

How to Calculate Your Tax Basis:

You can use the following worksheet to calculate the taxable gain or loss for the cash received in lieu of the fractional share of Avaya. In addition, shareowners who choose to sell either their Lucent or Avaya shares will need to apply the same tax basis allocation to determine taxability on any net gain or loss.

Based on the average high and low prices at which Lucent and Avaya traded on Oct. 2, 2000 – as reported for the New York Stock Exchange transaction – 94.524% of your pre-spin-off tax basis should be allocated to your Lucent shares, and the remaining 5.476% should be allocated to your new Avaya shares (including any fractional share interest).

A hypothetical example is provided along with space to fill in your actual numbers. In order to use this worksheet, you will need to know the original tax basis of you pre-spin-off Lucent shares. If you bought Lucent on more than one occasion, you will need to perform this computation separately for each purchase.

Hypothetical Example

In this example, 100 shares of Lucent were purchased at \$30 per share, resulting in a tax basis of \$3,000. Because the Avaya distribution ratio was .083333 of a share of Avaya for each Lucent share owned, the holder receives 8 whole shares of Avaya, as well as a check for .3333 of a share. The original \$3,000 tax basis must now be allocated to the post-spin-off Lucent shares and to the newly received Avaya shares. 94.524% of the \$3,000 will be allocated to Lucent and 5.476% allocated to Avaya.

LUCENT TAX BASIS CALCULATION

\$3,000 x .94524 = \$2,835.72. This is the new total tax basis for Lucent shares.

To get the tax basis per share divide \$2,835.72 by 100, the total share amount.

\$2,835.72 divided by 100 = \$ 28.3572 per share.

Example:

\$3,000	x	.94524	=	\$2,835.72	÷	100	=	\$28.3572
Original tax basis		Allocated ratio		New total Lucent tax basis		Total number of shares		New Lucent per share tax basis

Calculate your new Lucent per share tax basis here:

<input type="text"/>	x	.94524	=	<input type="text"/>	÷	<input type="text"/>	=	<input type="text"/>
Original tax basis		Allocated ratio		New total Lucent tax basis		Total number of shares		New Lucent per share tax basis

AVAYA TAX BASIS CALCULATION

\$3,000 x .05476 = \$164.28. This is the new total tax basis for Avaya shares.
 To get the tax basis per share divide \$164.28 by 100, the total share amount.
 \$164.28 divided by 8.3333 = \$ 19.7137 per share.

Example:

\$3,000	x	.05476	=	\$164.28	÷	8.3333	=	\$19.7137
Original tax basis		Allocated ratio		New total Avaya tax basis		Total number of shares		New Avaya per share tax basis

Calculate your Avaya per share tax basis here:

<input type="text"/>	x	.05476	=	<input type="text"/>	÷	<input type="text"/>	=	<input type="text"/>
Original tax basis		Allocated ratio		New total Avaya tax basis		Total number of shares		New Avaya per share tax basis

AVAYA FRACTIONAL SHARE TAX BASIS

Example:

\$19.7137	x	.3333	=	\$6.57
New Avaya per share tax basis		Number of fractional shares sold		Tax basis for fractional shares sold

Calculate your Avaya fractional share tax basis here:

<input type="text"/>	x	.05476	=	<input type="text"/>
New Avaya per share tax basis		Number of fractional shares sold		Tax basis for fractional shares sold

LOSS OR GAIN FROM SALE OF FRACTIONAL SHARES

Example:

\$16.26 *	-	\$6.57	=	\$9.69
Amount of fractional share check		Tax basis for fractional shares sold		Loss/Gain from fractional share sale

Calculate your loss/gain from fractional shares sale here:

<input type="text"/>	x	.05476	=	<input type="text"/>
Amount of fractional share check		Tax basis for fractional shares sold		Loss/Gain from fractional share sale

**The amount shown is solely for purposes of demonstrating the formula. The actual portion of the check that is attributable to fractional shares of Avaya, Inc. common stock, if any, appears on the enclosed statement.*