

Is Lucent giving the money back to the retirees by depositing it into the Taft Hartley Trust that was established to offset retiree costs? The answer is NO. Lucent refuses to use the government reimbursement to offset retiree costs. Instead, Lucent has taken the position that it is cash in their pockets. Now Lucent is raising the premiums that retirees must pay out of their pension check for healthcare. Why? Because it is the surest way to put money (cash) directly into Lucent's pockets. The attitude appears to be one of "We need it more than the Retirees."

There would be nothing preventing the company from putting enough money from excess pension assets into the Trust so the retirees would have no increase for 2007 but again Lucent in their arrogance has refused to do this. Yet Lucent today is seeking to transfer over \$500 million dollars to cover their obligations but not those of the retirees.

Has the Lucent Senior Leadership and managers frozen their pay or foregone their bonuses to help keep Lucent afloat? Not hardly but they are quick to take money out of the pockets of those who can least afford it so they can continue heaping huge rewards on themselves. It is time, once again, to let the people responsible for these atrocities know how we feel. We are attaching a list of names and addresses of the Lucent Board of Directors, and Lucent Workforce Relations. In addition, we are asking that you also contact your legislators and legislators-elect and let them know as well the hardship this decision imposes on you.

In Unity,
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