

**AVAYA INC.**  
**CHARTER**  
**OF THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

*Adopted November 2, 2000*  
*Amended July 22, 2003*

**Purpose**

1.1 The Audit Committee (the “Committee”) is appointed by the Board of Directors of Avaya Inc. (the “Company”) to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities.

1.2 The Committee’s primary audit committee duties and responsibilities are to assist the Board with respect to:

- The adequacy and integrity of the Company’s internal controls and financial reporting process and the reliability of the Company’s financial reports to the public.
- The independence, qualifications and performance of the Company’s internal auditors (the “Internal Auditor”) and external independent auditor (“Independent Auditor”).
- The Company’s compliance with certain legal and regulatory requirements.

1.3 The Committee shall have the authority, in its discretion, to conduct investigations and retain independent legal, accounting or other consultants or experts to advise the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the Independent Auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee, as well as for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**Composition**

2.1 The Committee shall be comprised of not less than three members, all of whom shall be non-employee directors of the Company.

2.2 All members of the Committee shall meet the independence requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Securities and Exchange Commission (the “Commission”).

2.3 The members of the Committee shall serve one-year terms, and shall be elected annually by the Board, upon nomination by the Governance Committee, on such date as the Board shall determine. The members of the Committee may be replaced by the Board.

2.4 Each Committee member shall be financially literate as such qualification is interpreted by the Board in its business judgment, or shall become financially literate within a reasonable period of time after appointment to the Committee.

2.5 The Committee Chair shall have accounting or related financial management expertise as the Board interprets such qualification in its business judgment.

2.6 At least one member of the Committee shall be an “audit committee financial expert” as defined by the Commission.

### **Committee Meetings**

3.1 The Committee shall hold meetings at least quarterly each fiscal year, and at any additional time as either the Board or Committee deems necessary.

3.2 The Committee may request that members of management, any employee of the Company, the Company’s outside counsel and/or the Company’s Independent Auditor be present at meetings as needed.

3.3 The Committee shall meet at least quarterly, in separate private sessions, with each of (i) management, (ii) the Company’s senior internal auditing officer, and (iii) the Independent Auditor.

3.4 The Committee may form, and delegate authority to, subcommittees when appropriate, including, without limitation, the authority to pre-approve permitted audit related and non-audit services.

3.5 Minutes of each meeting will be kept and distributed to the entire Board.

### **General Principles as to Independent Auditor**

4.1 The following principles shall apply with respect to the Committee and the Company’s Independent Auditor:

a. The Committee shall have the sole and direct authority to engage, appoint, evaluate, compensate or replace the Independent Auditor.

b. The Committee shall be directly responsible for the oversight of the work of the Independent Auditor (including resolution of disagreements between

management and the Independent Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Independent Auditor shall report directly to the Audit Committee.

c. The Committee shall review and approve in advance all audit, audit related and non-audit services (to the extent permitted by the Exchange Act).

d. The Committee shall review and approve in advance all fees to be paid to the Independent Auditor for audit, audit related and non-audit services.

e. If the Company's Independent Auditor identifies a significant problem that is not being adequately addressed by management, it shall be communicated to the Committee.

4.2 The Committee shall obtain and review an annual report from the Independent Auditor describing:

(a) the Independent Auditor's internal quality-control procedures;

(b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm;

(c) any steps taken to deal with any such issues; and

(d) any matters described in reports filed by the Independent Auditor with the Public Company Accounting Oversight Board.

4.3 The Independent Auditor shall report to the Committee:

(a) all critical accounting practices and policies to be used;

(b) all alternative accounting treatments; and

(c) other written communications with management, such as the management letter provided by the Independent Auditor and the Company's response to that letter as well as any schedule of unadjusted audit differences.

4.4 The Committee shall undertake the following with respect to the Independent Auditor's independence:

a. Ensure that the Independent Auditor submits annually, a formal written statement including the written disclosures required by Independence

Standards Board Standard No. 1 delineating all relationships between the Independent Auditor and the Company.

b. Actively engage in a dialogue with the Independent Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditor.

c. Consider whether the provision of non-audit services by the Independent Auditor is compatible with maintaining the independence of the Independent Auditor

## **Primary Responsibilities**

### ***Financial Reporting and Disclosure***

5.1 The Committee shall review and discuss with management and the Independent Auditor the audited financial statements of the Company, the results of the year-end audit by the Independent Auditor and the other financial information, including management's discussion and analysis of financial condition and results of operations, included in the Company's Form 10-K.

5.2 The Committee shall discuss with the Independent Auditor the matters the Independent Auditor determines are required to be discussed by Statement on Auditing Standards No. 61.

5.3 Based on the review and discussions with management and the Independent Auditor referred to in this charter the Committee will advise the Board of Directors whether it recommends that the audited financial statements be included in the Company's Annual Report on Form 10-K (or incorporated by reference to the Annual Report to Shareholders).

5.4 The Committee shall discuss with management and the Company's Independent Auditor the Company's quarterly financial statements and management's discussion and analysis of financial condition and results of operations included in the Company's Form 10-Q and shall discuss with the Independent Auditor the matters the Independent Auditor determines are required to be discussed by Statement on Auditing Standards No. 71, in each case prior to filing the Form 10-Q with the Securities and Exchange Commission.

### ***Audits/Internal Controls***

5.5 The Committee shall review the proposed audit plans of the Internal Auditor for the coming year and the coordination of such plans with the Independent Auditor and shall review and discuss with management the results of such audits.

5.6 The Committee shall discuss with management, the Independent Auditor and the Internal Auditor:

a. The adequacy of the Company's internal accounting controls and the financial reporting process.

b. The status of internal control recommendations made by the Independent Auditor and the Internal Auditor.

c. The certifications of the Company's annual and quarterly financial statements required to be made by the Company's CEO and CFO and the procedures performed to support those certifications.

5.7 The Committee shall periodically receive reports from and discuss with the Company's General Counsel the adequacy of the policies and practices of the Company related to compliance with key regulatory requirements, conflicts of interest and ethical conduct.

***Other***

5.8 The Committee shall periodically receive reports from and discuss with the Company's General Counsel any material government investigations, litigation or legal matters.

5.9 The Committee shall:

a. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

b. Prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.

c. Review and reassess the adequacy of the Policy Regarding the Independent Auditor, proposing changes as necessary.

5.10 The Committee shall discuss and preview with management earnings press releases, financial information and earnings guidance (including the use of non-GAAP financial measures) provided to analysts and rating agencies prior to their release.

5.11 The Committee shall discuss with management Company policies with respect to risk assessment and risk management, including major financial risk exposures and the steps management has taken to monitor and control such exposures.

5.12 The Committee shall report to the full Board of Directors all significant items discussed at any Committee meeting.

5.13 The Committee shall conduct an annual performance evaluation of the Committee.

5.14 The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

### **Scope of Responsibilities**

6.1 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Independent Auditor. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Code of Conduct.

6.2 The Committee shall have such additional responsibilities related to financial matters of the Company as the Board may, from time to time, assign to the Committee.