



Avaya Acquires Nimcat Networks

Avaya Drives To Integrate Peer-To-Peer Software Into Communication Applications For Business Users Through Acquisition of Technology Leader

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BASKING RIDGE, N.J., US -

Avaya Inc., (NYSE:AV) a leading global provider of business communications applications, systems and services, today announced it has acquired Nimcat Networks, a leading developer of embedded, peer-to-peer IP (Internet Protocol) communications applications software.

Nimcat Networks' IP communications software, currently called nimX, is designed to be embedded within enterprise IP phones. By placing the intelligence in the phone and eliminating additional hardware, such as call processing and application servers, installation is vastly simplified and start-up costs are sharply reduced. Embedding communications intelligence directly in the endpoints rather than the network will enable enterprises to implement streamlined peer-to-peer IP communications quickly and cost-effectively.

Avaya acquired Nimcat Networks for approximately CAD\$46 million in cash. Nimcat Networks is privately held and headquartered in Ottawa.

Avaya said it expects the acquisition to be one cent dilutive in the company's fourth fiscal quarter, primarily related to approximately \$3.2 million of in-process research and development costs. Research and development plans include incorporating Nimcat Networks software into Avaya IP telephony offers. This process is expected to take up to 12 months, after which Avaya will release its first integrated Nimcat Networks-based product.

The nimX plug-and-play software delivers low total cost of ownership for customers who want a select set of telephony features and applications. The software includes the most frequently used telephony features and applications, including voice mail, conferencing and auto-attendant. All that is required for installation is to plug the IP phones into the same data network used by office personal computers. The phones automatically find each other, connect to each other and initialize their features. Adding users is as simple as plugging another phone into the network.

Each phone has its own software and back up data for other phones, so if one phone fails the others continue to work, providing embedded failover and business continuity. Nimcat Networks software is based on the industry standard Session Initiation Protocol (SIP), clearly demonstrating Avaya's commitment to open and standards-based solutions. Developing solutions using the SIP standard can accelerate the integration of Nimcat Networks software into Avaya and other leading industry solutions.

"The addition of Nimcat Networks' capabilities is another step in our plan to make intelligent communications applications available to all customers regardless of size," said Mike Thurk, group vice president, Global Communications Solutions, Avaya. "Peer-to-peer technology is an

important emerging communications architecture, and this move clearly illustrates our determination to maintain leadership in IP telephony innovation. When peer-to-peer is integrated with the rest of enterprise networks, businesses will be able to select communications applications to match the right level of functionality and cost to address the needs of different locations."

Avaya said Nimcat Networks will be part of its Global Communications Solutions group. The company expects to continue selling Nimcat Networks' software to other equipment manufacturers and to support existing Nimcat Networks customers.

"By joining Avaya, Nimcat Networks will have access to a larger market and we become contributors to Avaya's global research and product development efforts," said Mahshad Koohgoli, CEO, Nimcat Networks. "Our technology will play an integral role in further communications innovations from Avaya. We are excited about being part of a company that shares our vision of smart devices helping a broader range of businesses integrate the benefits of IP telephony into their operations."

About Avaya

Avaya Inc. designs, builds and manages communications networks for more than one million businesses worldwide, including over 90 percent of the FORTUNE 500®. Focused on businesses large to small, Avaya is a world leader in secure and reliable Internet Protocol telephony systems and communications software applications and services.

Driving the convergence of voice and data communications with business applications - and distinguished by comprehensive worldwide services - Avaya helps customers leverage existing and new networks to achieve superior business results. For more information visit the Avaya Web site: <http://www.avaya.com>

About Nimcat Networks

Nimcat Networks is a premiere developer of embedded, peer-to-peer call processing software. Its unique Peer-Telephony-eXchange (PTX) solution operates within standard Voice over-IP (VoIP) telephone sets, eliminating the need for PBX equipment. Nimcat Networks' solution enables communications equipment vendors to create enterprise-class telephone systems that are easy to deploy, expand and maintain. Nimcat Networks' technology improves product margins, reduces development time-to-market and enables new distribution channel opportunities for telephony OEMs. Nimcat Networks won Internet Telephony's "Product of the Year Award" for 2004, Frost & Sullivan's "Enterprise Infrastructure Entrepreneurial Company of the Year Award" and was named to the "Pulver 100" for its VoIP technology innovations.