

WHEN PENSION BENEFITS ARE PAYABLE

The Plan is designed to help build your future financial security. Under the Plan, you may become eligible for one of the following kinds of pensions:

- A service pension,
- A deferred vested pension, or
- A disability pension.

When Your Pension Begins

If your employment ends after you satisfy the requirements for a service or disability pension, your benefit payments begin as of the day after your termination of employment if you elect to begin receiving your benefit during:

- The 90-day period immediately before your benefit is to begin, or
- If later, the 90-day period following the date your pension commencement package is mailed to you.

If you do not elect to receive your benefit during that 90-day period, your benefit payments will begin as of the first day of the month after the date you notify the Avaya Pension Service Center that you want to begin receiving your benefit, provided you return your new pension commencement package within 90 days.

If your employment ends after you satisfy the requirements for a deferred vested pension, your benefit payments begin as of the first day of the month after the date you notify the Avaya Pension Service Center that you want to begin receiving your benefit, provided you return your new pension commencement package within 90 days.

When You Receive Your First Pension Check

If you return the necessary paperwork in a timely manner, you should receive your first pension check around the first day of the month that is at least 30 days after your pension begins. Your first pension check will include pension payments retroactive to the date when your pension begins (see "When Your Pension Begins").

Service Pension

You become eligible for a service pension when you meet one of the following minimum age and service requirements before you terminate employment:

<u>Your age is at least</u>	<u>And</u>	<u>Your net credited service is at least</u>
Any age		30 years
50		25 years
55		20 years
65		10 years

You must meet *both* the age and service requirement to become eligible for a service pension. The fact that your age and net credited service add up to 75 or more *does not* mean you are eligible for a service pension. For example, if you are age 51 and have 24 years of service, you are *not* eligible for a service pension.

Normally, your service pension begins the day after you terminate employment and is paid monthly. You should request a pension commencement package from the Avaya Pension Service Center 90 days before your desired retirement date.

If You Retire Before Age 55

If you are eligible for a service pension when you terminate employment and you have less than 30 years of net credited service or your are less than age 55, an early commencement discount will apply. The amount of the early commencement discount is 1/2% for each full or partial month (6% for each year) that payments start before age 55.

The following example shows the effect the early commencement discount would have on your monthly pension benefit.

This example assumes the following:

- You retire at age 53 and 6 months with 28 years of net credited service.
- Your monthly pension benefit is \$1,494.08.

Your pension payments will start 18 months before you reach age 55. As a result, your pension would be subject to a 9% early commencement discount (18 months x 1/2% = 9%).

a.	Monthly benefit payable before early commencement discount	\$1,494.08
b.	Minus early commencement discount (.09 x \$1,494.08)	- <u>134.47</u>
c.	Discounted monthly benefit	= \$1,359.61

Deferred Vested Pension

If you are not eligible for a service or disability pension when you terminate employment, you are eligible for a deferred vested pension if you terminate employment after becoming vested.

Vesting

You become vested on the earlier of:

- Completing five years of vesting service,
- Reaching normal retirement age while a participant in the Plan on the active roll,
- The date you terminate employment due to divestiture or sale of your work group, or
- The date you become vested in The Avaya Inc. Pension Plan for Salaried Employees.
- August 1, 2002 if you were a participant in the Plan during 2001 or 2002.

Normal Retirement Age

Your normal retirement age if you were hired by a participating company before age 60 is your 65th birthday. If you were hired on or after your 60th birthday, your normal retirement age is the earlier of (1) the date of your fourth or fifth anniversary of Plan participation (provided you are on the active roll on that date) or (2) the date you complete five years of vesting service.

Vesting Service

In general, you earn a year of vesting service for each calendar year in which you have at least 1,000 hours of service. You do not begin to earn vesting service until the year of your 18th birthday.

See "Appendix C" for special service rules that may apply to you.

Break in Vesting Service

You will have a break in vesting service in any calendar year in which you are credited with less than 501 hours of service. If you incur a break in vesting service, your vesting service before the break cannot be added to your vesting service after the break until it is bridged as follows:

- *If you have at least five years of vesting service, you cannot lose credit for those years. If you leave a participating company and are later reemployed, your*

vesting service before the break will be bridged when you again become a participant in the Plan.

- *If you have fewer than five years of vesting service, and you terminated employment and are later reemployed, your vesting service before the break will be bridged under the following vesting service bridging rules:*

If Your Vesting Service Before the Break Was	Your Vesting Service Before the Break Is Bridged On:
Longer than your break in service, or your break in service is fewer than five years	The day you again become a participant in the Plan
Equal to or shorter than your break in service, and your break in service is five years or more	The second anniversary (before January 1, 2004, third anniversary) of your return to work

Note: If your net credited service before the break is bridged more rapidly under net credited service bridging rules than under the vesting service bridging rules above, your vesting service will be bridged on the date that your net credited service is bridged.

When Your Deferred Vested Pension Begins

Your deferred vested pension normally begins at age 65 or when you terminate employment, if later. However, you may elect to receive your deferred vested pension payments before age 65. If you elect to begin your pension before age 65, your benefit is permanently reduced based on your age when payments begin. If you begin your pension before age 65, the amount of monthly benefit you receive will be determined by multiplying your monthly benefit by the percentage determined under “Appendix A” based on your age when your pension begins.

Disability Pension

You are eligible to retire with a disability pension if:

- You have completed at least 15 years of net credited service,
- You are totally disabled, and
- You terminate from the payroll due to your total disability after receiving 52 weeks of sickness disability benefits from the Avaya Inc. Sickness and Accident Disability Benefit Plan.

If you meet these requirements and are also eligible to receive a service pension, you will receive a service pension for disability, not a disability pension. You *are not* eligible

to receive a disability pension while you are receiving accident disability benefits under the Avaya Inc. Sickness and Accident Disability Benefit Plan.

If you are eligible for Workers' Compensation benefits or other payments under a similar law, your disability pension under the Plan will be reduced by the amount of the benefit you receive from those other sources for the same disability.

Total Disability

You are totally disabled under the Plan if the Pension Plan Administrator determines that, due to sickness or injury, you cannot return to work for a participating company or any non-participating Avaya subsidiary company. Total disability will not include any accidental injury arising out of or in the course of your employment.

When Your Disability Pension Begins

Normally, your disability pension (or service pension for disability) is paid monthly and will begin the day after you terminate from the payroll after receiving your disability benefits under the Avaya Inc. Sickness and Accident Disability Benefit Plan, if you elect to begin your disability pension during the 90-day period before your benefits stop under the Avaya Inc. Sickness and Accident Disability Benefit Plan. If you do not make an election during that 90-day period, your disability pension will begin as of the first day of the month after the date you notify the Avaya Pension Service Center that you want to begin receiving your benefit, provided you return your new pension commencement package within 90 days.

Regardless of your age when your disability pension begins, your benefit is not reduced for early commencement.

Termination of Disability Pension Benefits

Your disability pension will terminate, if:

- In the judgment of the Plan Administrator or the Employee Benefits Committee, as appropriate, you are no longer totally disabled, or
- You have not yet reached normal retirement age and you return to work for Avaya Inc. or a participating company. (This also applies if you return to work for an interchange company.)

If you reach normal retirement age while receiving a disability pension under the Plan, your disability pension converts to a service pension for disability. In that case, if you return to work for Avaya Inc. or a participating company (or for an interchange company), your service pension can be suspended in accordance with the Plan's rules for suspension of pension benefits (see "Employment-Related Events -- If You Are Rehired After You Begin Your Pension Benefit").