

LSI Benefits Open Enrollment Newsletter

A newsletter designed to aid LSI employees in making informed health and benefit choices.

Autumn 2008



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Welcome to LSI's Benefits Open Enrollment September 15-30, 2008

Please read all the contents of this newsletter to help you make informed decisions.

During the Open Enrollment Period you may:

- Enroll in one of the LSI medical plans
- Change your medical plan
- Add eligible dependents to your plan
- Designate beneficiaries
- Purchase voluntary term life insurance for you and/or your dependents
- Enroll in the year 2009 Health Care Flexible Spending Account and/or Dependent Care Flexible Spending Account
- Purchase additional voluntary benefits
 - Auto and Home Insurance
 - Veterinary Pet Insurance
 - Group Long-Term Care Insurance
 - Pre-Paid Legal and Identity Theft Insurance

! The benefits you select this fall will be effective January 1, 2009. In addition, the following checklist provides information on actions legacy Agere or LSI employees need to take during open enrollment:

Legacy Agere Employees

Highlighted below are some actions you may need to take. Detailed information for these actions is available on **Insight**, under **Human Resources > Benefits U.S. > Open Enrollment > Legacy Agere: 2009 Benefit Plans Info**.

- ☐ Legacy Agere health and life insurance plans will be terminating on December 31, 2008. If you wish to enroll in the LSI plans you must do so during this open enrollment period to obtain coverage.
- ☐ To enable a one-time transition to the short-term disability (STD) Plans offered at LSI, employees will need to make an active election by enrolling in (or opting out of) an STD plan.
- ☐ Verify that previous life insurance election amounts are correct in My World.
- ☐ If previously enrolled in a Pre-Paid Legal Services plan(s), you should verify your election in My World.
- ☐ If you choose to participate in the Flexible Spending Accounts (formerly HCRA and CECRA), you must re-enroll each year, whether or not you choose to change your contribution amounts.
- ☐ You must designate beneficiaries for both company and employee paid insurance in My World.

Legacy LSI Employees

Highlighted below are some actions you may need to take. Detailed information for these actions is available on **Insight**, under **Human Resources > Benefits U.S. > Open Enrollment > Legacy LSI: 2009 Benefit Plans Info**.

If you do not wish to make any changes to your benefits, you do not need to take action during this open enrollment period. However:

- ☐ If previously enrolled in a Pre-Paid Legal Services plan(s), you should verify your election in My World.
- ☐ If you choose to participate in the Flexible Spending Accounts, you must re-enroll each year, whether or not you choose to change your contribution amount.
- ☐ Consider enrolling in the Short Term Disability Plan if not already enrolled.



Make Your Open Enrollment Selections Online Using My World

LSI's benefits open enrollment occurs online through My World, the web-based employee self-service system. Instructions are provided on pages 20-23 of this newsletter.

Health Care Industry Trends

Health care cost increases are averaging 10-12% in 2008 and are expected to continue to rise in future years, outpacing wages and inflation. In an effort to maintain benefit coverage levels and keep costs affordable for employees, employers are absorbing the lion's share of the increases. Many indicate that they expect to make significant changes to their health plans and benefits for the 2009 plan year.

Why Costs Continue to Climb

- Consolidation among health care providers has resulted in more doctors and hospitals having leverage to negotiate higher prices
- New technologies and treatments (imaging technologies, biotech medicines)
 - Advances in technology provide better diagnosis and treatment of disease, but are typically more costly
- More intensive diagnostic testing/defensive medicine
- Lack of preventive care
- Prescription drug advertising to consumers raises costs
- Increased health care utilization
- An aging population that requires more health care
- Unhealthy lifestyles: smoking, physical inactivity, increase in the number of people with obesity
- Costs are passed on from the growing number of Americans who are uninsured
- Medicare and Medicaid limit reimbursement to providers. As a result, un-reimbursed costs are passed onto the remaining population

(Sources: PricewaterhouseCoopers, Buck Consultants)

Industry Cost Containment Strategies

The health care industry is responding to expenditure increases with cost containment and quality improvement efforts, including:

- Consumer driven health plans and health information/resources
 - Includes tools to help consumers choose providers based on cost and quality
- Improving medical information technology
- Disease and chronic condition management
- Better identification and management of high cost and chronically ill patients
- Wellness programs
- Initiatives to reward providers for appropriate and high quality care

LSI's Approach to Managing Costs

LSI views employees and employers as joint stakeholders in health care. The goal is to offer a comprehensive benefits package that provides access to quality health care programs. To this end, the Benefits Department continually evaluates employee health care programs to remain competitive with our peer companies. Our approach to managing cost includes:

The adoption of consumer-driven health care plans

Typical of these plans, the Anthem Blue Cross Lumenos Health Reimbursement Account (HRA) PPO includes an employer-funded spending account, a high deductible, and catastrophic coverage. Participants can access an extensive, nationwide network of providers. Web-based tools provide information to help participants make informed, cost-effective health care choices. See pages 5-7 for more information about the Lumenos HRA plan.

Self-funded plans. See the sidebar on this page for more information.

"Bundled" plans

LSI health care plans are offered as a bundled package, whereby employees pay one contribution for medical, dental, vision, prescription, EAP, mental health and chemical dependency. LSI is self-insured for most of these plans and the carriers provide administrative services only. This means they process the claims and use LSI funds to pay actual claim costs. If benefits are unused, the cost to LSI is minimal. (Unbundled plans can result in dramatically increased administrative costs because the plans need to be tracked and reported separately.)

Health management programs

As a way to lower costs and improve employee health and productivity, the Lumenos HRA plan offered at LSI incorporates "Condition Care Management Programs" to help employees manage chronic health conditions. LSI monitors these programs over time to evaluate their effectiveness.

We're placing an emphasis on wellness and prevention programs in the Lumenos HRA Plan. Read pages 5-6 to find out more, including details about a Health Assessment tool available to help you evaluate your overall health.

Cost Savings at LSI through Self-Funded Plans

One strategy that has resulted in cost savings for LSI is to self-fund our health care plans. Under a self-funded plan, LSI pays the actual cost of claims. In contrast, under an insured plan, LSI pays a fixed premium per person (or covered dependents) for health plan coverage.

The HMOs offered by LSI, for example, are insured plans whereby the premiums are paid by LSI and the claim costs are paid by the HMO. Plans with fixed costs tend to be higher.

In addition, these plans do not allow the degree of flexibility offered by self-funded plans. LSI self-funds the following plans: the Anthem Blue Cross Lumenos HRA, Medco Delta Dental and Vision Service Plan (VSP).

U.S. employers still see escalating health care costs as a key priority, according to a 2008 study from Unum, a U.S. insurance provider, and LIMRA International, an insurance marketing group. Eighty-eight percent of employers cited controlling health care costs as one of several primary concerns, along with recruiting talent and employee productivity.

Medical Plans

LSI will invest more than \$60 million in employee health benefits in 2009. We seek plans that provide comprehensive coverage along with access to a national network of physicians and hospitals. Each year the Benefits Department reviews benefit offerings to ensure that the company's health plans enable access to quality medical care and are competitive in helping us to recruit and retain talent when benchmarked against our peer companies. We partner with the LSI Finance and Purchasing departments to aggressively negotiate with carriers to deliver the best possible plan coverage at a reasonable cost to employees and the company.

In consolidating the 2009 benefits, LSI negotiated with all the legacy Agere and LSI plan carriers to obtain the best plan pricing and options. While this significantly increased the scope of the annual benefit renewal process, it enabled us to secure better contract terms and multi-year rate guarantees for some plans. In the case of voluntary term life insurance (VTL), both carriers came back with significant increases. In our negotiations we were able to obtain lower rates with ING over MetLife, however the 2009 premiums for some age groups still reflect a significant increase over prior years. Both MetLife (legacy Agere) and ING (legacy LSI) have experienced high dollar losses that were not covered by premiums paid into the plans. Given our high claims history in both legacy companies, the VTL rate increases under ING were expected.

In addition to benchmarking the plans, the approach to this year's benefits consolidation also included the following:

- Implement simplified benefit plan designs to ensure benefit dollars are spent on delivering benefits to active employees
 - Develop a robust package on the whole while balancing costs for employees and LSI, and mitigating employee impact
 - Minimize benefits disruption to employees and dependents
 - Maximize employee access to networks
- Obtain ELT review and approval of benefit plans

The resulting overall benefits package is highly competitive. However, as expected, along with some enhancements that were made, plan changes and certain tradeoffs were also required.

Benefit Plan Changes Can be Expected from Year-to-Year

Changes are made each year to offset health care cost increases. Even with these changes we expect health care costs will continue to increase and LSI will need to make appropriate plan changes in future years.

Helping Employees Stay Informed

LSI is focused on educating employees about some of the simple steps that can be taken to improve costs and utilization, without compromising the level of care needed to stay healthy. (For more information, see "Making the Most of Doctor's Office Visits," and "Tips for Better Health and Cost Savings," on page 4. Lumenos Health Reimbursement Account plan members also have access to a variety of web-based tools and resources including a health risk assessment, 24/7 nurse line, and guides to help you research a variety of conditions and medical procedures.)

Open enrollment communications, including this newsletter are dedicated to inform you and your family about LSI health care plan options and to help you select the benefits best suited to your needs. It is also important that you access either the legacy Agere or LSI "2009 Benefit Plans Info" document on the Benefits U.S. website. Each document outlines plan changes and actions that are specific to the legacy Agere or LSI employee populations.

Please take the time to read the contents, attend an open enrollment meeting, and talk to your spouse, domestic partner, and/or other covered family members about the plans available to you.

If you have questions, the HR Information Center is staffed by LSI employees who are ready to assist you and can be reached at 1-877-574-5463, or internally at 8003-7655.

LSI Benefits Highly Competitive with Peer Companies

Each year LSI participates in the BenVal Study, an independent benefit survey conducted by Towers Perrin Consulting Services, that ranks benefits competitiveness among an elite group of 32 U.S. multinational high tech companies, including Cisco, Intel, Yahoo!, IBM, and Applied Materials. For more than nine years LSI has consistently ranked among the top tier in overall benefits program competitiveness. In 2008 we ranked ninth among the 32 peer companies.

Transition Assistance When Changing Health Plans

Should you require assistance with ongoing medical needs when changing health plans due to one or more of your providers not being contracted with your new carrier, please contact your new health plan's customer service to inquire about transition assistance that would allow continuity of care. This includes an active course of treatment for an acute medical or behavioral health condition, pregnancy, or surgery.

If you are enrolling in the Anthem Blue Cross Lumenos Health Reimbursement Account (HRA) PPO in 2009, and require transition assistance, please refer to the Benefits U.S. website under Human Resources > Open Enrollment > **Anthem Transition Assistance**. Information about mental health/chemical dependency transition assistance under United Behavioral Health (UBH), can be found in the **UBH Transition Assistance** document. You must request assistance by January 31, 2009.

HMO subscribers should contact their current medical carrier to inquire about transitional benefits.

Customer Service for 2009 Health Plans

Lumenos HRA
1-877-244-3593

California Kaiser HMO
1-800-464-4000

Keystone Pennsylvania HMO
1-800-669-7061

Preferred Plus of Kansas HMO
1-800-660-8114

Oregon Kaiser HMO
1-800-813-2000

Georgia Kaiser HMO
1-800-611-1811

Medical Plan Tips

Making the Most of Doctor's Office Visits

Research has shown that the more a patient takes an active role in their own health care, the healthier they are. There are several simple measures you can take to make the most of doctor's office visits and improve your overall care:

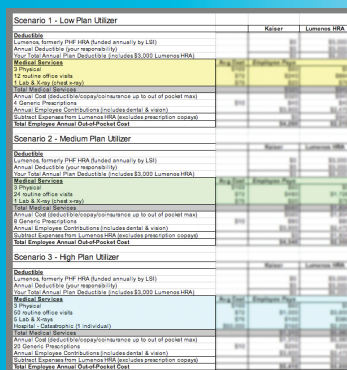
- Prepare a list of questions
- Take notes or ask that recommendations and instructions be put in writing
- Talk to your doctor about diet, nutrition and exercise, and ask for specific recommendations
- Tell your physician if you are taking medicines, including over-the-counter drugs, or vitamins
- If your physician prescribes a medicine:
 - Ask if there are any potential side effects
 - Request a generic medicine, if available
- Be as knowledgeable as you can about any condition you have
- Don't assume a doctor will contact you about test results. Ask when the results will be available and who to call to obtain them
- Ask why a treatment is needed, how it can help, the potential negatives, as well as if there are any alternatives
- If surgery is suggested, ask for details on what the operation involves, the expected results, any potential complications, and how you can best prepare
- Don't leave the office until you get answers to all your questions
- Keep a log of doctor's office visits

Tips for Better Health and Cost Savings

- Schedule periodic preventive check-ups
- Keep health records
- Keep track of screenings
- Manage chronic conditions
- Maintain a healthy weight
- Seek and evaluate health care information
- Use nurse lines, if available with your plan
- Prepare for doctor visits; create a dialogue with your doctor
- When possible, choose generic prescription medicines over brand names
- Reduce unnecessary physician visits
- Consult your physician to determine whether an emergency room visit is necessary. In many cases you can receive more appropriate care for non-emergency conditions at a doctor's office or urgent care clinic. Many of these facilities operate under extended weekday hours and on weekends.

Total Cost Estimator Charts

"Total Cost Estimator Charts" have been designed to give you a comparison of your total annual health care out-of-pocket costs for the Lumenos HRA (PPO) and HMO plans. Examples are based on national averages for cost of care and assume that a network provider is used for all services. To access a "Cost Estimator," visit the U.S. Benefits website under the Open Enrollment menu selection.



Enrolling Online through Portal - My World

Benefits open enrollment is conducted through My World, the online employee self-service web-based system, available through Portal on the Company intranet. My World allows employees to view current benefits, as well as to enroll and/or make changes to benefits for the new year, right from their computers or kiosk station.

For step-by-step instruction on using My World, please refer to the "Enrollment Online through Portal - My World" section on page 20 of this newsletter.

If You Later Choose to Join Your Spouse's Benefit Plans

If you decide at a later date to join your spouse's or domestic partner's 2009 benefit plans and want to drop LSI coverage, you may do so. You will need to notify the HR Information Center prior to December 12, 2008 to avoid deductions on your first 2009 paycheck.



Anthem Blue Cross Lumenos HRA PPO Plan

As a “consumer-driven” health care plan, the Lumenos Health Reimbursement Account (HRA) PPO allows you to control and manage your health care expenses, with potential cost savings to both you and the company. More than seventy-five percent of LSI employees are currently enrolled in this plan. A detailed chart of how the plan works is provided on page 7.

The per-pay-period contributions for the Lumenos HRA are considerably less than other health care plans offered by LSI. For more information, please refer to the Pre-Tax Group Health Plan Contributions chart (premiums) on page 8.

The Plan Offers:

- An extensive, nationwide network of providers
- Condition Care Management and other health management programs
- Robust preventative care benefits
- An array of tools, many of them web-based, to help participants with their health care decisions:
 - A 24/7 nurse line for medical advice (The phone number is provided on the back of member ID cards)
 - Web resources:
 - Prescription drug information including a list of generic equivalents, drug interactions, side effects
 - Health information including a WebMD site tailored for Plan members
 - The ability to track and manage health care expenses online
- An LSI-dedicated customer service team to handle employee and provider inquiries.
 - The team can provide plan year Health Reimbursement Account (HRA) claims and account balance information.
 - Providers may contact Anthem Blue Cross to verify that funds are available in their Lumenos HRA. Anthem Blue Cross will fax confirmation to the provider.
- Online password reset at www.anthem.com/ca, whereby employees can obtain new or reset existing passwords.

Condition Care Management Programs

It is estimated that up to 30-35 percent of chronic conditions can improve with the right mix of care. The Anthem Blue Cross Condition Care Management programs are designed to provide tools and resources to better manage these conditions. The programs include the following conditions:

- Asthma
- Diabetes
- Chronic Obstructive Pulmonary Disease (COPD)
- Coronary Artery Disease (CAD)
- Chronic Heart Failure (CHF)
- High cholesterol
- High blood pressure
- Musculoskeletal
- Oncology

Here's How the Condition Care Management Programs Work

Anthem Blue Cross:

- Identifies individuals with the chronic conditions listed above.
- Gives participants access to registered nurses and other health professionals that serve as “health coaches,” to provide education about the condition and develop a personalized plan.
- Helps participants:
 - Adhere to medication
 - Reduce the number of hospital stays
 - Decrease emergency room visits
 - Lead a healthier life

Anthem Lumenos HRA Website

Lumenos Health Reimbursement Account (HRA) plan members can use the www.anthem.com/ca website to locate plan and health information, track claims, view HRA balances, find providers, and access tools, including the health risk assessment.

How to Access HRA Amounts

Members will need to set-up their login and password on the www.anthem.com/ca website to view their Lumenos HRA amount. Please note that your dependents age 18 and over will need to set-up their own member accounts through the Anthem website. To ensure privacy in accordance with HIPAA, dependent authorization is required for you to view their Health Reimbursement Account balance information. Your dependent can provide you with access by clicking Manage My Profile, under Things You Can Do, (left menu bar), then checking the box to Allow Others to View my Information, and selecting Reset.

Anthem Blue Cross Customer Service Representatives (1-877-244-3593) have the ability to view all Lumenos HRA balances.

Anthem Blue Cross Members: Tap Into Discounts on Products and Services

Lumenos HRA plan members have access to a program called Special Offers@Anthem, which enables members to tap into alternative health and wellness practitioners, fitness clubs, weight loss programs, and other non-Anthem Blue Cross programs, at discounted rates. Logon to the www.anthem.com/ca website and access the MySpecialOffers tab at the top of the page. Then, follow the prompts.

Anthem Blue Cross Lumenos HRA PPO Plan

Condition Care Management Programs (cont.)

The program is an added service purchased by LSI and offered at no additional cost to Lumenos HRA plan members. Participation is voluntary and confidential. Information about participants is not shared with LSI. We will be monitoring these programs over time to evaluate their effectiveness. Plan members can self-enroll by calling the following number: **Condition Care Management Programs: 1-866-760-7537**

"Healthy Lifestyles" and Other Programs

The Lumenos Plan also offers additional wellness programs through Healthy Lifestyles Online. This program includes the following: **Tobacco Cessation, Weight Management, Stress Management, Physical Activity, Diet and Nutrition.** The programs are available at no additional cost to plan members.

Healthy Lifestyles Online Program: 1-877-252-8407, or log onto member services on the www.anthem.com/ca website, and choose the 360° Health tab.

Future Moms Maternity Program: 1-866 664-5404

Health Assessment Online Questionnaire/Tool

The Health Assessment is an online confidential health profile that takes only a few minutes to complete. It helps you measure your overall health and identify possible health risk factors based on your current health, family history, lifestyle and other data. It also provides the financial impact of different health risks as well as specific action steps for potential lifestyle improvements. We encourage members to access the Health Assessment tool by logging onto the www.anthem.com/ca website and selecting the 360° Health tab.

Other Helpful Tools Under the www.anthem.com/ca 360° Health Tab

- HealthCare Advisor
 - Find and compare hospitals in your area
 - Compare prescription medicines by condition
 - Check drug interactions
 - Estimate treatment costs for tests, physician visits and medications
 - View detailed treatment costs for providers in your area
- Access guides to help you prepare for surgical procedures, or consult a Health Coach if you are scheduled for an elective surgery. A coach can help you understand the procedure, potential complications and the typical period of time for recovery.
- MyHealth@Anthem
 - Access WebMD tools and resources
 - Create your own Health Record wallet card
 - Research a condition or an upcoming procedure

Provider Finder/ Urgent Care Centers

Follow the instructions below to access a list of Anthem Blue Cross Lumenos HRA providers, or to find out if urgent care facilities are in your area. In many situations, urgent care centers can serve as an alternative to emergency rooms. (Because Anthem Blue Cross is building this network, urgent care centers may not be available in some locations.)

Urgent Care Centers Offer These Advantages:

- No appointment required
- Significantly reduced wait times
- Much lower costs than an emergency room
- Evening and weekend hours
- Frees up emergency rooms for patients in life threatening situations

How to locate providers/urgent care centers

Visit www.anthem.com/ca

Select Find a Doctor from the homepage.

Under Medical Providers, choose BlueCard PPO. Under Guests, choose PPO.

Search for a Provider by Location by entering your address and/or zip code, or, choose the Lookup by Name option at the top right hand side of the screen, to enter your physician's information. Click Next. Follow the prompts.

To Locate an Urgent Care Facility:

Follow the instructions above. Under Select Provider, choose Hospital, Clinic or other Medical Facility. If an Urgent Care Center is available in your zip code, Urgent Care Centers will appear as the last option in the Select Specialty drop down box.

Anthem Blue Cross Lumenos HRA PPO Plan

The Lumenos Health Reimbursement Account (HRA) plan has three components to provide comprehensive medical coverage for you and your covered dependents.

1. Health Reimbursement Account (HRA) – You choose how to use this money, funded by LSI and based on family size.

You can use the fund (no deductibles, no copays) for covered medical expenses, office visits, specialist care, etc.

The full annual HRA is available at the start of the plan year.*

2. Deductible Amount – If the HRA is exhausted for covered medical expenses, you will have a deductible to pay.

3. Plan Benefits – If you or a covered family member have medical expenses over and above the HRA and the deductible, plan benefits will pay 100% of covered in-network services.

*If you have a family status change and add a dependent mid-year, the HRA will be pro-rated.

Anthem Blue Cross Lumenos HRA — How It Works

IN-NETWORK PREVENTIVE CARE	HEALTH REIMBURSEMENT ACCOUNT (HRA)	DEDUCTIBLE AMOUNTS	IN-NETWORK PLAN BENEFITS	NON-NETWORK PLAN BENEFITS
<p>Well Baby & Well Child Care Ages 0 thru 1: 100% Age 2 & older: 100% in-network</p> <p>Adult Preventive Care: 100% in-network</p> <p>Covered Charges: Preventive physical exams and immunizations</p> <p>Covered services are paid by the plan at 100% with no copay or deductible, and will not be deducted from the Health Reimbursement Account (HRA) nor accumulated toward deductible or out-of-pocket maximum satisfaction</p> <p>Non-Network Preventive Care: Out-of-network preventive care services are now paid like any other out-of-network claims. They are subject to the plan deductible and co-insurance, and are reimbursable using any available funds in the participant's HRA (with the exception of amounts above reasonable and customary).</p>	<p>Annual Allowance \$1,000 for single coverage \$2,000 for two-party coverage \$3,000 for family coverage</p> <p>Reimbursable Items All Medical Expenses for Covered Charges Reimbursement: 100% until allowance is depleted</p> <p>Items Not Reimbursable Expenses not covered by medical plan (including non-network amounts in excess of reasonable & customary), prescription copays and mental health/chemical dependency expenses/copays</p>	<p>Difference between HRA Allowance and Individual Deductible of \$2,000</p> <p>Expenses paid by the employee before the deductible is met may be submitted to an employee's Health Care Spending Account (FSA)</p> <p>Employee is responsible for paying charges up to the \$2,000 individual deductible or the \$6,000 family maximum deductible</p> <p>Only those charges considered covered under the medical plan will accumulate toward satisfying the deductible</p> <p>Expenses not covered by medical plan (including non-network amounts in excess of reasonable & customary) and, prescription copays do not accumulate toward satisfying the deductible</p> <p>The HRA is applied towards satisfying the deductible amount</p>	<p>Once the deductible is met, all in-network claims for that person are paid by the plan at 100% for the remainder of that year</p> <p>Individual Deductible: \$2,000 Family Deductible: \$6,000</p> <p>In-Network Out-of-Pocket Maximums: \$2,000/person \$6,000/family</p> <p>Once the individual/family out-of-pocket maximum is met, all in-network claims for that person/family are paid by the plan at 100% for the remainder of that year</p> <p>Amounts above reasonable and customary are the member's responsibility</p> <p>Prescription drug copays continue to be the member's responsibility</p>	<p>Once the deductible is met, the plan pays 60% and the member pays 40% for covered expenses until out-of-pocket maximums are reached</p> <p>Individual Deductible: \$2,000 Family Deductible: \$6,000</p> <p>Non-network Out-of-Pocket Maximums: \$3,450/person \$7,350/family</p> <p>Once the individual/family out-of-pocket maximum is met, all non-network claims for that person/family are paid by the plan at 100% of reasonable and customary for the remainder of that year</p> <p>Amounts above reasonable and customary are the member's responsibility</p> <p>Prescription drug copays continue to be the member's responsibility</p>

Here are more details on each of these plan elements:

LSI annually funds the HRA on the employee's behalf with the following contributions:

- Employee: \$1,000
- Employee + 1 Dependent: \$2,000
- Employee + 2 or more: \$3,000

You can spend the money in your HRA on your choice of a wide range of medical expenses, including doctor office visits and other covered services. Once you receive care, submit your claim for reimbursement. In-network providers will submit the claim on your behalf. Anthem Blue Cross will automatically pay any medical expense that is credited toward your deductible using your HRA funds. *Please note: This fund will not reimburse expenses incurred for mental health/chemical dependency, as that coverage is offered through United Behavioral Health. Prescription drugs are also handled separately by Medco. Prescription drug copays are not reimbursed through your HRA funds, as they are reimbursable tax-free if you enroll in a Health Care Spending Account.*

If you use less than the amount funded to your HRA, those dollars roll over into next year's HRA. You may accrue up to two year's worth of employer funding in your HRA. If you choose not to enroll in the Lumenos HRA Plan for the following year you will forfeit any unused balance.

If you use all the funds in the HRA, you will have a deductible to pay and then the Lumenos HRA insurance coverage will come into effect. For more information on how the plan works, refer to the Group Health Summary Plan Description (SPD) on the Benefits U.S. website.

Health Care Premiums

For Anthem Blue Cross Lumenos HRA, HMO Kaiser, and Preferred Plus of Kansas

The LSI Corporate benefits strategy is to provide a benefits program that is high quality, cost effective, competitive and meets employee needs. We continuously monitor both the quality and cost of our health care plans.

Pretax Group Health Plan Contributions

Payroll deductions occur every paycheck effective from January 1, 2009.

The medical plans listed below include dental, vision, EAP and chemical dependency.

Location	Medical Plan	Employee Only	Plus 1 Dependent	Plus 2 Dependents	Plus 3 or More
California	Anthem Blue Cross Lumenos HRA	\$25	\$80	\$95	\$105
California	Kaiser	\$40	\$120	\$155	\$165
Georgia	Anthem Blue Cross Lumenos HRA	\$25	\$80	\$95	\$105
Georgia	Kaiser	\$35	\$105	\$135	\$145
Kansas	Anthem Blue Cross Lumenos HRA	\$25	\$80	\$95	\$105
Kansas	Preferred Plus of Kansas	\$35	\$105	\$135	\$145
Oregon	Anthem Blue Cross Lumenos HRA	\$25	\$80	\$95	\$105
Oregon	Kaiser	\$40	\$120	\$155	\$165
Pennsylvania	Anthem Blue Cross Lumenos HRA	\$25	\$80	\$95	\$105
Pennsylvania	Keystone	\$50	\$145	\$175	\$210
All Locations	Anthem Blue Cross Lumenos HRA	\$25	\$80	\$95	\$105
International Assignment Only	Cigna International	\$40	\$120	\$155	\$165

Please note: Actual costs for Domestic Partner coverage will vary due to IRS tax treatment of this benefit.

Please refer to the Open Enrollment section of the Benefits website, located on Insight, for complete details.

All Sites Summary of Medical Benefits

Plan Features

Anthem Blue Cross Lumenos Health Reimbursement Account (HRA) - PPO

	(In-Network)	(Non-Network)
Available Locations	All locations	
Health Reimbursement Account Annual Allowance	\$1,000 single \$2,000 two-party \$3,000 family	
Benefit Level	100% for most services \$2M lifetime maximum	*60% for most services* ¹
Preventive Care	100%	60%* Subject to plan deductible and co-insurance.
Deductible	\$2,000/person \$6,000/family	
Doctor's Office Visit	100% for most services*	60% for most services* ¹
Emergency Room Visit	100% for most services*	60% for most services* ¹
Hospital Room & Board	100% for most services*	60% for most services* ¹ after \$500 per admit copayment
Behavioral Health Benefits	Mental health and chemical dependency coverage through United Behavioral Health (UBH). Outpatient copayments for UBH in-network:**	
	Visits	Cost
	1-10	\$10 each
	11-20	\$20 each
	21-50	\$30 each
Out-of-Pocket Maximum	\$2,000/person \$6,000/family	\$3,450/person ¹ \$7,350/family ¹
Primary Care Physician	No, but you must use network providers	No
Prescription Drugs (Medco)	Retail: \$10 generic, \$20 brand, \$40 non-formulary, 30 day supply. Mail order: \$20 generic, \$40 brand, \$80 non-formulary, 90 day supply.	

For additional details regarding the plan design of the Lumenos Health Reimbursement Account (HRA), please see page 6 in this newsletter.

¹ Of reasonable and customary expenses

* Deducted from Lumenos Health Reimbursement Account (HRA) Annual Allowance

**Note: Some states passed legislation mandating certain coverage for behavioral health and/or substance abuse. This is currently the case in Massachusetts, North Carolina, Kansas, and Texas. Plan participants in these and other states that have such legislation may be entitled to different benefits. Call UBH at 1-800-605-6442. For Plan members in Kansas, see the box at right.

**For Kansas, following the first five EAP visits, the benefits listed below apply for mental health and chemical dependency coverage through United Behavioral Health (UBH). Outpatient copayments for UBH in-network:

Visits	Cost
1-3	\$0 for each
4-10	\$10 for each
11-20	\$20 for each
21-50	\$30 for each

All Sites Provider Directories

Directories are available for you to see if your doctor(s) is included in the Anthem Blue Cross Network.

Most directories and prescription formulary lists are available on-line at the provider web sites listed to the right. Or you may call the provider directly to have one mailed to you.

Provider	Website	Group #	Phone Number
Anthem Blue Cross	www.anthem.com/ca	CA: 1793 UR All other locations: 1793 UT	1-877-244-3593
Main website for: plan information and resources, access to member 2008 HRA account balances.			
Delta Dental	www.deltadentalins.com	7369	1-800-765-6003
Medco	www.medco.com	LSI CORP	1-800-711-0917
Vision Service Plan	www.vsp.com	00808401	1-800-877-7195
United Behavioral Health	www.liveandworkwell.com	10700	1-800-605-6442
login access code: 10700			

Kaiser HMO Summary of Medical Benefits

Plan Features	Kaiser HMO - California	Kaiser HMO - Georgia	Kaiser HMO - Oregon
Available Locations	California	Georgia	Oregon
Benefit Level	100% w/\$20 copayment Unlimited lifetime maximum	100% w/\$20 copayment Unlimited lifetime maximum	100% w/\$20 copayment Unlimited lifetime maximum
Preventive Care (Age 2 and under) (Over age 2)	\$5 copayment \$20 copayment	100% coverage \$20 copayment	100% coverage \$20 copayment
Deductible	None	None	None
Doctor's Office Visit	\$20 copayment	\$20 copayment	\$20 copayment
Emergency Room Visit	\$50 copayment	\$75 copayment	\$75 copayment
Hospital Room & Board	100% coverage after \$100 per admit copayment	100% coverage after \$100 per admit copayment	100% coverage after \$100 per admit copayment
Behavioral Health Benefits	Mental health outpatient: \$20 copayment per visit, up to 20 visits per year. Inpatient: 100% coverage after \$100 per admit copayment, up to 30 days per year. Chemical dependency coverage through UBH.	Mental Health Outpatient: \$20 copayment per visit, up to 20 visits per year. Inpatient: 100% coverage after \$100 per admit copayment, up to 30 days per year. Chemical dependency coverage through UBH.	Mental Health Outpatient: \$20 copayment per visit, up to 40 visits per year. Inpatient: 100% coverage after \$100 per admit copayment. Chemical dependency coverage through UBH.
Option to Go Outside Network	No	No	No
Out-of-Pocket Maximum	\$1,500/person \$3,000/family	\$2,000 per person \$6,000 per family	\$750/person \$1,500/family
Primary Care Physician	Yes	Yes	Yes
Prescription Drugs	Retail: \$10 generic, \$20 brand, 30 day supply. Mail order: \$20 generic, \$40 brand, 100 day supply.	Retail: \$10 generic if filled at Kaiser, \$25 brand if filled at Kaiser, \$16 generic if filled by Eckerd's/Walgreens, \$31 brand if filled by Eckerd's/Walgreens, 30 day supply Mail order: \$20 generic \$50 Brand; 90 day supply; available through Kaiser only.	Retail: \$10 generic, \$20 brand, 30 day supply. Mail order: \$20 generic, \$40 brand, 90 day supply.

Physician & Provider Directories

Directories are available for you to select a Primary Care Physician or to see if your doctor(s) is included in a particular health plan.

Most directories and prescription formulary lists are available on-line at the provider web sites listed to the right. Or you may call the provider directly to have one mailed to you.

Provider	Website	Group #	Phone Number
All Kaiser Plans	http://my.kp.org/lsi National Website (additional resource)	NA	1-800-556-7677
Kaiser, CA	www.kaiserpermanente.org	472 CA	1-800-464-4000
Kaiser, GA	www.kaiserpermanente.org	02857-00-28	1-800-611-1811
Kaiser, OR	www.kaiserpermanente.org	7885-AA-10	1-800-813-2000
Delta Dental	www.deltadentalins.com	7369	1-800-765-6003
Vision Service Plan	www.vsp.com	00808401	1-800-877-7195
United Behavioral Health logon access code: 10700	www.liveandworkwell.com	10700	1-800-605-6442

Keystone Pennsylvania and Preferred Plus of Kansas HMOs

Summary of Medical Benefits

Plan Features	Keystone HMO Pennsylvania	Preferred Plus of Kansas
Available Locations	Pennsylvania	Kansas
Benefit Level	100% w/ \$20 copayment Unlimited lifetime maximum	100% w/\$20 copayment \$2M lifetime maximum
Preventive Care (Age 2 and under) (Over age 2)	\$20 copayment \$20 copayment	100% coverage \$20 copayment
Deductible	None	None
Doctor's Office Visit	\$20 copayment	\$20 copayment
Emergency Room Visit	\$50 copayment	\$100 copayment
Hospital Room & Board	100% coverage after \$100 per admit copayment (\$200 annual copay maximum)	100% coverage after \$150 per admit copayment
Behavioral Health Benefits	Mental Health Outpatient: \$25 copayment per visit, up to 20 visits per year. Inpatient: 100% coverage after \$100 per admit copayment, up to 30 days per year. Chemical dependency coverage through UBH.	Mental Health Outpatient: 100% of the first 3 visits, 70% thereafter. Inpatient: no copayment limited to 30 combined days. Chemical dependency coverage through UBH.
Option to Go Outside Network	Coverage for emergency services worldwide, Access to BlueCard Program and Guest Membership Program	No
Out-of-Pocket Maximum	None (hospital copay limited to 2 per calendar year)	\$1,500/person \$3,000/family
Primary Care Physician	Yes	Yes
Prescription Drugs	Retail: \$10 generic, \$20 preferred brand, \$40 non-preferred brand 30 day supply. Mail Order: \$20 generic, \$40 preferred brand \$80 non-preferred brand 90 day supply.	Retail: \$7 generic, \$20 brand, \$40 non-formulary 30 day supply. Mail Order: \$17 generic, \$50 brand, \$100 non-formulary, 100 day supply.

Physician & Provider Directories

Directories are available for you to select a Primary Care Physician or to see if your doctor(s) is included in a particular health plan.

Most directories and prescription formulary lists are available on-line at the provider web sites listed to the right. Or you may call the provider directly to have one mailed to you.

Provider	Website	Group #	Phone Number
Keystone, PA	www.capbluecross.com	514936	1-800-669-7061
Preferred Plus, KS	www.phsystems.com/html/service/service.html	500259	1-800-660-8114
Delta Dental	www.deltadentalins.com	7369	1-800-765-6003
Vision Service Plan	www.vsp.com	00808401	1-800-877-7195
United Behavioral Health logon access code: 10700	www.liveandworkwell.com	10700	1-800-605-6442

LSI Dental Plan

All LSI medical plans automatically include dental coverage with Delta Dental, Group #7369. Under this dental program, you may use any dentist you wish. It is to your advantage to select a dentist who is a Delta dentist, since participating dentists fees have been negotiated in advance by Delta.

Delta Dental PPO

The Delta Dental PPO is available to all U.S. employees. The PPO offers a wide selection of dentists for you to choose from. For a directory of Delta Dental PPO dentists, visit Delta Dental's website at www.deltadentalins.com.

By using the services of a PPO dentist there are no deductibles and benefits will be paid at a higher rate. Refer to the chart below for details about your dental benefits.

Under the PPO option, you can:

- change your PPO dentist any time without preapproval
- see a PPO specialist of your choice without preapproval
- select a different PPO dentist for each family member

If you use a Delta dentist, your dentist will file your claim and receive reimbursement directly from Delta Dental. You will receive an explanation of benefits that describes any amount you may owe to the dentist.

If your dentist is not a Delta dentist, Delta must be given written proof of your claim for benefits within 90 days after you have received dental care or treatment. Claim forms can be obtained at your dental office or by calling Delta Dental at 1-800-765-6003. The completed claim form should be sent to Delta Dental, P.O. Box 997330, Sacramento, CA 95899-7330.

Item	Delta Dental PPO Dentist	Non-PPO Dentist
Dentist	Select from Delta Dental PPO dentists (each time services are needed)	Select any licensed dentist other than a close relative
Maximum Annual Benefit	\$2,250	
Annual Deductible	No deductible	\$ 60 per person \$180 per family
Copayments Preventive/Diagnostic Basic Treatment Major Treatment	100% coverage – no deductible 90% coverage 60% coverage (subject to pre-treatment estimate approval)	100% coverage – no deductible 80% coverage 50% coverage (subject to pre-treatment estimate approval)
Orthodontic Treatment Adults and Children	50% coverage up to maximum lifetime benefit: \$2,000 per person	

LSI Vision Plan

All LSI medical plans automatically include vision benefits. The LSI Vision Service Plan (VSP) normally pays 100% of eligible expenses if you use a VSP network doctor, and up to scheduled dollar limits if you use a non-network vision care provider. A \$20 deductible applies each time you receive an examination and/or order glasses or contacts from a VSP network doctor.

To receive vision care, make an appointment with your VSP doctor. Your doctor will obtain any necessary paperwork from VSP directly. If your doctor is not a VSP doctor, please send a copy of the itemized bill(s) to VSP at:

Out-of-Network Claims Department
VSP Headquarters, P.O. Box 997105
Sacramento, CA 95899-7105

Refer to the chart at right for details about your vision benefits.

Item	VSP Member	Non-Member	Time Frame
Vision Exam	100%	Up to \$45	Once each calendar year
Annual Deductible	\$20	\$20	Once each calendar year
Frames	Up to \$130 allowance, plus 20% discount on any amount over \$130	Up to \$50 retail	Every other calendar year
Lenses	100% Single Vision lined bifocals lined trifocals lined lenticular	Single Vision up to \$45 lined bifocals up to \$65 lined trifocals up to \$85 lined lenticular up to \$125	Once each calendar year
Contacts	100% if medically necessary. Cosmetic contact lenses are in lieu of all other benefits noted above and VSP will provide up to a \$105 allowance toward their cost.		Once each calendar year in lieu of lens & frame

Note: All cosmetic features added to lenses are not covered by this plan.

Life Insurance

This is the time to evaluate life insurance coverage for you and your family. You have the ability during Open Enrollment to change your current coverage under the company-paid basic life insurance policies or purchase additional life insurance through the Voluntary Term Life Insurance (VTL) Plan.

Company Provided Life Insurance Policies

All regular LSI employees are offered basic life, accidental death & dismemberment (AD&D), and business travel accident (BTA) insurance coverage. Eligible dependents (spouse, domestic partner, and dependent children), covered under the LSI group health plans also have a basic life insurance policy. Regular employees must work a minimum of 30 hours per week to be eligible for dependent life coverage. Life insurance benefits are reduced as follows for regular employees working less than 35 hours per week:

- Regular part-time employees who work 20, but less than 30 hours per week, are eligible for 50% of the life insurance benefit.
- Regular part-time employees who work 30, but less than 35 hours per week, are eligible for 75% of the life insurance benefit.

Beneficiary designations or changes for the life insurance plans can be made in My World.

(The same designation(s) would apply to the basic life, AD&D and BTA plans.)

The chart below outlines the amounts of coverage available for each policy.

The IRS Imputed Income Rule

Under federal tax laws, if the total employer-paid life insurance amount is more than \$50,000, the value of the premiums for the coverage above \$50,000 will be added to the earnings reported on your annual W-2. This is called "imputed income." You will pay applicable income taxes on this amount. This amount is reflected in your paycheck as "Basic Life."

Insurance Coverage Summary (Company Paid)

Hours Worked Per Week	Basic Life Coverage Amounts*	AD&D Coverage Amounts	Business Travel Accident Coverage Amounts	Dependent Life Insurance Coverage Amounts**
35 or more	Choice of one: <ul style="list-style-type: none"> • 2X annual base salary • 1.5X annual base salary • 1X annual base salary • 2X annual base salary to a max. of \$50K 	Same as Basic Life	3X annual base salary up to \$1,000,000	\$5,000 for dependents 6 months of age or older; \$500 for children under 6 months of age
30 - 34	Choice of one: <ul style="list-style-type: none"> • 2X annual base salary to a max. of \$50K • 1.5X annual base salary • 1X annual base salary 	Same as Basic Life	3X annual base salary up to \$1,000,000	\$5,000 for dependents 6 months of age or older; \$500 for children under 6 months of age
20 - 29	• 1X annual base salary	Same as Basic Life	3X annual base salary up to \$1,000,000	Not Available

* Includes Targeted Sales Commissions. Note: There is a \$1.5 million maximum policy benefit amount unless otherwise noted above.

**Your dependent must be enrolled in an LSI health care plan in order to be eligible for dependent life coverage.

For basic life and AD&D, the total benefit amount is reduced to 65% of your benefit when you reach age 65. Increases in insurance amounts require evidence of insurability.

Voluntary Benefits

Voluntary Benefits Provide Added Coverage Options

LSI offers a range of voluntary benefits to enhance its benefits package offerings.

Pre-Paid Legal Services and Identity Theft Shield

The Pre-Paid Legal Services and Identity Theft Shield plans may be purchased together or separately. You pay your premiums through LSI payroll deductions. Pre-Paid Legal Services determines rates and coverage.

Pre-Paid Legal Services and the Legal Shield

The Pre-Paid Legal Services benefit provides access to attorneys nationwide for the common legal issues encountered by employees and their families. If you leave LSI, both benefits are portable and the rates remain the same.

Services provided by the plan include:

- Phone consultations
- Wills and living wills preparation
- Letters written to a third party
- Traffic issues
- Document reviews

Legal assistance begins with your State's Provider Law Firm and includes a national network of referral attorneys and specialists. The Legal Shield is a 24/7 hotline to call for assistance if you are arrested, detained or dealing with law enforcement.

Coverage is provided for you and your spouse or domestic partner and eligible dependent children.

For information call 1-800-530-3151 to speak to a Pre-Paid Legal Services representative, or send an email to: runsell@qwest.net

Identity Theft Shield

The Identity Theft Shield benefit is designed to safeguard your credit standing and alert you of fraudulent activity before your credit is jeopardized.

Protection through this benefit includes:

- A detailed credit report from Experian and analysis of your credit score
- Continuous credit monitoring
- Monthly activity reports
- Fraud alerts
- Credit restoration needed as a result of an identity theft incident

The plan covers you and your spouse or domestic partner.

Employee Monthly Premiums

Deductions are taken from the first paycheck of each month.

The employee monthly premiums* are:

- Pre-Paid Legal Services (and the Legal Shield): \$15.95
- Identity Theft Shield – identity theft protection: \$12.95
- Combination – Pre-Paid Legal Services and Identity Theft Shield: \$25.90

** Please note that different rates and plan designs apply to employees located in New Jersey and New York, per State insurance regulations. For more details please visit the Open Enrollment section of the Benefits U.S. website.*

How to Enroll

Enrollment occurs once per year during open enrollment, using My World. You may enroll (or opt out) from September 15 to 30, for coverage starting on January 1, 2009. Employees from both legacy companies who were previously enrolled in Pre-Paid Legal Services do not need to re-enroll in My World during this Open Enrollment. Your coverage will continue. However, we encourage you to verify your election in My World to ensure accuracy.

Contact Pre-Paid Legal Services for additional information at 1-800-530-3151, or email: runsell@qwest.net

Voluntary Benefits from MetLife

Auto and Home Insurance, Group Long-Term Care Insurance and Veterinary Pet Insurance are administered through MetLife and can be conveniently paid by you through LSI payroll deductions. MetLife determines rates and coverage. Premiums are paid by employees who elect the coverage.

Auto and Home Insurance

MetLife® Auto & Home's group program gives you access to quality auto and home insurance, as well as a full range of other personal insurance policies, including renters, boat, and personal excess liability ("umbrella" policy). The program also features 24-hour claim reporting and a variety of payment options to make your insurance more convenient. You may apply for coverage at any time.

Group Long-Term Care Insurance

Nursing Home Coverage and Comprehensive Coverage

Long-Term Care Insurance helps you pay for certain non-medical services you or an eligible family member could need if no longer capable of performing normal daily activities including bathing, dressing or eating. The need for long-term care can arise as a result of a serious accident, illness, or disability. You can choose either Nursing Home Coverage or Comprehensive Coverage. Each plan provides a different total lifetime benefit and covers different services. Depending on the plan you choose, services could include:

- Initial care advisory visits
- Home care and adult day care
- Nursing home, hospice, respite care and other long-term care services

This type of care generally isn't covered by other insurance. Group long-term care insurance is a simple, affordable way to help protect your savings and assets in the event that an eligible family member requires long-term care. Because the plan can provide benefits for care at home or in a facility, such as a nursing home, it can give you more financial flexibility in making important decisions about where long-term care services are received.

You or other eligible family members can enroll at any time. Your spouse, domestic partner*, adult children, stepchildren, adopted children age 18 and older, parents, parents-in-law, step parents, step parents-in-law, parents of domestic partners*, grandparents of domestic partners*, grandparents, and grandparents-in-law can apply for coverage, even if you don't elect coverage for yourself.

You may elect coverage at any time after you retire from/leave LSI. A surviving spouse may also apply for coverage for a family member. Employee enrollment and enrollment for eligible family members requires medical underwriting and evidence of insurability.

**Coverage availability for domestic partners is contingent upon state insurance regulations.*

METLIFE BENEFITS CONTINUED ON NEXT PAGE

Voluntary Benefits from MetLife, cont.

Veterinary Pet Insurance

Veterinary Pet Insurance (VPI) can help you better manage the high cost of veterinary services for your pet. VPI is the number one licensed insurance plan for pets and is recommended by veterinarians and their staffs. Exclusively endorsed by the American Humane Association, plans provide comprehensive coverage that allows you to use any veterinarian worldwide (including specialist referrals) with no pre-authorization required. A VPI policy helps pay for prescriptions, lab fees, x-rays, surgery, hospitalization, treatment and office visits for any covered medical problem, subject to policy terms. You may apply for coverage at any time.

Plans are Portable

The MetLife plans are portable if you leave LSI. Group Long-term Care and Veterinary Pet insurance premiums would remain the same. The group discount for Group Auto and Home insurance would no longer apply.

How To Enroll

Visit MetLife's website at www.metlife.com/mybenefits. You will be able to enroll online right from your home or work computer. You may also call a MetLife representative at 1-800-GET-MET-8 (1-800-438-6388). Please note that enrollment for the LSI 2009 Group Long-Term Care Insurance can be completed anytime after December 1, 2008. You can apply for Auto and Home Insurance and Veterinary Pet Insurance at any time.

Voluntary Term Life Insurance

The LSI Voluntary Term Life (VTL) Insurance plan allows you to purchase additional life insurance coverage for yourself and eligible dependents, while taking advantage of low group rates. Employee and spouse/domestic partner rates are based on age; there is a flat rate for children. You may purchase up to \$750,000 in additional term life insurance for yourself, up to \$250,000 for your spouse/domestic partner and up to \$10,000 for each child. Your VTL premiums are conveniently paid through payroll deductions.

Maximum Guaranteed Issue Levels

The guaranteed issue levels are:

- \$400,000 for employees under age 65
- \$200,000 for employees age 65 and older
- \$50,000 for spouse, domestic partner; coverage terminates at age 70

Annual Voluntary Term Life: Increase Level Change

Employees may increase current levels of Voluntary Term Life Insurance up to \$20,000 per year without providing evidence of insurability up to the guaranteed issue limits for themselves and their spouse/domestic partner. All new plan entrants need to provide satisfactory evidence of insurability. The insurance company will notify you of the status of your application for coverage within approximately 30 days, following your application.

You may increase or decrease VTL coverage using My World.

Anyone not currently enrolled in VTL wishing to enroll now, must complete an application and an Evidence of Insurability Form, located on the Benefits website. If you are obtaining life insurance coverage for your spouse/domestic partner, their signature is required on the Evidence of Insurability form.

Beneficiary designations or changes can be made in My World. In the event the beneficiary is a trust, you will need to complete the form provided in My World and submit it to the HRIC.

To calculate your VTL monthly cost, complete the worksheet below.

To calculate your monthly Voluntary Term Life Insurance cost, complete this worksheet:

Employee _____ units	x	\$_____ per unit	=	\$ _____
Spouse _____ units	x	\$_____ per unit	=	\$ _____
Child(ren) _____ units	x	\$_____ per unit	=	\$ _____
Total Monthly Cost				\$ _____

Did you know?

Did you know that your VTL policy is portable if you leave LSI? There is a \$500,000 limit on the amount of Voluntary Life Insurance you may take with you should you leave the company. You can keep the policy active by sending premiums directly to the insurance carrier. Your premium rates will remain the same, with the exception of a nominal billing fee.

MONTHLY Voluntary Term Life Premiums

(For Employee & Spouse)

Age	Monthly Cost per \$10,000 unit
Under 24	\$.60
25-29	.60
30-34	.90
35-39	1.00
40-44	1.30
45-49	1.90
50-54	3.20
55-59	5.30
60-64	8.20
65-69	15.50
70-74*	25.20
75-79*	42.50
80+*	57.00

The monthly premium for children is \$.20 per 1,000 unit. *Note: At age 65, the value of your VTL coverage is reduced by 35 percent, at age 75, the value of your coverage is reduced by 55 percent, and at age 80 the value of your coverage is reduced by 70 percent.

Behavioral Health Benefits



LSI realizes that personal problems can interfere with job performance of our valuable employees. If unresolved issues are affecting the quality of your personal and professional life, it may be a signal to call the Employee Assistance Plan (EAP) at 1-800-605-6442. All LSI employees and their dependents are automatically covered by EAP benefits.

United Behavioral Health (UBH) is the EAP provider. With UBH, you are entitled to five free confidential visits each year. The EAP Plan allows you to access all five of your visits with a UBH provider prior to using any of the outpatient behavioral health benefits.

Non-Network Coverage United Behavioral Health coverage includes outpatient behavioral health services through a non-network provider, for employees enrolled in the Lumenos HRA (PPO).

Non-Network treatment is covered at 60%. The coverage applies to medically necessary, pre-authorized outpatient services.

How Your EAP Works

You can call any time of the day or night. A specially trained UBH Intake Counselor will be there to take your call and help to get you the care you need with a therapist in the UBH network.

We would like to remind you that all visits, including EAP, behavioral health and chemical dependency, must be pre-authorized by UBH. Before beginning treatment, you must call 1-800-605-6442 to obtain authorization from UBH. Any service that has not been pre-authorized will not be considered for benefit payment by UBH. Refer to the charts below for details regarding your benefits.

Some of the reasons you might call UBH:

- relationship problems
- child-rearing concerns
- divorce
- depression
- loss of a loved one
- legal and financial worries
- tensions at work
- excessive use of drugs or alcohol

EAP and Chemical Dependency Benefit Plan for HMO Subscribers Kaiser, Keystone and Preferred Plus of Kansas

Covered Services	UBH Provider	Non-UBH Provider
Employee Assistance Plan	Five free visits per family member per calendar year	Not available
Chemical Dependency Treatment • Outpatient (Limited outpatient Chemical Dependency Treatment added for certain approved circumstances)	Visits 1-10, \$10 copayment Visits 11-20, \$20 copayment Visits 21-50, \$30 copayment	Visits 1-50, 60% coverage after \$300 deductible each calendar year
• Intermediate Care*	No deductible 100% coverage with program completion 50% coverage w/out program completion	No deductible 60% coverage with program completion No coverage w/out program completion
• Inpatient, Detoxification & Rehabilitation	90% coverage after \$100 deductible per admission	50% coverage after \$300 deductible per admission
Maximum Benefits • Chemical Dependency Services: Inpatient, Outpatient & Intermediate Care*	50 outpatient visits per calendar year 1 course of CD treatment per calendar year 2 courses of CD treatment per lifetime	

EAP, Mental Health and Chemical Dependency Benefit Plan for Lumenos HRA Subscribers

Covered Services	UBH Provider	Non-UBH Provider
Employee Assistance Plan	Five free visits per family member per calendar year	Not available
Mental Health Services • Outpatient	Visits 1-10, \$10 copayment Visits 11-20, \$20 copayment Visits 21-50, \$30 copayment Out-of-pocket maximum \$1,150	Visits 1-50, 60% coverage after \$300 deductible each calendar year
• Inpatient/Intermediate Care*	90% coverage after \$100 deductible per admission	50% coverage after \$300 deductible per admission
Chemical Dependency Treatment • Outpatient	Visits 1-10, \$10 copayment Visits 11-20, \$20 copayment Visits 21-50, \$30 copayment	Visits 1-50, 60% coverage after \$300 deductible each calendar year
• Intermediate Care*	No deductible 100% coverage with program completion 50% coverage w/out program completion	No deductible 60% coverage with program completion No coverage w/out program completion
• Inpatient, Detoxification & Rehabilitation	90% coverage after \$100 deductible per admission	50% coverage after \$300 deductible per admission
Maximum Benefits • Outpatient Behavioral Health/ Chemical Dependency	50 outpatient visits per calendar year, mental health and chemical dependency combined	
• Chemical Dependency Services, Inpatient & Intermediate Care*	1 course of CD treatment per calendar year 2 courses of CD treatment per lifetime	
• Inpatient Behavioral Health Services	50 Inpatient MH days per calendar year, 100 Inpatient MH days per lifetime	

EAP Summary for Employees Who are not covered by an LSI Health Plan

Covered Services	UBH Provider	Non-UBH Provider
Employee Assistance Plan	Five free visits per family member per calendar year	Not available

* Intermediate Care Treatment means a planned therapeutic program for persons with mental disorders which includes diagnosis, care and treatment when the patient does not require full-time hospitalization, but does need more intensive care than traditional outpatient visits (i.e. day treatment, evening treatment, intensive outpatient, etc.).

Note: Some states passed legislation mandating certain coverage for behavioral health and/or substance abuse. This is currently the case in Massachusetts, North Carolina, Kansas, and Texas. Plan participants in these and other states that have such legislation may be entitled to different benefits. Call UBH at 1-800-605-6442 for details.

Health Care Flexible Spending Account

Remember: You MUST re-enroll in the Health Care Spending & Dependent Care Account each year, regardless of whether your FSA contributions change or not!

The Health Care Flexible Spending Account allows participants to use pre-tax money to pay for eligible health care expenses not covered by medical, dental, vision or EAP insurance.

The Plan is Simple...

- Estimate your incurred out-of-pocket health care expenses for the plan year (January 1 to December 31). See the Internal Revenue Service (IRS) claims extension information in the box at right. Use the worksheet on the following page to help you estimate your costs. You can only claim reimbursement for medical services actually received. If you have a pre-payment situation, such as for orthodontic care, contact TRI-AD to clarify what is eligible for reimbursement.
- The annual amount that you specify will be deducted, pre-tax, in equal amounts from each paycheck and credited to a special, tax-free account.
- When you have eligible expenses, use your FlexCard or apply for reimbursement from the account. Because you are using pre-tax money, you don't pay income tax on the money you use to pay for those services.

Examples of eligible expenses are listed in the chart below. Eligible expenses are reimbursed separately from your paycheck. You may logon to the TRI-AD website to set up direct deposit for your reimbursements. If you do not sign up for direct deposit, your reimbursement will be mailed to your home address.

How to Enroll

Remember: Open enrollment for this benefit is September 15-30. Just follow the directions outlined in the Online Enrollment through Portal - My World section of this newsletter.

Under IRS tax rules, health care and dependent care expenses for domestic partners and children of domestic partners do not qualify for favorable tax treatment under the flexible spending account, and therefore are not eligible expenses for this program.

TRI-AD

TRI-AD, the LSI flexible spending accounts administrator is accessible to employees via the internet at the following address: www.tri-ad.com.

You can email TRI-AD 24 hours a day, 7 days a week with questions regarding your account. Send an email to TRI-AD at fsa@tri-ad.com. Include your name and the company name in the email. The TRI-AD Client Service Department will check email every two hours during business hours, and a response will be issued to you within 24 hours. Please note that claims will not be accepted through email.

You may view your FSA balance and track your claims online at www.tri-ad.com. The TRI-AD Client Service Department is also reachable by phone at 1-888-844-1372.

Internal Revenue Service Ruling Allows for Health Care Spending Account Claims Extension

The IRS allows for a ten week extension in which to incur claims for funds you elect for your Health Care Spending Account. This means you can incur 2009 Health Care Spending Account expenses up to March 15, 2010 for reimbursement by March 31, 2010. Current Internal Revenue Service regulations stipulate that any unused amounts are forfeited.

Expenses reimbursed from the employer-funded Anthem Blue Cross Lumenos Health Reimbursement Account (HRA), are not eligible for reimbursement from your Health Care Spending Account.

Health Care Spending Account Eligible Expenses

Acupuncture	Deductibles	Laetrile by Prescription	Cost for Mentally or Physically Disabled	Telephone, Special for Deaf
Alcoholism (substance abuse) Treatment	Dental Fees	Legal Abortions	Psychiatric Care	Therapy Treatments
Ambulance Hire	Dentures	Massage Therapy (for medical purposes)	Psychoanalysis	Transplant/Donor Medical Expenses
Amounts Exceeding Payments Made by Insurance Companies for Eligible Expenses (UCR)	Diagnostic Fees	Midwife	Psychologists' Fees	Transportation Expenses, Primarily in the Rendering of Medical Services
Artificial Limbs	Eyeglasses, Including Examination Fee	Nursing Services	Radial Keratotomy	Tuition at Special School for the Disabled
Birth Control Pills	Hearing Devices	Obstetrical Expenses	Routine Physicals	Vaccinations/Immunizations
Car Controls for the Disabled	Home Improvements/ Modifications Motivated by Medical Considerations	Orthodontics	Seeing-Eye Dog and Its Upkeep	Wheelchair
Chiropractors	Hospital Bills	Orthopedic Shoes	Solutions for the Care of Prescription Contact Lenses	Wigs (for hair loss due to disease)
Christian Science Practitioners' Fees	Insulin	Oxygen	Speech Therapists' Fees	X-Rays
Crutches	Insurance Co-Payments	Physician Fees	Sterilization Fees	
	Laboratory Fees	Prescription Drugs and Medical Supplies	Surgical Fees	
		Private Institution/Home		

Dependent Care Flexible Spending Account

Remember: You MUST re-enroll in the Health Care Spending and Dependent Care Account each year, regardless of whether your FSA contributions change or not!

Take Advantage of TAX-FREE Dollars!

Looking for a good deal? Discover what a great benefit the Dependent Care Spending Account can be:

- You decide how much you want to contribute based on your needs and the plan maximums (estimate how much you will spend on dependent care during the plan year, January 1, 2009–December 31, 2009 using the worksheet at the right).
- Your contributions are taken from each paycheck before taxes are calculated and deposited into an account for you.
- This means you pay taxes on a lower amount of salary!
- When you file a claim, you are reimbursed with the money in your account. Your reimbursement is TAX-FREE!

How To Enroll

You must enroll during the Benefits Open Enrollment Period September 15-30, 2008. Enrollment is easy. Just follow the directions outlined in the "Open Enrollment through Portal - My World" article of this newsletter.

You can use the dependent care account if:

- You and your spouse are gainfully employed,
- You are a single, working parent, or
- Your spouse is a full-time student for at least 5 months during the plan year

What's Covered?

- Child care for kids through kindergarten (your kindergarten or other care facility needs to break out tuition and child care expenses since the IRS excludes expenses for education)
- Care before and after normal school hours - non-education expenses (for children under age 13)
- Day Camps (not overnight camps). Day programs that specialize in an activity (e.g., soccer or computer camps) may qualify
- Expenses for an au pair or nanny, including payroll taxes
- Day care for a disabled parent (provided the parent is living with you at least 8 hours a day and is claimed as your dependent for federal income tax purposes)

Dependent Care Spending Account Worksheet

Common Expense Examples	Spent This Year	Expected Next Year
January	\$	\$
February	\$	\$
March	\$	\$
April	\$	\$
May	\$	\$
June	\$	\$
July	\$	\$
August	\$	\$
September	\$	\$
October	\$	\$
November	\$	\$
December	\$	\$
Subtract amounts not paid due to vacation & holidays	\$	\$
Add additional amounts for summer months when school is out	\$	\$
TOTAL	\$	\$
MAXIMUM ALLOWABLE LIMIT	\$5,000	\$5,000
Per Pay Period Deduction (divide by 26)		
Maximum Deduction = \$192.30	\$	\$

(Worksheet corresponds to page 17.)

Health Care Spending Account Worksheet

Common Expense Examples	Spent This Year	Expected Next Year
Deductible:		
Medical	\$	\$
Dental	\$	\$
Co-Payments:		
Medical	\$	\$
Dental	\$	\$
Coinurance:		
Medical	\$	\$
Dental	\$	\$
Vision Exams	\$	\$
Contacts	\$	\$
Glasses	\$	\$
Mental Health Counseling	\$	\$
Chiropractic Care	\$	\$
Orthodontia	\$	\$
Hearing Exams/Aid	\$	\$
Prescription Drugs	\$	\$
Vaccinations/Immunizations	\$	\$
Other	\$	\$
TOTAL	\$	\$
MAXIMUM ALLOWABLE LIMIT	\$5,000	\$5,000
Per Pay Period Deduction (divide by 26)		
Maximum Deduction = \$192.30	\$	\$

Flexible Spending Accounts

Important Reminders for Flexible Spending Accounts

- Refer to the Flexible Spending Account Summary Plan Description, located on the Benefits website on Insight, for complete details.
- Plan carefully – current Internal Revenue Service (IRS) regulations stipulate you must either use or lose the amount you elect to deposit into your Flexible Spending Account during the year in which the expenses occurred. Please refer to the IRS claims extension ruling for Health Care Spending Accounts, on page 17.
- The maximum amount you may contribute annually is \$5,000 for the Health Care Spending Account and \$5,000 for the Dependent Care Spending Account, during the year in which expenses were incurred. (Under federal regulations, individuals earning more than \$95,000 annually—along with certain other key employees—may have their maximum contribution reduced if plan participation is low).
- If you are reimbursed for health care expenses through the Health Care Spending Account, you cannot claim the same expenses as itemized deductions on your federal or state tax returns.
- Eligible dependent care expenses must be for an individual who is listed as a dependent on your income taxes. This may include a child or an elderly or disabled relative.
- Dependent care provided must be necessary in order for you and your spouse (if applicable) to go to work.
- Dependent care can be provided by a relative, but not a dependent relative.
- The Dependent Care Account is an alternative to the dependent care tax credit on your federal income tax return. Generally, families with an income of \$28,000 or more will usually benefit by using the Dependent Care Account instead of the federal tax credit. You cannot receive the benefit of both the Dependent Care Account and the federal tax credit for the same expenses. Consult your tax advisor to determine which option is better for you.
- Dependent Care Account funds can only be used for dependents under age 13. Budget funds accordingly if your dependent(s) turn 13 during the plan year.

Take Note if Electing the Lumenos Health Reimbursement Account (HRA) PPO Plan!

- If you are electing the Anthem Blue Cross Lumenos Health Reimbursement Account (HRA) PPO Plan, you need to plan your Health Care Spending Account dollars carefully. The plan includes an employer contribution that provides first dollar coverage for many health care expenses, before the employee deductible takes effect.
- Expenses reimbursed from the employer-funded Lumenos HRA are not eligible for reimbursement from your Health Care Spending Account.

Family Status Changes

Under IRS rules, the Health Care Spending and Dependent Care Account contribution decisions you make each plan year will stay in effect for the entire year. You can only change the amount you have elected if you have a significant “change in family status” during the course of your employment with LSI.

You may enroll in any of the flexible spending account plans or change your contribution within 31 days of the change in status. In general, a change in family status is a life event that affects your need for a flexible spending account (FSA). Examples of a family status change are:

- Marriage, divorce or legal separation;
- The birth or placement for adoption of a child;
- The death of a spouse or a dependent;
- A change in employment for your spouse;
- A change in your employment status from full-time to part-time (or vice versa);
- An unpaid leave of absence taken by you or your spouse; and
- A significant change occurs in you or your spouse’s health coverage because of a change in your spouse’s employment.

To make a change, contact the Human Resources Information Center within 31 days of the event at GDDS 8003-7655, or 1-877-LSI LINE (1-877-574-5463).

Open Enrollment Online through Portal - My World

Using Portal - My World

LSI is pleased to bring you online benefits open enrollment through My World, the web-based employee self-service system! Your open enrollment changes and selections can be done right from your computer or kiosk station. To make this a smooth and easy process, you are encouraged to read the entire contents of this guide before attempting to login.

Important Note: Please reference the cover of this newsletter for a checklist of actions you may need to take for this open enrollment period, depending on whether you are currently under the legacy LSI or Agere 2008 benefit plans. More details are provided in the Legacy LSI and Legacy Agere "2009 Benefit Plans Info" documents, posted on Insight, under Human Resources > Benefits U.S. > Open Enrollment. You will need to access the document that corresponds to you, to obtain the 2009 changes relative to which plans (legacy LSI or Agere) you are currently enrolled in. It is important to remember, that if you wish to participate in the Flexible Spending Account, you must re-enroll each year, whether your contribution amount is changing or not. You may access My World from the Quick Links menu, located on Insight. This link will take you to Portal's login page. Once there, you will be asked to input your login ID and password.

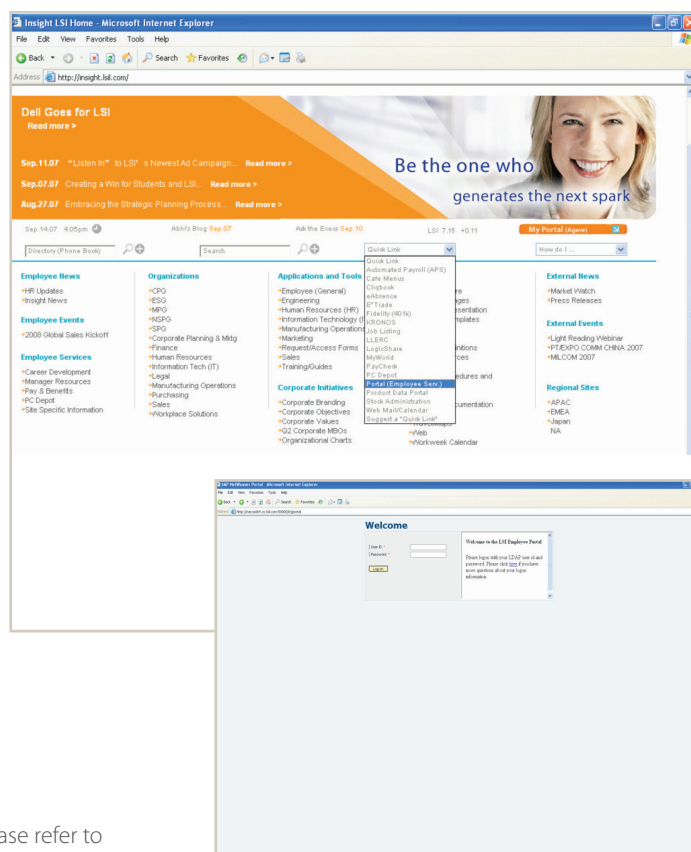
User ID and Passwords

Use your LDAP User ID and password. Employees with questions regarding their IDs and passwords should direct their inquiries to the LSI Help Desk at help@lsi.com or 1-888-574-4357.

For complete step-by-step instructions on how to use My World in Portal, please refer to the steps on the following pages. To aid in maneuvering through the system, refer to the "Getting Started and Helpful Hints" section below. If additional assistance is required, contact the HR Information Center at GDDS 8003-7655, or 1-877-LSI LINE (1-877-574-5463).

Using My World – Getting Started and Helpful Hints!

1. Before logging on to Portal, please visit the PC Depot to download and install the most current version of Microsoft Internet Explorer. This is a no-cost download.
2. If you attempt to delete a dependent incorrectly, you may receive an error message regarding the health plan. In order to successfully delete the dependent, follow the step-by-step instructions in this guide for Medical Plan, delete or enroll dependent(s).



IMPORTANT NOTE

To maintain confidentiality, employees are strongly encouraged to always select the log off button after each use with Portal. Employees accessing Portal through shared kiosks should be aware that, without selecting the log off button, personal data might remain on the screen for the next user to view.

Open Enrollment Online through Portal - My World

View Current Benefit Elections

- Step 1** From the Portal main Menu, select My World.
From the Detailed Navigation menu, select Services, then Benefits Participation.
Your benefit plans are listed under Current Participation. Click on any plan for further details.

Add a Dependent

- Step 1** From the Detailed Navigation Menu select Change Family Member
- Step 2** At the Family Member drop down box at the top of the screen select the type of dependent you wish to add (i.e. child, spouse, domestic partner, or domestic partner child)
- Step 3** Select "New" if you are adding a new dependent. Select "Change" if this is to add a previously deleted dependent or update an existing dependent's data.
- Step 4** Enter the dependent's start date, at the top of the screen, as January 1, 2009.
- Step 5** Enter the dependent's information (include primary care physician, PCP, when enrolling in an HMO, if it is different from the employee's PCP).
- Step 6** Click the "Save" button. The dependent will now appear in the Family Member overview.

Repeat these steps to add other dependents

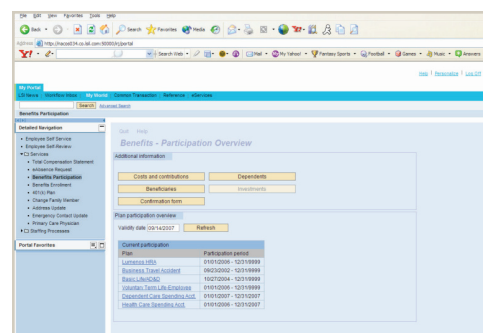
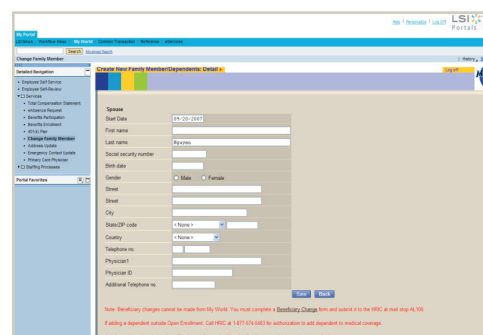
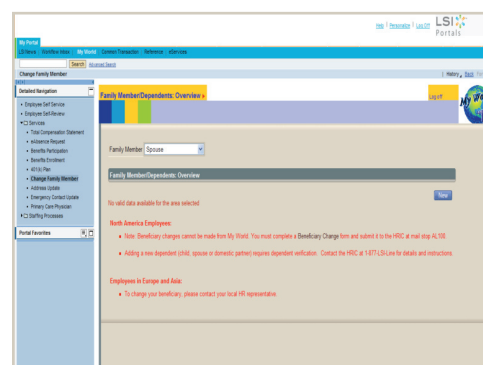
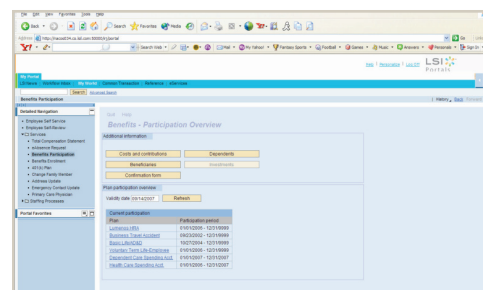
You have now added your dependent to the My World System. However, you still need to elect medical coverage for this individual. To accomplish this, follow the instructions for Enroll/Change Medical Plans below.

Additional Action Required! When enrolling a new dependent, a copy of a birth certificate is required to enroll a child, a copy of a marriage certificate is required to enroll a spouse, and a completed and notarized Domestic Partner Certification form is required to enroll a domestic partner and/or a domestic partner child. This required documentation must be received by the HRIC at mail stop L100, or fax number 1-719-533-7668, prior to the close of Open Enrollment. When enrolling a dependent between the ages of 19 to 25, you will be required to provide full-time student verification to the benefit provider at a later date.

Medical Plan

Enroll/Change/Opt Out/Delete or Enroll Dependent(s)

- Step 1** From the Detailed Navigation Menu select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on the new medical plan you wish to enroll in, or Opt Out (if opting out, skip steps 3, 4, 7 and 8)
- Step 3** Select the dependent/coverage level that you wish to enroll in from the Dependent Coverage drop down menu
- Step 4** Scroll down and place a checkmark by all dependents to be covered (see Add a Dependent above). To delete a dependent from medical coverage, uncheck the dependent box. Verify that the selected coverage level corresponds to the number of covered dependents.
- Step 5** Click the "Add to Selection" button at the top of the page
- Step 6** Click the "Submit" button
- Step 7** When electing the Preferred Plus of Kansas HMO you are required to enter Primary Care Physician (PCP) information (from the detailed navigation menu, select Primary Care Physician). This will assign the same PCP to all covered dependents. To assign a different PCP to your covered dependents, go to the Detailed Navigation Menu, select Change Family Member.
- Step 8** After entering your PCP information, you must select "Save"



Additional Action Required!

When electing to Opt Out of medical coverage, you must complete a Health Care Waiver form, located on the Benefits website on Insight. This required documentation must be received by the HRIC at mail stop L100, or fax number 1-719-533-7668, prior to the close of Open Enrollment.

Open Enrollment Online through Portal - My World

Enroll in a 2009 Flexible Spending Account

You MUST re-enroll in the Health Care and/or Dependent Care account(s) each year, regardless of whether your contribution amount is changing!

- Step 1** From the Detailed Navigation Menu select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on Health Care Spending Account (scroll to the right to make sure you are enrolling in the 2009 plan)
- Step 3** Enter in an annual amount between \$25 and \$5,000
- Step 4** Click the "Add to selection" button
- Step 5** Click the "Submit" button

Repeat the above steps, selecting Dependent Care Spending Account in Step 2, to enroll in the Dependent Care Account plan.

Once entered, if you wish to revise your 2009 FSA Open Enrollment election, scroll to the right and select the Health Care or Dependent Care account for 2009. Enter the new amount. Click "Add to select" then click "Submit."

Once entered, if you wish to delete your 2009 FSA Open Enrollment election, scroll to the right and select the Health Care or Dependent Care account for 2009. Check the "Stop Participation in Period" box. Click "Add to selection." And then click "Submit."

Increase or Decrease Company Provided Life Insurance (Basic Life)

- Step 1** From the Detailed Navigation Menu, select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on Basic Life/AD&D
- Step 3** Make a new "Insurance Option" selection from the drop down menu under "Insurance option and coverage"
- Step 4** Go to "Beneficiary selection" section to change the percentages if needed
- Step 5** Click the "Add to selection" button
- Step 6** Click the "Submit" button

Note: Only beneficiaries with a number between 1 and 100 in the percent column will be a designated beneficiary. To add or delete a dependent/other beneficiary, go to the "Family Member/Dependents" link. In the event the beneficiary is a trust, complete a Beneficiary Change form located in My World and submit it to the HRIC at mail stop AL 100, or by faxing 719-533-7668.

Short Term Disability (STD)

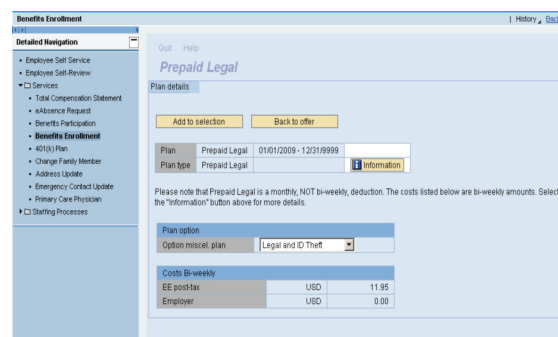
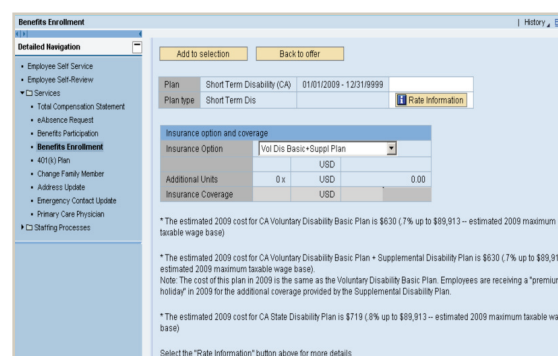
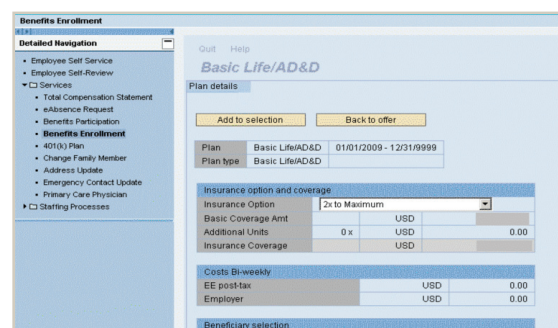
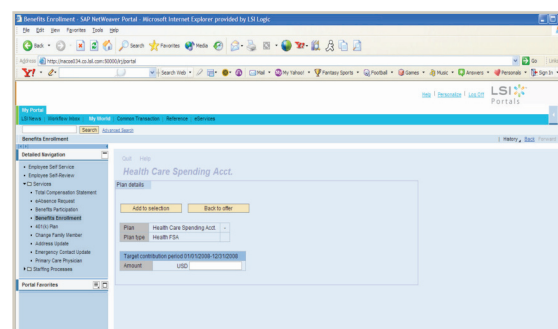
Legacy LSI employees will be able to view their current STD plan election. Legacy Agere employees must actively make a selection either enrolling in or opting out of the plan.

- Step 1** From the Detailed Navigation Menu, select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on Short Term Disability.
Legacy LSI employees can view current STD plan and can skip the following steps. Legacy Agere employees continue with steps 3 through 5.
- Step 3** Make a new "Insurance Option" selection from the drop down menu under "Insurance option and coverage"
- Step 4** Click the "Add to selection" button
- Step 5** Click the "Submit" button

Prepaid Legal

View/Enroll/Change/Opt Out

- Step 1** From the Detailed Navigation Menu, select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on Prepaid Legal
- Step 3** Make a new "Option" selection from the drop down menu under "Plan option"
- Step 4** Click the "Add to selection" button
- Step 5** Click the "Submit" button

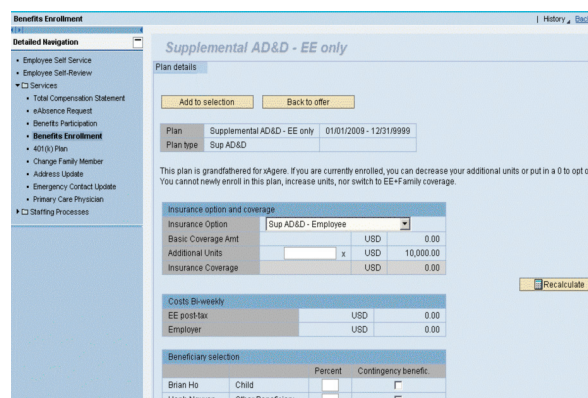


Open Enrollment Online through Portal - My World

Decrease Supplemental AD&D

This plan is grandfathered for legacy Agere employees. If you are currently enrolled, you can decrease your additional units or enter 0 to opt out. You cannot newly enroll in this plan or increase units. If you are enrolled in EE only coverage, you cannot switch to EE+Family coverage

- Step 1** From the Detailed Navigation Menu, select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on Supplemental AD&D – EE only or Supplemental AD&D – EE + Family
- Step 3** Enter in an amount to decrease units or 0 to opt out
- Step 4** Go to “Beneficiary selection” and enter the percentages for each beneficiary. To add or delete a dependent/other beneficiary, go to the “Family Member/Dependents” link.
- Step 5** Click the “Add to selection” button
- Step 6** Click the “Submit” button



Supplemental AD&D - EE only

Plan details: Add to selection, Back to offer

Plan: Supplemental AD&D - EE only 01/01/2008 - 12/31/9999

Plan type: Sup AD&D

This plan is grandfathered for Agere. If you are currently enrolled, you can decrease your additional units or put in a 0 to opt out. You cannot newly enroll in this plan, increase units, nor switch to EE+Family coverage.

Insurance option and coverage: Sup AD&D - Employee

Basic Coverage Amt	USD	0.00
Additional Units	x	USD 10,000.00
Insurance Coverage	USD	0.00

Costs Bi-weekly: EE post-tax USD 0.00, Employer USD 0.00

Beneficiary selection:

	Percent	Contingency benefit
Brian Ho	Child	<input type="checkbox"/>
Hanh Nguyen	Other Beneficiary	<input type="checkbox"/>

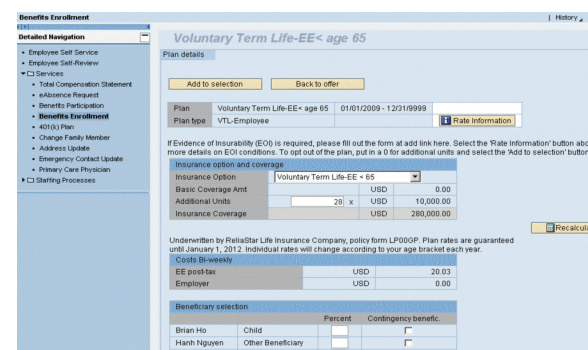
Recalculate

Note: Only beneficiaries with a number between 1 and 100 in the percent column will be a designated beneficiary. In the event the beneficiary is a trust, complete a Beneficiary Change form provided in My World and submit it to the HRIC at mail stop AL 100, or by faxing 719-533-7668.

Increase or Decrease Voluntary Term Life Insurance (VTL)

See page 15 for information on enrollment instructions and how to make other changes.

- Step 1** From the Detailed Navigation Menu, select Benefits Enrollment and then select Open Enrollment
- Step 2** Click on Voluntary Term Life-Child or Voluntary Term Life-Spouse or Voluntary Term Life-EE < 65 or Voluntary Term Life-EE >= 65
- Step 3** Enter in an amount to increase/decrease additional units or 0 to opt out
- Step 4** Go to “Beneficiary selection” section to change the percentages if needed. For legacy Agere employees, see Step 4 listed above, under Decrease Supplemental AD&D.
- Step 5** Click the “Add to selection” button
- Step 6** Click the “Submit” button



Voluntary Term Life-EE < age 65

Plan details: Add to selection, Back to offer

Plan: Voluntary Term Life-EE < age 65 01/01/2009 - 12/31/9999

Plan type: VTL-Employee

If Evidence of Insurability (EOI) is required, please fill out the form at add link here. Select the 'Rate Information' button above more details on EOI conditions. To opt out of the plan, put in a 0 for additional units and select the 'Add to selection' button.

Insurance option and coverage: Voluntary Term Life EE < 65

Basic Coverage Amt	USD	0.00
Additional Units	20 x	USD 10,000.00
Insurance Coverage	USD	280,000.00

Costs Bi-weekly: EE post-tax USD 20.03, Employer USD 0.00

Beneficiary selection:

	Percent	Contingency benefit
Brian Ho	Child	<input type="checkbox"/>
Hanh Nguyen	Other Beneficiary	<input type="checkbox"/>

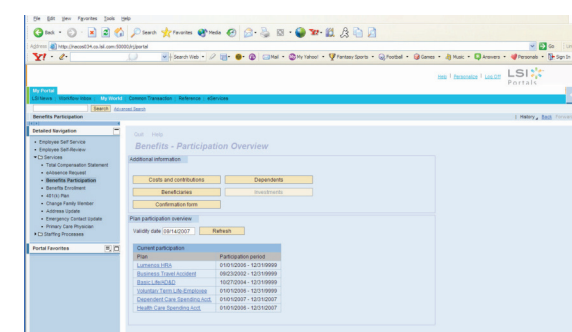
Recalculate

Note: Only beneficiaries with a number between 1 and 100 in the percent column will be a designated beneficiary. To add or delete a dependent/other beneficiary, go to the 'Family Member/Dependents' link. In the event the beneficiary is a trust, complete the Beneficiary Change form provided in My World and submit it to the HRIC at mail stop AL 100, or by faxing 719-533-7668.

View Your Open Enrollment Benefits Confirmation Form

- Step 1** After submitting selections, at the Enrollment complete screen, click “Display confirmation form”
 - Step 2** Print the pdf form
- Alternatively,
- Step 1** From the Detailed Navigation Menu select Benefits Participation
 - Step 2** Change the Validity date to 01/01/09
 - Step 3** Click the "Refresh" button
 - Step 4** Click on any plans for further details

Print Your Open Enrollment Benefits Elections



Benefits - Participation Overview

Validity date: 01/01/2009

Plan	Participation period
Legacy AD&D	01/01/2008 - 12/31/9999
Legacy Term Life	01/01/2008 - 12/31/9999
Legacy AD&D	01/01/2008 - 12/31/9999
Legacy Term Life	01/01/2008 - 12/31/9999
Legacy AD&D	01/01/2008 - 12/31/9999
Legacy Term Life	01/01/2008 - 12/31/9999

Additional Benefits

While not a part of the benefits you need to enroll in during the open enrollment timeframe, there are additional benefits as part of the 2009 consolidation that the Benefits Department would like to highlight.

Fitness Club Subsidy Offered in 2009

LSI is offering a fitness club membership program through International Fitness Club Network (IFCN). Under the program, LSI will provide a 50 percent subsidy toward fitness club membership fees up to a \$250 annual maximum.

This benefit is being incorporated into LSI's 2009 benefits package as a means to encourage employees to join a fitness club and maintain an active, healthy lifestyle. This subsidy was found to be very competitive when benchmarked against our peer companies.

You may join any fitness club you choose. If you join an IFCN network club, you will have additional benefits, including:

- A one-week free trial at a participating International Fitness Club Network (IFCN) health club. The IFCN network includes more than 5,000 U.S. health and fitness clubs
- Preferred pricing on health and fitness clubs with which IFCN contracts
- The Passport Travel Program: If you belong to an IFCN club that participates in the travel program, you are eligible to visit another IFCN /Passport Travel member club for a nominal fee when traveling more than 50 miles outside your home.

More Information

- Starting in January 2009, you may visit www.ifcn.org, or call 1-800-866-8466 to search for participating fitness clubs, using LSI as the login code.
- Click on the Health Club Directory link on the left-menu.
- If the club you are interested in is part of the IFCN network, download the one-week free trial membership certificate(s). Certificates are not to be combined for more than one-week at the same club.
- Download the LSI Subsidized Fitness Program Agreement. This form needs to be filled out by the club you join, and faxed by you or the club for reimbursement.
- Reimbursements to you are made twice per year.

Fitness club membership program information, including the forms required for the sign-up process, will reside on the new Work Perks website starting in January 2009: Insight > Human Resources > Work Perks. More details will be available at that time.

All LSI employees also have access to:

- Online health and fitness-related tools and information
- Preferred pricing on fitness equipment and self-help kits listed on the IFCN website

Additional Discount Program Available to Anthem Blue Cross Plan Members

Anthem Blue Cross Lumenos HRA (PPO) plan members have access to a program called Special Offers@Anthem, which provides discounts to fitness clubs, and other non-Anthem Blue Cross programs at discounted rates. See page 5 of this newsletter for contact information.

Adoption Assistance Program

Regular U.S. employees scheduled to work at least 20 hours per week or more are eligible for adoption assistance. Under the 2009 program, LSI will reimburse 100% of all eligible expenses associated with the adoption of a child, up to an annual maximum of \$10,000 per employee. A subsidy of up to \$15,000 is available for the adoption of a special-needs child. Under the program, "special needs" is defined as a child with physical, emotional, behavioral, and developmental special needs.

Eligible expenses include legal fees (attorney fees, notary fees, etc.), court fees, adoption agency fees, including foreign adoption fees, home study fees, and background checks for adoptive parents.

More information is available under the Adoption webpage located on the intranet, under Human Resources > Benefits U.S. > Life Events > Adoption.

Consolidation of Legacy LSI/Agere Discount, Work Life Services Programs = Expanded Work Perks

The Beneplace employee discounts and Leverage Life concierge/work life services will be consolidated under the Work Perks program umbrella in 2009 to provide employees with a wide variety of offerings, including:

- Corporate discounts (wireless, home computer)
- Discounts on movie tickets, theme parks and special events
- Research and referrals for child/elder care, adoption, pet care, home repair, and education
- Travel and event planning services
- Retail and home services discounts

Starting in January 2009, the new Work Perks website will provide a single point of entry to all programs and services from Insight > Human Resources > Work Perks.

Additional Information

The HR Information Center

The HR Information Center is a toll-free, live and in-person resource for Benefits questions. LSI Benefits representatives are available to answer your questions Monday through Friday, from 8 a.m. - 5 p.m. Mountain Standard Time (MST), and Eastern Standard Time (EST). To contact the HR Information Center, call GDDS 8003-7655, or 1-877-LSI LINE (1-877-574-5463).

The HR Information Center is a year round resource for eligibility questions, medical, dental, vision, and EAP coverage, 401(k), life and disability insurance, flexible spending accounts, family status changes, beneficiary information, forms, Open Enrollment and My World information.

The Benefits Website

The Benefits website is located on the Company intranet under Human Resources > Benefits U.S.

Please bookmark this website and refer to it as an ongoing resource for important benefits information.

Open Enrollment Meeting Schedule

Major Locations	Local Time	Building/Conference Room
Allentown, Pennsylvania		
Monday, September 8	11:00 AM	LVCC room 12F-101
Monday, September 8	2:00 PM	LVCC room 12F-101
Tuesday, September 9	11:00 AM	LVCC room 12F-101
Tuesday, September 9	2:00 PM	LVCC room 12F-101
Thursday, September 11	11:00 AM	LVCC room 12F-101
Thursday, September 11	2:00 PM	LVCC room 12F-101
Austin, Texas		
Friday, September 12	10:00 AM	Kramer Lane Training Room and Riata Trace – Mt. Bonnell
Friday, September 12	1:00 PM	Kramer Lane Training Room and Riata Trace – Mt. Bonnell
Boulder, Colorado		
Thursday, September 11	10:00 AM	Walnut
Colorado Springs, Colorado		
Tuesday, September 9	10:00 AM	Sterling
Fort Collins, Colorado		
Thursday, September 11	2:00 PM	High Point
Longmont, Colorado		
Thursday, September 11	10:00 AM	Colorado & St. Vrain
Minneapolis, Minnesota		
Wednesday, September 10	10:00 AM	Cafeteria
Norcross, Georgia		
Tuesday, September 9	1:00 PM	Cheyenne/Stone Mountain
Northern California		
Tuesday, September 9	10:00 AM	1621 Barber Lane/MIT 1 & 2
Wednesday, September 10	1:00 PM	1621 Barber Lane/MIT 1 & 2
Thursday, September 11	10:00 AM	1621 Barber Lane/MIT 1 & 2
Waltham, Massachusetts		
Monday, September 8	2:00 PM	Technical Training Room
Wichita, Kansas		
Monday, September 8	3:00 PM	Green East
Friday, September 12	11:00 AM	Green East

Although an attempt has been made to ensure that this publication is accurate, the official plan documents will govern in case of any conflict. LSI reserves the right to change, suspend or discontinue all or any part of the Plans at any time.

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LSI Benefits
Open Enrollment Newsletter
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