

EFFECT OF EMPLOYMENT STATUS AND OTHER CHANGES ON ASPSE PARTICIPATION

There are a number of life- and work-related events that may impact your participation in the ASPSE. This section describes how these different events are handled under the ASPSE.

If You Change Your Employment Status

If you are no longer an eligible employee due to a status change, your contributions and eligibility for company matching contributions stop on the date your status change occurs. If you become eligible to participate in the Avaya Inc. Savings Plan (ASP) due to your status change, your elections under this plan will be carried over to the ASP. This means that you do not need to enroll in the ASP. Your balance in this ASPSE will be transferred to the ASP in accordance with procedures in effect at the time of your transfer.

If Your Employment Terminates

You are eligible to receive a distribution from your ASPSE account if you sever your employment. You may request a distribution of your vested ASPSE account balance.

If you are not vested, you will forfeit any matching contributions in your ASPSE account, (including any earnings). However, if you are later rehired, the forfeited amounts may be restored, depending on the length of your break in service and whether you repay your distribution (see "Vesting Upon Reemployment").

If you terminate employment and still have a loan outstanding, you can: (1) continue to make loan payments by check or through electronic funds transfer from your bank account, (2) pre-pay the entire outstanding balance, or (3) allow the loan to default and become taxable to you.

If You Transfer

If you transfer to another participating company, it will *not* affect your ASPSE participation. If you are assigned to an Avaya affiliate that is not a participating company, you can no longer contribute to the ASPSE but can do everything else an active employee can do (e.g., take a loan or in-service withdrawal).

If You Become Disabled

Your ASPSE participation may be affected if you are absent due to a disability, or sever from service due to a permanent disability.

If you are absent due to a disability, your contributions and any loan repayments continue while you are receiving short-term disability benefits under the Avaya Inc. Short-Term Disability Plan for Salaried Employees, unless your disability benefits are not large enough to cover all of the necessary deductions. You may stop, start or change the amount or investment of your contributions at any time while receiving disability benefits or when you return to work.

When you become eligible for long-term disability benefits, you are considered separated from service due to a permanent disability. This means that your contributions stop, you become immediately vested and you can request a distribution.

No contributions are taken from amounts paid as Workers' Compensation.

If You Take a Leave of Absence

During an unpaid leave of absence, your contributions and company matching contributions are suspended. If you have a loan, certain rules apply to how repayments are handled during your leave of absence. See "Repaying Your Loan" for more information. Otherwise, you may make all other transactions available to active participants.

Resuming Contributions Upon Return

The length of your leave of absence determines whether or not contributions resume automatically when you return to active status:

- If you return *within* 12 months of the date your leave began, contributions automatically resume at the same level and following the same investment directions in effect before your leave.
- If your leave is *longer than* 12 months, your contributions do *not* automatically resume when you return to work. This means if you want to begin making contributions to the ASPSE, you must re-enroll.

Regardless of the length of your leave, you *cannot* make up the missed contributions except as indicated below.

Military Leave of Absence

If you are a participant in the ASPSE when you start U.S. military service, including service in the National Guard, and you apply to be re-employed by Avaya or a participating company within specific time limits after your military service ends, you can make make-up contributions to the ASPSE for the period of your military service. These make-up contributions are in addition to any contributions you may make under the other provisions of the ASPSE.

Any make-up contributions you make may not exceed the amount you otherwise would have been allowed to make to the ASPSE, assuming you were continuously employed by the Company during your military service. Any make-up contributions must be made within five years after the date of your re-employment with a participating company. But if your military service lasted under 1½ years, make-up contributions must be made within the period of three times the length of your military service, starting on your date of re-employment with Avaya or a participating company.

You generally will not be eligible for make-up contributions if your military service lasts for more than five years.

If You Die

If you die, your total Plan account balance will be paid to your beneficiary(ies). No amounts will be forfeited, even if you weren't vested immediately prior to your death. Your beneficiary(ies) should contact the Avaya Pension Service Center at 1-800-750-7300 to report your death. The Avaya Pension Service Center will coordinate the processing of all your death benefits. Once complete documentation has been received, the Avaya Pension Service Center will direct the Avaya 401(k) Plan Service Center to pay each beneficiary his or her share of your Plan account.

Tax considerations may apply to distributions to beneficiaries. Your Plan account is included in your estate after your death, and may be subject to federal estate taxes. You should consider speaking with a professional tax advisor regarding your individual situation. Also see the "Special Federal Tax Notice Regarding Plan Payments" for important tax information regarding these distributions.