

Date: August 15, 2014

Dear UC Retiree:

Enough time has gone by and sufficient events have occurred that we thought it was time to give you a formal update and, as you might have expected, ask you for further support to restore our medical benefits to their pre-contract change status.

If you have been a donor, we are grateful for you joining us in the past. If you have not been a donor, this is a pivotal time to support this effort. The issues are now much clearer.

On February 21, 2014, we filed a motion to certify the action to allow the benefits of the lawsuit to apply to all eligible retirees. UC then took the depositions of all ten named plaintiffs, which was time-consuming and expensive.

The court hearing on the motion to certify the class was set to be heard on July 17. However, as you may have seen in the *Independent* newspaper last week, we agreed with UC to postpone the court hearing so that we could try mediation.

For those of you who aren't familiar with mediation, it is a non-binding and confidential process where both sides to a lawsuit meet with a third person "the mediator" who tries to facilitate a settlement. The process is completely voluntary. There is never any guarantee that a settlement will be reached. If there is no settlement, we go back to court with a hearing date 3 weeks after the mediation date.

The mediation is now set for September 24th. We feel that the scheduling of the mediation is a positive step, and we are hopeful, but as we said, there is no guarantee.

Needless to say, we would prefer a settlement requiring UC to re-instate all of the retirees to the UC health insurance system and award damages incurred to date. Settlement would also avoid delay (maybe even years of delay if there is another appeal). But mediation almost always involves compromise.

If UC offers less than full reinstatement, then we (as representatives of the class) and our attorneys will need to assess whether we could do better by going ahead in court. The next steps would involve summary judgment and trial.

While we are moving in the right direction, our costs in getting to this point were higher than estimated because UC insisted on taking the depositions of the named petitioners. Also, there will be large costs going forward. For example, we need to hire an actuarial expert to calculate the damages that have been and will be incurred by the class.

There is currently about \$38,000 in our attorneys' trust account, but the attorneys have not been paid for over two years (except the Stember office which was paid for work done through May 2014). Our attorney's estimate that another \$60,000 will be required to support this effort through mediation (or though the court hearing in October if the mediation is not successful and we go back to court).

To have a responsible reserve, the UCLRG Board would like to ask you to join us in raising another \$75,000 to protect your future and that of your UC retiree associates.

If you have given before, we ask you to give again. If you have not given, this is the most important time to join us in defending and recovering your medial insurance coverage and rights.

If you are feeling particularly generous, limit each separate donation to just under \$5,000 (i.e., up to \$4,999). A donation over that amount changes our tax status.

Remember, UCLRG is a 501(c)(3) entity and your gift is tax deductible to the extent allowed.

This case has been pursued carefully from a legal standpoint and responsibly from a resource standpoint. Join us now and help bring it to a successful conclusion for the thousands of the UC employees who served the nation at LLNL.

Jay Davis

Marty Crowningshield

And The UCLRG Board