

TERMS YOU SHOULD KNOW

There are several words and phrases that have a specific meaning under the Life Insurance Plans. This section explains those terms so you can better understand your benefits. These terms are printed in **boldface** when they appear to let you know they are defined here.

Annual rate of pay: if you were paid every week, your annual rate of pay is 52 times your normal weekly adjusted rate of pay (hourly rate times 40) in effect on the day before you retired. If you were paid once a month, your annual rate of pay is 12 times your monthly base pay in effect on the day before you retired.

Avaya Health and Benefits Decision Center: the resource to call to make changes in your beneficiaries for your Life Insurance Plans. See "Important Contacts."

Cash Accumulation Fund: as a participant in the Supplementary Life Insurance Plan for salaried employees, you have the option of contributing to a personal Cash Accumulation Fund. This fund is not subject to income taxes while your contributions remain in your account. You may take loans and withdrawals from the fund. The fund earns interest at a competitive rate; although this rate may vary each year, it is guaranteed never to be lower than 4%.

Company-paid basic life insurance coverage: the amount of your basic life insurance that the Company provides at no cost to you. Generally, this type of insurance has a benefit of one times your **total annual pay**. The amount of your Company-paid basic life insurance coverage begins to reduce when you retire (or age 66 if retired prior to October 1, 2001 or retired under the 2001 Voluntary Pension Enhancement Program).

Contingent beneficiary(ies): receives the death benefits under the basic life and/or supplementary life insurance coverage if none of your **primary beneficiaries** are living when you, the **eligible retiree**, die.

Eligible retiree: a former eligible employee of Avaya Inc. who retired from a **Participating Company** and who retired with a service or disability pension under the Service-Based Program provision of the Avaya Inc. Pension Plan for Salaried Employees.

Net credited service: your continuous service at retirement plus all service credited under the service bridging rules (including mandatory portability, if applicable) of The Avaya Inc. Pension Plan for Salaried Employees and The Avaya Inc. Pension Plan.

Participating Company: Avaya and such other companies that have elected to participate in the Life Insurance Plans, with the prior approval of Avaya.

Primary beneficiary(ies): the person(s), organization, estate or trust named to receive the death benefits for life insurance if the covered retiree dies.

Tobacco use: any use of tobacco at any time during the 12-month period before enrollment constitutes tobacco use. This includes cigarettes, cigars, pipes, chewing tobacco, and snuff. The amount of your life insurance benefit will be reduced if it is determined that you misrepresented yourself as a non-tobacco user when you enrolled in the Life Insurance Plans.

Total annual pay: used to determine the amount of life insurance available to you.

- If you retired prior to January 1, 2003 and were not paid under the Sales Incentive Plan, your total annual pay is your **annual rate of pay** plus any bonuses, incentives and merit awards paid within the 12 months prior to your date of retirement (if these amounts were considered a part of your compensation for the normal work schedule), rounded to the next higher \$1,000. Total annual pay does *not* include differentials, overtime pay, extra payments or allowances that are considered temporary.
- If you retired prior to January 1, 2003 and were paid under the Sales Incentive Plan, your total annual pay is your **annual rate of pay** plus one-third of the incentive compensation paid to you over the 36 months immediately before retirement. Added to this figure are any bonuses outside the incentive plan paid within the last 12 months when they are considered a part of your compensation for the normal work schedule. The figure is then rounded up to the next higher \$1,000.
- If you retired during Plan Year 2003, your total annual pay is your **annual rate of pay** plus your target Short-Term Incentive or Sales Incentive as of your retirement date, rounded to the next higher \$1,000. Total annual pay does *not* include differentials, overtime pay, extra payments or allowances that are considered temporary.
- If you retired on or after January 1, 2004, your total annual pay is your **annual rate of pay** plus your target Short-Term Incentive or Sales Incentive as of September 10 of the Prior Plan Year, rounded to the next higher \$1,000. Total annual pay does *not* include differentials, overtime pay, extra payments or allowances that are considered temporary.