

VESTING

Vesting refers to your ownership of the money in your ASP account. If you are vested in an amount, then you own that money, even if you no longer work for a participating company.

You are always 100% vested in your contributions to the ASP -- including pre-tax, after-tax, catch-up and roll-in contributions -- plus any investment earnings on these contributions.

Three-Year Vesting

You will be vested in your company matching contributions and their earnings after you complete three years of vesting service. Generally, you earn a year of vesting service for each calendar year in which you complete at least 1,000 hours of service. Vesting service is counted from your hire date (or from the year of your 18th birthday, if you are hired before age 18) until the date you retire or leave the company.

Event Vesting

However, regardless of your years of vesting service, you become vested in your company matching contributions in the event of one of the following:

- You are entitled to retire on service pension under the Avaya Inc. Pension Plan or the Avaya Inc. Pension Plan for Salaried Employees
- You reach age 65 (normal retirement age) while you are employed
- You separate from service because of permanent disability
- You are laid off
- You separate from service under a company-initiated force reduction program
- You separate from service due to technological displacement
- You are eligible for a distribution on account of a disposition of assets or disposition of a subsidiary
- You are covered by the Mandatory Portability Agreement ("MPA") and you are hired by a mandatory portability company within 30 days of leaving the company
- You separate from service with a participating company due to an assignment to a non-participating company or an entity that is not a company affiliate
- You die while you are employed
- The ASP is terminated

The MPA is an interchange agreement effective January 1, 1985 among AT&T and its former affiliates (called interchange companies). The agreement provides for mutual recognition of service credit and transfer of benefit obligations for certain eligible employees who leave one interchange company and are later employed by another

interchange company. The Avaya Pension Service Center maintains a list of all companies covered by the MPA.

Vesting Upon Reemployment

If your employment is terminated and your Plan account balance is not vested, you forfeit your company matching contributions (including earnings). If you are rehired, you may be able to restore the forfeited amounts. To do so, you must be rehired before you have five or more consecutive one-year breaks in service and you must repay any distribution you received within five years of the date you are re-employed. Call the Avaya 401(k) Plan Service Center for an explanation of how your account will be restored, and if you have taken a distribution from the ASP, the amount you must pay back and how to pay it back.

If you have five or more consecutive one-year breaks in service, all vesting service credited before your termination will be disregarded for vesting purposes.

Breaks in Service

You will have a break in service in a calendar year if both of the following two events occur: (1) you are absent from work without pay (except if you are absent due to a disability, leave of absence or temporary layoff); and (2) during your absence you are credited with not more than 500 hours of service in a calendar year.

To avoid a break in service, you may be credited with up to 501 hours of vesting service if you are absent for:

- Your pregnancy,
- Birth of your child,
- Placement of a child with you in anticipation of your adopting the child,
- To care for your child immediately following birth or placement, or
- A leave under the Family and Medical Leave Act of 1993.

Please note, however, that any hours credited for the reasons above are used only to prevent a break in service and are not counted towards vesting service. Call the Avaya 401(k) Plan Service Center for more information if you are absent for one of these reasons.