

FINAL BARGAINING REPORT

AVAYA

Avaya contacted Vice President Bates to determine whether CWA was interested in a contract extension. After some initial discussions, it became clear the CWA-elected bargaining team must be included in the negotiations. The elected bargaining team was brought into Washington for face-to face negotiations with the company. As a result of those negotiations, a tentative agreement, to extend the current Collective Bargaining Agreement until June 13, 2016, was reached early Friday evening.

The Company has lost half of its value since being purchased by Silver Lake. Technological changes in the GCCC are expected to automate and consolidate work by the middle of next year. Avaya expects to need fewer employees as a result of those changes. The Denver Center has and continues to lose members through surplus declarations and our work continues to diminish as technology changes our work and the customer base continues to erode. Avaya had taken many benefits away from their own managers and was clearly looking for more from us if we waited for 2014. It became increasingly clear during the negotiations, that waiting would not result in a better agreement. In fact, the Team firmly believes opening the full agreement during regular negotiations in May, will place much of the current language at risk.

By agreeing to an extension, the Union was able to maintain most of the current language, including, but not limited to, the continuation of Certification bonuses, Alliance Funding, the termination pay schedule and the Avaya Award. In addition to the job security language, 60 new term tech jobs are being created. It is true out of pocket expenses will increase under the changes to the Medical Plan. However, Avaya will continue to provide a Medical and RX Plan design that stands as the Gold Standard in the industry, and is significantly better than Plans recently negotiated, without requiring a monthly premium.

Your elected bargaining team is in full support of ratification.

The Company's original proposal included:

- Extending the agreement to February 27, 2016.
- Freezing wages for the life of the agreement.
- Reducing one coordinator position effective January 1, 2014. VTP to be offered to affected coordinator.
- Suspending the 401K match for the duration of the extension.
- Increasing the Personal Illness Payment in lieu of unused personal illness absence days from 75% to 100% of the standard rate of pay per Article 20.2 (b) (2), for Global Technical Services (GTS), Global Customer Care Centers (GCCC), and Telesales & Services Operations Support Center (SOSC).
- Changes to the Medical Plan effective January 1, 2015:
 - Annual deductible – In-Network - \$500 single/\$1,000 family, Annual Deductible – Out-of Network - \$1,300 single/\$2,600 family. Under the Affordable Care Act (ACA) deductibles will be applied to the Out-of-Pocket Maximum.
 - Coinsurance – In-Network – 90%/10% after the deductible is paid.
 - Coinsurance – Out-of-Network would increase from 75%/25% to 60%/40%.
 - Out-of-Pocket Maximums – In-Network would increase to \$2,200 single/\$4,400 – Out-of Network would increase to \$5,100 single/\$10,200 family.
 - No change to the Prescription Drug Plan.
 - Changes to the Plan design would apply to both Active and Retired employees.
 - Implement monthly Retiree premiums (5% of retirees' pension) – Pre-65 retirees – single - \$41.35, two-person - \$82.60. family - \$123.95. Post-65 retirees – single - \$19.85, two-person \$39.60.

Your bargaining team was able to negotiate a better agreement as follows:

- Agreement extended to June 13, 2016.
- Lump sum payments of \$750 on October 3, 2014 and October 2, 2015.
- Reducing one coordinator position effective January 1, 2015. VTP will be offered to affected coordinator.
- Suspension of 401k match for six months – January 1, 2015 – June 30, 2015, rather than for the life of the extension.
- Increasing the Personal Illness Payment in lieu of unused personal illness absence days from 75% to 100% of the standard rate of pay per Article 20.2 (b) (2), for Global Technical Services (GTS), Global Customer Care Centers (GCCC), and Telesales & Services Operations Support Center (SOSC).
- Job security language – there will be no layoffs of Service Desk employees through June 7, 2014 except for those impacted by the surplus declared October 29, 2013. For non-Service Desk employees, there will be no layoffs for the period of July 1, 2014 through December 31, 2014 except for refusal to accept transfer under Article 16 of the Agreement.

- Changes to the Medical Plan effective January 1, 2015.
 - Annual deductible – In-Network – 2015 - \$250 single/\$500 family, 2016 - \$350 – single/\$700 family. Out-of-Network – 2015 & 2016 - \$1,300 single/\$2,600 family. Under the Affordable Care Act (ACA) deductibles will be applied to the Out-of-Pocket Maximum.
 - Coinsurance – In-Network – 95%/5% after the deductible is paid. Out-of-Network – 60%/40% after the deductible is paid.
 - Out-of-Pocket Maximums – 2015 – In-Network \$1,500 single/\$3,000 family. 2016 – In-Network \$2,000 single/\$4,000 family. Out-of-Network 2015 and 2016 - \$5,000 single/\$10,000 family.
 - No change to the Prescription Drug Plan.
 - Plan design will be the same for Active and Retired employees.
 - No premiums for Active or Retired employees.
 - The Prescription Drug Plan Out-of-Pocket Maximum will be integrated with the Medical Plan Out-of-Pocket Maximum effective January 1, 2014. Currently the Medical and Prescription Drug Plans have separate Out-of-Pocket Maximums. As such, both deductibles and all co-pays will apply to one Out-of-Pocket Maximum resulting in savings to our members.

The Bargaining Team unanimously supports the extension agreement and encourages everyone to do the same.

Medical benefits for represented employees under the Avaya Inc. Medical Expense Plan (the "Medical Plan") and postretirement medical benefits under the Avaya Inc. Retiree Medical Expense Plan (the "Retiree Medical Plan") will be modified as described below effective January 1, 2015 and January 1, 2016. The Medical Plan and the Retiree Medical Plan will be amended to reflect such changes.

	(Effective 2015)		(Effective 2016)	
Medical	In-Network	Out-of-Network	In-Network	Out-of-Network
Annual deductible	\$250 / \$500	\$1,300 / \$2,600	\$350 / \$700	\$1,300 / \$2,600
Coinsurance	95% after deductible	60% of R&C after deductible	95% after deductible	60% of R&C after deductible
Copays PC, Spec, ER, Hosp	NA	NA	NA	NA
Annual out-of-pocket maximum	\$1,500/\$3,000 (max 3 people)	\$5,000/\$10,000	\$2,000/\$4,000 (max 3 people)	\$5,000/\$10,000
Rx				
Deductible		\$50/\$100		\$50/\$100
Annual out-of-pocket maximum (Rx)	Integrated with Medical		Integrated with Medical	
Retail Plan Design				
Tier 1	\$15	30% after deductible	\$15	30% after deductible
Tier 2 (min/max)	\$30		\$30	
Tier 3 (min/max)	\$45 Chemo drugs: \$15		\$45 Chemo drugs: \$15	
Mail Plan Design (90 day supply)				
	\$30	NA	\$30	NA
Tier 2 (min/max)	\$60		\$60	
Tier 3 (min/max)	\$90		\$90	