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**Benefits Department**  
Mailstop KSOPKJ0201-2067  
5454 West 110th Street  
Overland Park, KS 66211

July 26, 2007

Today EMBARQ announced significant changes to three areas of our retiree benefits program — medical coverage, life insurance and the matching gifts program.

Recent developments in the Medicare marketplace make it more practical and efficient for Medicare-eligible individuals to purchase medical coverage directly through a national carrier or one of the many companies who specialize in the Medicare market than for EMBARQ to provide this coverage.

This brochure outlines these medical coverage changes, as well as changes to retiree life insurance and the matching gifts program. The brochure also is a summary of material modifications to the summary plan description for the Embarq Retiree Medical Plan.

If you are a Medicare-eligible retiree or have Medicare-eligible dependents, you will receive more detailed information from EMBARQ about the medical changes as soon as arrangements are finalized, likely before mid-September. Also, you may be contacted by a national health care benefits company to offer you help in understanding your medical coverage alternatives and information about the options they offer for medical coverage. In the meantime, we encourage you to begin researching other alternatives for your medical coverage.

We will keep you up to date and provide you with more information as soon as possible.

Sincerely,

A handwritten signature in black ink that reads "Randall T. Parker". The signature is written in a cursive style.

Randall T. Parker  
Director, Benefits

## The EMBARQ™ Mission...

*To be the first choice to serve the total communications needs of our communities.*

*This brochure provides general information about EMBARQ™ retiree*

## What is changing and when?

### Medical Coverage for Medicare-eligible Individuals...

On **January 1, 2008**, EMBARQ will no longer offer company-sponsored medical coverage to Medicare-eligible retirees or Medicare-eligible dependents. EMBARQ will continue to offer company-sponsored medical coverage to retirees and dependents who are not eligible for Medicare.

A national health care benefits company identified by EMBARQ will contact you to offer help in understanding your medical coverage alternatives. This company will provide convenient, user-friendly sales and ongoing support, a Web site, a toll-free telephone help line and easy-to-read printed materials. In addition, the company will conduct informational meetings in select locations.

Other carriers likely will offer coverage options to you as well. EMBARQ is not endorsing any particular carrier or coverage option, so we encourage you to carefully evaluate all of your options. You will be free to choose your own medical coverage provider.

### Monthly Medicare Premium Subsidy...

Starting **January 1, 2008**, EMBARQ will no longer provide a monthly subsidy for Medicare premiums.

### Life Insurance...

Effective **January 1, 2008**, any company-provided life insurance benefits will be capped at \$10,000. Any current optional life insurance you purchased in the past can continue under the terms of that plan.

### Matching Gifts Program...

The EMBARQ™ Matching Gifts Program will no longer be available for gifts you make after **September 1, 2007**. All matching gifts program forms must be postmarked by September 30, 2007, to be considered for a matching contribution.

#### **Practical Ingenuity**

*This is our promise to customers and the marketplace.*

*We found it more practical and efficient for Medicare-eligible individuals to receive medical coverage directly through national carriers who specialize in the Medicare market than for EMBARQ to provide this coverage.*

## Why is this occurring?

To offer high-quality products and services to our customers, EMBARQ must continuously adapt to today's fast-paced and changing communications market. This means that, as an employer, we must periodically adjust the programs we offer to keep the company competitive. Recent changes in the Medicare marketplace make it more practical and efficient for many Medicare-eligible individuals to purchase medical coverage directly through a national carrier or one of the many companies who specialize in the Medicare market than for EMBARQ to provide this coverage.

*benefits changes announced on July 26, 2007.*

### **These changes are designed to...**

**Keep EMBARQ competitive** within our industry and the markets where we operate

**Offer more flexibility and choice** to Medicare-eligible retirees and dependents in selecting coverage

**Balance the needs** of EMBARQ retirees, employees, shareholders, customers, and other stakeholders

Because change can be stressful, we intend to provide the necessary information and support to help you and any covered family members make this transition smoothly.

## **When will this happen?**

Not all changes will happen at the same time.

- EMBARQ™ Matching Gifts Program change will become effective **September 1, 2007**.
- All other changes will become effective **January 1, 2008**.

## **How does this affect you?**

Here is the timeline for how the changes will affect you (or your dependent).

### **On September 1, 2007...**

- Charitable contributions you make will no longer be matched by the company through the EMBARQ™ Matching Gifts Program. All matching gifts program forms must be postmarked by September 30, 2007, to be considered for a matching contribution.

### **As of January 1, 2008...**

- EMBARQ will not offer medical coverage for Medicare-eligible individuals and will no longer provide a monthly subsidy for Medicare premiums. Your current company-sponsored retiree medical plan will end on December 31, 2007.
- If you are Medicare-eligible, you may purchase medical coverage from any company you choose.
- Any company-provided retiree life insurance benefit will not exceed \$10,000. Any existing optional life insurance coverage you already have can be continued under the terms of that plan.

*A recent study shows that only 19 percent of U.S. large employers offer any form of medical coverage to Medicare-eligible retirees.*

## What happens next?

You will receive information in the mail from EMBARQ before mid-September with more details about how these changes affect your individual situation. If you are Medicare-eligible, you also will receive medical coverage information from a national health care company identified by EMBARQ. Other carriers also likely will contact you about their coverage options. EMBARQ is not endorsing or recommending any particular carrier or coverage option and we encourage you to explore all of your options. You will now have the freedom and flexibility to purchase medical coverage from the carrier of your choice.

You may visit the EMBARQ™ Retiree Web site or call the EMBARQ™ Employee Resource Center for information. Please keep in mind that no specific details will be available for a few weeks.

### **EMBARQ™ Retiree Web site**

**[www.embarq.com/retiree](http://www.embarq.com/retiree)**

### **Employee Resource Center**

**888-722-4ERC**  
**(888-722-4372)**

### **Toll-free**

**7 a.m. to 7 p.m. Central time Monday through Friday**

EMBARQ will make every effort to ensure that this transition is as smooth as possible for you and your family.

## Summary of Material Modifications

This brochure is intended to be a modification to your summary plan description for the Embarq Retiree Medical Plan. EMBARQ intends to continue to provide coverage under the Retiree Medical Plan for retirees and dependents not eligible for Medicare; however, EMBARQ reserves the right to change or discontinue any or all benefits under the Plan at any time.



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### Monthly Medicare Premium Subsidy...

Starting **January 1, 2008**, EMBARQ will no longer provide a monthly subsidy for Medicare premiums.

### Life Insurance...

Effective **September 1, 2007**, the company-provided life insurance benefit extended to those who retired before **January 1, 2004**, will no longer be provided for retirees participating in the Carolina Telephone & Telegraph Company Voluntary Employees' Beneficiary Association ("CT&T VEBA"). Any current optional life insurance you purchased in the past can continue under the terms of the Embarq plan.

### Matching Gifts Program...

The EMBARQ™ Matching Gifts Program will no longer be available for gifts you make after **September 1, 2007**. All matching gifts program forms must be postmarked by **September 30, 2007**, to be considered for a matching contribution.

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## **When will this happen?**

Not all changes will happen at the same time.

- Retiree life insurance and matching gifts program changes will become effective **September 1, 2007**.
- Medical coverage changes will become effective **January 1, 2008**.

## **How does this affect you?**

Here is the timeline for how the changes will affect you (or your dependent).

### **On September 1, 2007...**

- Your company-provided life insurance benefit will no longer be offered. Any existing optional life insurance coverage you already have can be continued under the terms of the Embarq plan. Note: Your life insurance benefit under the CT&T VEBA will continue.
- Charitable contributions you make will no longer be matched by the company through the EMBARQ™ Matching Gifts Program. All matching gifts program forms must be postmarked by September 30, 2007, to be considered for a matching contribution.

### **As of January 1, 2008...**

- EMBARQ will not offer medical coverage for Medicare-eligible individuals and will no longer provide a monthly subsidy for Medicare premiums. Your current company-sponsored retiree medical plan will end on December 31, 2007.
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