

THE AVAYA INC.

**VACATION BUY PLAN
FOR SALARIED EMPLOYEES**

SUMMARY PLAN DESCRIPTION

**Effective 1/1/2006
Last Updated 3/30/2007**

This is a Summary Plan Description (SPD) of the benefits available, effective January 1, 2007, to **eligible employees** under the Avaya Inc. Vacation Buy Plan for Salaried Employees (Vacation Buy Plan).

The Board of Directors of Avaya Inc. (or its delegate) reserves the right to modify, suspend or terminate the Vacation Buy Plan at any time. Questions regarding your benefits should be addressed to the Plan Administrator (see "Important Contacts"). Because of the many detailed provisions of the Vacation Buy Plan, no one other than the Plan Administrator is authorized to advise you as to your benefits. For this reason, Avaya Inc. is not bound by statements made by anyone or any entity other than the Plan Administrator or its authorized delegates.

Please note that participation in the Vacation Buy Plan is neither an offer of employment nor a guarantee of employment for any period of time at Avaya Inc. Avaya Inc. employees are employees at-will, which means that they can terminate their employment at any time and for any reason. Likewise, Avaya Inc. may terminate an employee's employment at any time and for any reason.

TABLE OF CONTENTS	PAGE
INTRODUCTION	4
HIGHLIGHTS	5
TERMS YOU SHOULD KNOW	6
PARTICIPATING IN THE PLAN	7
WHO IS ELIGIBLE	7
HOW TO ENROLL.....	7
<i>Newly Eligible Employees</i>	7
<i>Annual Enrollment</i>	7
<i>If You Do Not Enroll</i>	7
<i>Confirmation Statements</i>	8
YOUR COST	8
WHEN COVERAGE ENDS	8
OTHER REASONS YOUR COVERAGE WILL END.....	9
CHANGING YOUR COVERAGE DURING THE YEAR	9
HOW THE PLAN WORKS	10
WHEN YOU CAN TAKE PURCHASED VACATION DAYS	10
HOW YOU CAN LOSE PURCHASED VACATION DAYS	10
WHAT HAPPENS IF YOUR EMPLOYMENT STATUS CHANGES TO PART-TIME	10
WHAT HAPPENS IF YOUR EMPLOYMENT ENDS	10
IF YOU TAKE AN APPROVED LEAVE OF ABSENCE	11
IMPORTANT CONTACTS	12
OTHER IMPORTANT INFORMATION	13
CLAIM PROCEDURES	13
<i>Claim Processing</i>	13
<i>Appeal Procedures</i>	13
<i>Claims Decision Notices</i>	14
YOUR RIGHTS UNDER ERISA.....	15
<i>Right to Receive Information About the Plan and Its Benefits</i>	15
<i>Prudent Action by Plan Fiduciaries</i>	15
<i>Enforce Your Rights</i>	15
<i>If You Have Questions</i>	16
PLAN FUNDING AND PAYMENT OF BENEFITS	16
BENEFITS CANNOT BE ASSIGNED.....	16
PLAN MAY BE AMENDED OR TERMINATED	17
PLAN ADMINISTRATOR	17
PLAN SPONSOR	17
ADMINISTRATIVE INFORMATION	18

INTRODUCTION

The Avaya Inc. Vacation Buy Plan for Salaried Employees gives you an opportunity to purchase vacation days with pre-tax dollars that, combined with what you already have, give you six weeks (30 days) of total vacation time, excluding floating holidays and carry over vacation days, to use as you wish.

Your supervisor must approve your scheduled vacation, including the purchase of Vacation Buy days, in advance.

HIGHLIGHTS

Here is a summary of some key features of the Vacation Buy Plan.

Plan Feature	Summary
Eligibility	If you are an eligible employee (regular, active, full-time, salaried or term employee who works for a Participating Company), you are eligible for coverage.
Enrollment	When you join the Company, the Avaya Health and Benefits Decision Center (see “Important Contacts”) will send you information on how to enroll in your benefits, including the Vacation Buy Plan. You will have a new opportunity to elect to purchase vacation days for the following year during each year’s annual enrollment period. Once your election is made for the calendar year, you cannot change your election during the year. Your supervisor must approve the purchase of your Vacation Buy days.
Coverage Provided	The Vacation Buy Plan gives you the opportunity to purchase vacation days that, combined with what you already have, give you six weeks (30 days) of vacation time (excluding floating holidays and carry over vacation days).
When You Can Take Your Purchased Vacation Days	<p>Before you can take your purchased vacation days:</p> <ul style="list-style-type: none"> • The IRS requires you to use all your regular vacation days from the previous and current calendar years, and • Your supervisor must approve your scheduled vacation, including Vacation Buy days, in advance.
Use Them or Lose Them	You must use all of your purchased vacation days by September 30th of the calendar year for which you elect them. For employees in most states, unused Vacation Buy days are forfeited at the end of the year. You cannot carry over purchased Vacation Buy days from year to year.
If You Leave the Company	<p>If you retire, die or otherwise terminate employment with a Participating Company and you have:</p> <ul style="list-style-type: none"> • Purchased days you have not yet taken, you (or your estate) are entitled to a refund for those days. • Taken vacation days for which your payroll deductions are not yet complete, you must refund the difference to the Company.
Cost	You purchase your vacation days. The Company does not contribute toward the cost of this benefit.
Tax Advantages	You buy your vacation days with pre-tax dollars.

TERMS YOU SHOULD KNOW

There are several words and phrases that have a specific meaning under the Vacation Buy Plan. This section explains those terms so that you can better understand your benefits. These terms are printed in **boldface** when they appear to let you know that they are defined here.

Annual enrollment: the period of time each year designated by the Company in which you can generally make changes in your benefits. If you want to continue participating in the Vacation Buy Plan for any year after the year of your initial enrollment, you *must re-enroll* each year during annual enrollment. Your elections do *not* automatically continue from one year to the next. Elections made during annual enrollment are effective on the first day of the following calendar year.

Annual Pay: annual base salary in effect on September 10 of the prior Plan Year. For new hires, the annual pay is as of the date you are hired.

Avaya Health and Benefits Decision Center: the resource to call to enroll or ask questions about the Vacation Buy Plan. See “Important Contacts.”

Eligible employee: a regular, active, full-time, salaried or term employee who works for a **Participating Company**.

Individuals who are not paid from the U.S. payroll of a **Participating Company**, who are employed by an independent company (such as an employment agency), or whose services are rendered pursuant to an agreement excluding participation in benefit plans are not eligible to participate in the Vacation Buy Plan.

Participating Company: Avaya and such other companies that have elected to participate in the Vacation Buy Plan, with the prior approval of Avaya.

PARTICIPATING IN THE PLAN

Who Is Eligible

You are eligible to participate in the Vacation Buy Plan on your first day of work as an **eligible employee** who works for a **Participating Company**, provided you are hired on or before *June 1st* of the Plan Year.

Individuals who are not paid from the U.S. payroll of a **Participating Company**, who are employed by an independent company (such as an employment agency), or whose services are rendered pursuant to an agreement excluding participation in benefit plans are not eligible to participate in the Vacation Buy Plan.

How to Enroll

Newly Eligible Employees

An enrollment letter will be sent to your home address when you first become eligible to participate in the Vacation Buy Plan. The letter will include information about the Vacation Buy Plan, how to enroll and the date by which you must make your election. You can make your enrollment election online by logging onto the Avaya Healthy Decisions Web site at www.AvayaHealthyDecisions.com or by calling the **Avaya Health and Benefits Decision Center** (see "Important Contacts").

Annual Enrollment

During **annual enrollment**, you will have an opportunity to select the benefits that best meet your needs for the coming year. **Annual enrollment** is held once a year, usually in the fall.

You will be sent enrollment information that will explain how to enroll for the Vacation Buy Plan. If you want to continue participating in the Vacation Buy Plan for any year after the year of your initial enrollment, you must re-enroll each year during **annual enrollment**. Your election does not automatically continue from one year to the next.

Elections made during **annual enrollment** are effective on the first day of the following calendar year.

If You Do Not Enroll

If you do not make any election by the date specified in your enrollment letter, you will not have an opportunity to enroll in the Vacation Buy Plan until the next **annual enrollment**.

Confirmation Statements

A confirmation statement will be generated after you enroll or change benefits during **annual enrollment** or at any other time during the year. Be sure to review the information carefully and report any discrepancies immediately to the **Avaya Health and Benefits Decision Center** (see “Important Contacts”).

Your Cost

You pay the cost for the vacation days you elect to buy, on a pre-tax basis throughout the calendar year. Your cost is calculated in two steps:

Step 1. Divide your **annual pay** by 260.

Step 2. Multiply the result of Step 1 by the number of days you buy.

For example, if your **annual pay** is \$52,000 and you elect to buy 2 additional vacation days, your cost is \$400, as follows:

Step 1. \$52,000 divided by 260 = \$200.

Step 2. \$200 times 2 days = \$400 total cost.

In this case, a total of \$400 would be deducted from your paychecks in equal amounts throughout the calendar year on a pre-tax basis.

When Coverage Ends

Coverage ends when:

- You leave the Company for any reason (including death and retirement),
- You are laid off.
- You are no longer considered an **eligible employee**,
- You fail to make the required contributions,
- The Company you work for ceases to be a **Participating Company**,
- The last day of the Plan Year unless you re-enroll, or
- The Vacation Buy Plan is terminated.

Other Reasons Your Coverage Will End

In addition, when any of the following happens, you will receive written notice that your coverage has ended on the date identified in the notice:

- Fraud or misrepresentation, or because you knowingly gave the Plan Administrator (see “Important Contacts”) or **Avaya Health and Benefits Decision Center** false, material information. Examples include false information relating to your eligibility.
- You commit acts of physical or verbal abuse that pose a threat to the staff of the Plan Administrator or **Avaya Health and Benefits Decision Center**.
- You in any other way materially violates the terms of the Vacation Buy Plan.

Changing Your Coverage During the Year

You may not change your coverage under the Vacation Buy Plan during the year.

Once you enroll in the Vacation Buy Plan, you must remain in the Vacation Buy Plan until the end of the calendar year. You cannot terminate the benefit during the year unless you leave the Company for any reason (due to retirement, death, or termination).

HOW THE PLAN WORKS

The Vacation Buy Plan gives you an opportunity to purchase vacation days with pre-tax dollars that, combined with what you already have, give you six weeks (30 days) of total vacation time (excluding floating holidays and carry over vacation days) to use as you wish. Purchased vacation days must be used by September 30.

When You Can Take Purchased Vacation Days

Before you can take or use your purchased vacation days:

- The IRS requires you to use all your regular vacation days from the previous and current vacation years, and
- Your supervisor must approve your scheduled vacation, including the purchase of Vacation Buy days, in advance.

How You Can Lose Purchased Vacation Days

You must use all your purchased vacation days by September 30th of the calendar year for which you elect them, or you forfeit the days and the money you paid for them. You cannot carry over purchased Vacation Buy days from year to year.

What Happens if Your Employment Status Changes to Part-Time

If your employment status changes from full-time or term to part-time, you will be entitled to a refund for any unused vacation days purchased under the Vacation Buy Plan. If you have taken Vacation Buys days that you have not fully paid for through payroll deductions, you will be required to reimburse the difference to the Company.

What Happens if Your Employment Ends

If you retire, die or otherwise terminate employment with a **Participating Company** and you have:

- Purchased days you have not yet taken, you (or your estate) are entitled to a refund for those days.
- Taken Vacation Buy days you have not fully paid for through payroll deductions, you must refund the difference to the Company.

If You Take an Approved Leave of Absence

If you take an approved leave of absence under the Family and Medical Leave Act of 1993, your coverage under the Vacation Buy Plan may continue for up to 12 work weeks. Your contributions will stop during your leave. Upon your return to work, you will be reinstated and your cost will be recalculated based on your initial election, amount deducted for the year and remaining number of pay periods in the calendar year.

IMPORTANT CONTACTS

Following is a list of contacts and resources, including specific responsibilities for each.

Contact / Service Provided	Address / Telephone Number
Avaya Health and Benefits Decision Center: Contact for questions concerning eligibility and enrollment.	Telephone number: 1-800-526-8056; TDD: 1-800-952-0450 Monday through Friday, 8 am to 8 pm, Eastern time Web site: www.AvayaHealthyDecisions.com
Plan Administrator Contact for all legal actions.	Avaya Inc. Vacation Buy Plan Administrator 211 Mount Airy Road Basking Ridge, NJ 07920 E-mail: hwplanadmin@avaya.com

OTHER IMPORTANT INFORMATION

This section contains administrative information about the Vacation Buy Plan and other details required under the terms of a federal law, the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Claim Procedures

Participants, their beneficiaries (if applicable) or any individual duly authorized by them have the right under ERISA and the Vacation Buy Plan to file a written claim for benefits with the Plan Administrator (see “Important Contacts”).

You (or another person) cannot challenge a claim decision in court until the following claim and appeal procedures have been complied with and exhausted.

Claim Processing

When the vacation buy benefit is provided or denied, you will receive a notice explaining how the coverage level was calculated or why benefits have been denied. This notice will be provided within 90 days after the Plan Administrator (see “Important Contacts”) receives the claim.

If the Plan Administrator needs more than 90 days to make a decision, a representative will notify you in writing within the initial 90-day period and explain why more time is required. An additional 90 days (for a total of 180 days) may be taken if the Plan Administrator sends this notice. The extension notice will include the date by which the Plan Administrator’s decision will be sent.

Appeal Procedures

After the Plan Administrator (see “Important Contacts”) denies your claim, you, your dependents, or your authorized representative may request a full review by the Plan Administrator if you disagree with the denial. You, your dependents, or your authorized representative must submit a written request for review within 60 days after you receive the denial notice. In connection with your appeal, you (or your authorized representative) may review relevant documents and submit issues and comments in writing.

The relevant documents that must be made available to you upon request include documents, records and other information that:

- Were relied on in deciding your benefit claim;
- Were submitted, considered or generated in the course of deciding your benefit claim;

- Demonstrate that the decision complied with the Vacation Buy Plan's administrative procedures or safeguards; or
- State the Vacation Buy Plan's policy or guidelines regarding the benefits, whether or not it was relied upon.

If you want to appeal a decision on benefits, send your appeal to the Plan Administrator (see "Important Contacts").

Your appeal will be reviewed. Someone other than the person who made the first decision on your claim must make this review.

After a decision by the Plan Administrator is made concerning your appeal, you will be notified of the findings and decision in writing. This notice will be provided no later than 60 days after receiving the appeal.

If the Plan Administrator needs more than 60 days to make a decision, a representative will notify you in writing within the initial 60-day period and explain why more time is required. An additional 60 days (for a total of 120 days) may be taken if the Plan Administrator sends this notice.

This decision is final and is not subject to further internal review.

Claims Decision Notices

The notice given to you concerning the decision on either your initial claim or your appeal will include:

- The specific reason or reasons for the decision;
- The specific Vacation Buy Plan provisions upon which the benefit decision is based;
- A statement that you are entitled to receive upon request (and free of charge) reasonable access to, and copies of, all document, records and other information relevant to your claim;
- A description of any additional material or information that is necessary for you to complete your claim and an explanation of why such material or information is necessary;
- If an internal rule, guideline, protocol or similar criterion was relied on in making the decision, either a copy of that document or a statement that such a document was relied upon and that a copy will be furnished (free of charge) upon request;
- For an initial claim, a description of the appeal procedures; and

- A statement that the claimant has the right to bring a civil action under ERISA Section 502(a) following a denial upon appeal.

Your Rights Under ERISA

It is Avaya Inc.'s policy to provide meaningful benefits -- above and beyond your paycheck. Part of your benefit program is the additional personal flexibility you get from the Vacation Buy Plan. You are entitled to certain rights and protection under ERISA. These rights are described in this section.

Right to Receive Information About the Plan and Its Benefits

It is your right to know about your benefits. Therefore, in addition to this SPD of your benefits under the Vacation Buy Plan, you will have the opportunity to obtain a summary of the Vacation Buy Plan's annual financial report. You may examine all Vacation Buy Plan documents governing the Vacation Buy Plan and a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor. These documents are available for you to examine without charge in the Plan Administrator's office.

You can receive a copy of any of these documents, for a reasonable charge, by making a written request to the Plan Administrator (see "Important Contacts").

Prudent Action by Plan Fiduciaries

You also have the right to expect the fiduciaries -- the people responsible for the operation of the Vacation Buy Plan -- to act prudently and in the best interest of those who participate as a whole. The Vacation Buy Plan's fiduciaries must act in the best interest of all Vacation Buy Plan participants.

No one, including the Company may dismiss you or discriminate against you to prevent you from obtaining benefits or exercising any of your rights under ERISA.

Enforce Your Rights

If your claim for Vacation Buy Plan benefits is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of the documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce your ERISA rights. For instance:

- If you request a copy of plan documents or the latest annual report (Form 5500 Series) from the Plan Administrator and do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you

receive the materials – unless the materials were not sent for reasons beyond the control of the Plan Administrator.

- If you have a claim for benefits that is denied or ignored – in whole or in part – after going through the appeals procedures, you may file suit in a state or federal court.
- If you are discriminated against for asserting your ERISA rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court.
- If you file suit against the Vacation Buy Plan, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees – if, for example, it finds your claim is frivolous.

If You Have Questions

For answers to questions about the Vacation Buy Plan, contact the Plan Administrator (see “Important Contacts”). If you have any questions about this statement of your rights, or about your rights under ERISA, contact the nearest Regional or District Office of the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA) listed in your telephone directory; or contact the Division of Technical Assistance and Inquiries, U.S. Department of Labor, EBSA, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the EBSA or visit the EBSA Web site at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through the EBSA Web site.)

Plan Funding and Payment of Benefits

The source of funds for the Vacation Buy Plan is your elected payroll deduction and general operating assets of Avaya Inc. Avaya Inc. pays the cost of administering these plans.

Benefits Cannot Be Assigned

Assignment or alienation of any benefits provided by the Vacation Buy Plan will not be permitted or recognized, except as otherwise required by applicable law. This means that benefits provided under the Vacation Buy Plan are not subject to sale, assignment, anticipation, alienation, attachment, garnishment, levy, execution or any other form of transfer. Generally, state and local laws will not be recognized unless permitted by or under applicable federal law, such as ERISA.

Plan May Be Amended or Terminated

The Company expects to continue the Vacation Buy Plan, but reserves the right to amend or terminate the Plan at any time by the resolution of the Board of Directors or a properly authorized designee. However, changes to or termination of the Vacation Buy Plan will not adversely affect your rights to any benefits under the Vacation Buy Plan that you may have become eligible to receive before the change or termination.

Plan Administrator

The Plan Administrator has the full discretionary authority and power to control and manage all aspects of the Vacation Buy Plan, to determine eligibility for Vacation Buy Plan benefits, to interpret and construe the terms and provisions of the Vacation Buy Plan, to determine questions of fact and law, to direct disbursements and to adopt rules for the administration of the Vacation Buy Plan as they may deem appropriate in accordance with the terms of the Vacation Buy Plan and all applicable laws.

Plan Sponsor

The Plan Sponsor may allocate or delegate its responsibilities for the administration of the Vacation Buy Plan to others and employ others to carry out or render advice with respect to its responsibilities under the Vacation Buy Plan, including discretionary authority to interpret and construe the terms of the Vacation Buy Plan, to direct disbursements and to determine eligibility for Vacation Buy Plan benefits.

ADMINISTRATIVE INFORMATION

Plan Name	The official Plan Name is The Avaya Inc. Vacation Buy Plan for Salaried Employees which is a part of The Avaya Inc. Health & Welfare Benefits Plan for Salaried Employees.
Plan Sponsor	The Plan Sponsor is Avaya Inc.
Plan Administrator	The Plan Administrator is: Avaya Inc. Vacation Buy Plan Administrator 211 Mount Airy Road Basking Ridge, NJ 07920 E-mail: hwplanadmin@avaya.com
Agent for Service of Legal Process	All processes concerning the Plan should be directed to the Plan Administrator.
Plan Records and Plan Year	The Plan and all of its records are maintained on a calendar year basis, beginning on January 1st and ending on December 31st of each year.
Type of Plan	The Plan is considered a “health & welfare” benefit plan under the Employee Retirement Income Security Act of 1974, as amended (ERISA).
Plan Number	The Plan Number is 550.
Employer Identification Number	The Employer Identification Number is 22-3713430.