

## EMPLOYMENT-RELATED EVENTS AFFECTING COVERAGE

### ***If You Change Your Employment Status***

Since your medical options are based, in part, on your employment status, it is possible that a change in your employment status may affect your coverage. If your current option is not available to you under your new employment status, you should select a new option. If you do not elect a new option, you will automatically be enrolled in your **assigned option** (see “Assigned Option”). However, if you are not eligible for an **assigned option**, you will not be enrolled in any option. This means you and your dependents will not be **covered** under the Medical Plan for the rest of the calendar year, and you must wait until the next **annual enrollment** to enroll.

<b>If...</b>	<b>The rule is...</b>
You change from full-time to part-time	You may choose any available medical option for the remainder of the Plan Year, and you may change your coverage category. If you elect coverage, you pay the required coverage cost. If you make no election, no coverage will be assigned for the remainder of the year.
You change from part-time to full-time	If you were previously enrolled in an <b>HMO</b> , you remain in that option. If you were enrolled in another option, or not enrolled at all, you may enroll in any available option. If you make no election, you will be enrolled in the <b>assigned option</b> for the remainder of the year. You pay the applicable cost of coverage.
You change from salaried to represented	Your coverage under the Medical Plan will end and you will be eligible for The Avaya Inc. Medical Expense Plan offered to represented employees.

For information about what happens if your coverage option changes, see “If Your Coverage Option Changes During the Year.”

### ***If You Terminate Your Employment***

Your coverage under the Medical Plan ends on the last day of the month in which your employment ends. Different rules apply if you retire or terminate and your age plus **net credited service** equal at least 60, and you have a minimum of 5 years of **net credited service** (see “If You Retire”).

When coverage ends, you may be eligible to continue coverage for yourself and your eligible **covered dependents** under **COBRA**. If you are enrolled in an **HMO** option, call the **HMO** to see if **COBRA** coverage is available for your **domestic partner** and **domestic partnership dependents**. For more information, see “Continuation of Coverage.”

### ***If You Are Laid Off***

If you are laid off, you will be able to continue Medical Plan coverage through **COBRA** (see “Continuing Coverage”). Depending upon your years of **net credited service** and the type of layoff, part of your cost for **COBRA** coverage may be paid by the Company. Your Force Management Program package will provide the details.

### ***If You Retire***

Retiree medical coverage is bundled with dental coverage. This means that you cannot elect medical coverage independently from your dental coverage.

If you retire with a service or disability pension, enrollment material and information about your coverage options under The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees will be sent to you at your home address. If you enroll by the date specified in your enrollment material, coverage will become effective on the first day of the month following the month in which you retire.

If you retire with a service or disability pension, but you do not enroll by the enrollment deadline, you will *not* have retiree health coverage. You may elect coverage at a later date if you wish.

If you terminate employment and are eligible for access to retiree health care because your age plus your **net credited service** equal at least 60, and you have at least 5 years of **net credited service**, you will receive enrollment material and information about your coverage options at your home address. If you enroll by the date specified in your enrollment material, coverage will become effective on the first day of the month following the month in which you terminate employment.

If you have access to retiree health care, but you do not enroll by the enrollment deadline, you will *not* have retiree health coverage. You may elect coverage at a later date if you wish.

Under The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees, Medicare becomes the primary plan if you are Medicare-eligible. Your Avaya Inc. coverage will be secondary. In addition, Medicare-eligible retirees and their family members enrolled in the **POS** option will have their secondary benefits payable under the Salaried Retiree **Indemnity option** (as described in The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees SPD). If you and your **covered dependents** are Medicare-eligible, you will be enrolled in the **Salaried Retiree Indemnity** option. Please note that **COB** with Medicare as the primary plan works differently.

To continue coverage for your **domestic partner** and/or **domestic partnership dependents**, they must be enrolled as your dependents in the Medical Plan when you retire. You cannot add **domestic partner** and/or **domestic partnership dependents** after you retire.

More information may be found in the SPD for The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees. Business Assistants hired before January 1, 1999 who participate in The Avaya Inc. Pension Plan (as offered to represented employees), should reference the SPD for The Avaya Inc. Retiree Medical Expense Plan, as certain provisions may differ.

When you retire, you also have the option to continue coverage under **COBRA**; a **COBRA** enrollment package will also be sent to your home address.

### ***If You Transfer***

If you transfer to another **Participating Company**, it will not affect your participation in the Medical Plan. If you transfer to a non-Participating Company, your coverage under the Medical Plan ends on the last day of the month in which you are no longer an **eligible employee**.

### ***If You Are Rehired***

If you are returning to Avaya Inc. within six months of your date of separation, your prior **net credited service** will be immediately bridged, minus the period of time that you were not employed by Avaya Inc. If you are returning to Avaya Inc. and it has been longer than six months since your date of separation, your **net credited service** will not be immediately bridged. Upon completion of two years of continuous Avaya employment after re-employment, your prior Avaya Inc. service will be bridged for certain Avaya Inc. benefits purposes.

Should you terminate employment before your **net credited service** is bridged, your new **net credited service** date will be based on your rehire date and any previous service will not have an impact in the calculation of this new **net credited service**.

If you were previously service pension-eligible on your first termination date and you are rehired, you will continue to be eligible for subsidized coverage under the Medical Plan at your next termination. The amount the Company will contribute will be based on the rules in effect at the time of your next termination. Currently, the Company will contribute 3% of the Maximum Company Contribution for every year of **net credited service** up to service accrued as of 2003 with a Maximum Company Contribution amount set at 75%.

If you were not previously service pension-eligible or a participant of the account balance plan on your first termination date and you are rehired, your age plus **net credited service** must equal at least 60 with at least 5 years of **net credited service** at the next termination. You will have access to purchase group retiree health insurance through Avaya at 100% of the cost.

### ***If You Become Disabled***

Your participation in the Medical Plan may be affected if you become disabled. Your length of service and the duration of your disability determine what happens to your coverage during a disability.

If you become partially or totally disabled as determined under The Avaya Inc. Short-Term Disability Plan for Salaried Employees, you will continue to be eligible for coverage under the Medical Plan. You will be subject to the same costs as an active employee during that time. This coverage will continue for as long as you continue to receive benefits under The Avaya Inc. Short-Term Disability Plan for Salaried Employees.

If you are eligible for a service pension under the Service Based Program of The Avaya Inc. Pension Plan for Salaried Employees or The Avaya Inc. Pension Plan and you elect to retire and waive your right to future disability benefits, your benefits would be provided under The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees and your coverage under The Avaya Inc. Medical Expense Plan for Salaried Employees would end.

If you continue to be disabled after you have received the maximum number of weeks of short-term disability benefits, you may be eligible for benefits under The Avaya Inc. Long-Term Disability Plan for Salaried Employees. If you are covered by the Service Based Program of The Avaya Inc. Pension Plan for Salaried Employees or The Avaya Inc. Pension Plan and you are eligible for a disability or service pension, you will be covered by The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees and your coverage under The Avaya Inc. Medical Expense Plan for Salaried Employees will

end. If you are not eligible for a disability or service pension, but you are eligible for benefits under The Avaya Inc. Long-Term Disability Plan for Salaried Employees, your Medical Plan coverage would continue as indicated below.

### **Long-Term Disability**

Medical Plan coverage under The Avaya Inc. Medical Expense Plan for Salaried Employees is available for employees eligible for The Avaya Inc. Long-Term Disability Plan for Salaried Employees who are not eligible for coverage under The Avaya Inc. Retiree Medical Expense Plan for Salaried Employees as described above. You will be subject to the same costs as an active employee while covered under the Medical Plan. Coverage under the Medical Plan will terminate as of the end of the month in which you are no longer eligible for long-term disability benefits or at age 65, whichever is earlier. *If you become eligible for Medicare benefits while coverage under the Medical Plan is in effect, coverage under the Medical Plan will be administered secondary to Medicare.*

### ***If You Take an Approved Leave of Absence***

If you take an approved leave of absence under the Family and Medical Leave Act of 1993, as amended (**FMLA**), your coverage under the Medical Plan may continue for up to 12 work weeks. The Company continues its share of the cost of this coverage under the Standard or Enhanced **POS** option, Enhanced **Indemnity option** and **HMO** options. You must pay your share of any cost of coverage to continue coverage during your **FMLA** leave. If you choose not to continue such coverage, you remain eligible for reinstatement upon your return to work.

If you are eligible for an **FMLA** leave, Avaya Inc. will comply with this legislation.