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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

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|-------------------------------------------------|---|--------------------|
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| PETER A. RAETSCH, GERALDINE RAETSCH, | : | : |
| CURTIS C. SHIFLETT, WILLIAM FOSTER, JR., | : | : |
| JOAN W. FOSTER, STANLEY C. THOMAS, and | : | : |
| LARRY F. THOMPSON, individually | : | : |
| and on behalf of all others similarly situated, | : | : |
| | : | : |
| Plaintiffs, | : | CIVIL ACTION NO. |
| | : | : |
| v. | : | 2:05-cv-5134 (PGS) |
| | : | : |
| LUCENT TECHNOLOGIES, INC., | : | : |
| ALCATEL-LUCENT USA INC., | : | CLASS ACTION |
| LUCENT TECHNOLOGIES, INC. | : | : |
| EMPLOYEE BENEFITS COMMITTEE, and | : | : |
| LUCENT TECHNOLOGIES, INC. MEDICAL | : | : |
| EXPENSE PLAN FOR RETIRED EMPLOYEES, | : | : |
| | : | : |
| Defendants. | : | : |
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SECOND STATUS REPORT RE: SETTLEMENT DISTRIBUTION

Plaintiffs and class counsel submit this Status Report to provide the current status of the settlement distribution, as well as the status of the investigation of the 450 remaining households which may be eligible to receive settlement payments.

A. Settlement Distribution Authorized by November 15, 2011 Order

Pursuant to the authorization granted by the Order dated November 15, 2011 (“the Order”), class counsel, the settlement administrator (Heffler Radetich & Saitta LLP or “HRS”), and the mailing house vendor used by HRS effected the settlement distribution on November 30, 2011. This distribution involved the mailing of settlement payment checks to 53,046 class member households which had been determined to be eligible to receive payments. The amount of funds authorized by the Order and used as the basis for the payout calculations and this distribution was \$ 25,252,140.¹

As of the evening of Wednesday, January 4, 2012, the custodian bank, FirstTrust Bank, reported that a total of 43,979 settlement payment checks had been negotiated, representing 82.9 % of the total number of checks issued. These negotiated checks had a value of \$ 21,552,101.62, representing 85.3% of the funds to be distributed.

As of the same date, a total of 9,067 checks with a total value of \$ 3,700,038.24 had not yet been negotiated. These checks can be broken down as follows:

- a. 2,048 checks, with a total value of \$ 922,149.84, have been returned by the postal service and will be re-mailed upon receipt of updated address information, which

¹ The distribution amount authorized by the Court was \$ 25,252,625. As noted in the previous Status Report, three checks, having a combined value of \$ 485, were held back from the November 30 mailing in order to secure updated addresses. So the actual amount distributed on November 30 was reduced by \$ 485. Two of these checks have been mailed-out but have not yet been cashed. In the case of the third possible payee, the claim records do not provide identifying information to link the claims to a class member, so it is not possible to issue a settlement payment.

is in the process of being obtained from Lexis/Nexis and Equifax.

- b. 449 checks, with a total value of \$ 596,474.80, are in the process of being re-issued to a different payee, such as an estate representative or other surviving relative. The new checks will be mailed once the settlement administrator has received adequate documentation to confirm that the substituted payee is proper.
- c. 6,570 checks, with a total value of \$ 2,181,413.60, apparently were delivered to valid addresses but have not yet been cashed, either due to loss or delay by the recipients. As is customary in class action distributions, a follow-up mailing to these households to remind them to either cash the checks or request replacement checks will be sent out in late January.

B. Investigation of 450 Households Where Eligibility Has Not Been Confirmed

As stated in the previous Status Report, filed December 2, 2011 (Dkt. # 175) and in the Request for Authorization to Distribute Settlement Funds Subject to Reserve for Later-Recognized Class Members, filed October 28, 2011 (Dkt. # 171), the list of unresolved eligibility cases has been reduced to 450 households.

As previously reported, these 450 cases fall into two groups. First, 363 households may be potentially eligible for settlement payments from Pools One, Two and/or Three based on their medical plan participation before October 1, 2003. Second, 87 households may be potentially eligible for settlement payments only from Pool Three based on their medical plan participation during the period October 1, 2005 to September 30, 2006 but not during the earlier period.

Actual household medical claims data is only needed to compute settlement payments under Pool One. Of the total 450 unresolved cases, only 41 households are potentially eligible for

payments from Pool One, which is based on the actual financial burden of increased co-pays and deductibles on each household during the period January 1, 2001 to September 30, 2003. For this small number of households, historic medical claims data for each of household will be restored from inactive data archives maintained by Lucent's vendor Thomson Reuters Healthcare ("TRH") and then analyzed, both to establish eligibility and to compute the amount of the payments due under Pool One. This week, TRH confirmed to Lucent representatives that TRH can deliver the necessary claims data by mid to late February 2012, due to the more complex report format requested. (The length of time required apparently is a function of the need to restore all 675 data files that are pertinent in order to compile even a limited data set.) Accordingly, it will not be possible to determine eligibility and payment amounts for the 41 households that are potentially eligible for Pool One payments until March 2012.

Updating the previous report, for the remaining 409 households, by the third week of December Lucent had provided the information available from sources other than TRH which is needed to make final determinations of eligibility and payment amounts (a process which does not require analysis of claims data). The necessary payment calculations for these households will be completed by Segal Company by mid-January, and checks will be issued and mailed to eligible households in this group by January 31, 2012.

In light of the ongoing status of both the settlement distribution and the household eligibility investigation, plaintiffs and class counsel propose to file a new Status Report on or before February 3, 2012.

Dated: January 6, 2012

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Second Status Report Re: Settlement Distribution was served upon counsel listed below on January 6, 2012 by ECF Filing, personal email, and first class mail:

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