

Summary of Material Modifications Nokia Retirement Income Plan-- All Programs: Important Contacts

This notice, called a Summary of Material Modifications (“SMM”), advises you of material changes in the information presented in your Summary Plan Description (sometimes called an “SPD”) for the Nokia Retirement Income Plan (the “Pension Plan”).

Please do two things:

1. Read this notice, and
2. Retain a copy of this notice for your records.

The changes are as follows:

1. NEW WEBSITE ADDRESS FOR PENSION PLAN RECORDKEEPER AND NEW ADDRESS AND TELEPHONE NUMBER FOR QDRO ADMINISTRATOR

The website address for Your Benefits Resources (YBR)[™] has changed. The new website address is <https://digital.alight.com/nokia>. Additionally, the address and phone number for the QDRO Administrator has changed. For your convenience, an updated list of “Important Contacts” for the Pension Plan is attached.

Important Contacts

Here is a list of important contacts for the Pension Plan:

Contact/Service Provided	Address
Nokia Benefits Resource Center— Service center for the Pension Plan; maintains information regarding your Pension Plan benefit; processes Plan-related transactions such as benefit commencement.	Online through the Your Benefits Resources (YBR) [™] website at https://digital.alight.com/nokia , 24 hours a day, seven days a week. By phone through the Nokia Benefits Resource Center, from 9:00 a.m. to 5:00 p.m., ET, Monday through Friday. Call 1-888-232-4111 and select “Retirement and Investments”, then select “Pension”.
Nokia Employee Benefits Committee— Serves as final review committee for Pension Plan benefit appeals.	Employee Benefits Committee Nokia 600-700 Mountain Avenue Room 6C-402A Murray Hill, NJ 07974 USA
Nokia Legal & Compliance Organization— Authorized agent for service of process of all legal papers for the Pension Plan, the Plan Administrator, and the Employee Benefits Committee. Also authorized agent for service of subpoenas.	Legal & Compliance Organization Nokia 600-700 Mountain Avenue Room 6C-412 Murray Hill, NJ 07974 USA
Plan Administrator— Administers the Pension Plan; adjudicates claims for benefits; responsible for certain disclosure to Plan Participants regarding their benefits.	Pension Plan Administrator Nokia 600-700 Mountain Avenue Room 6C-402A Murray Hill, NJ 07974 USA
QDRO Administrator— Handles matters relating to domestic relations orders affecting, or purporting to affect, Pension Plan benefits.	Send all draft or court certified orders to: Nokia QDRO Center P.O. Box 7144 Rantoul, IL 1866-7144 USA Fax: 1-847-883-9313 For information or if you have questions: visit the Qualified Order Center website at www.qocenter.com , email your questions to qocenter@alight.com , or contact the Nokia Benefits Resource Center (see above).

Alcatel-Lucent Retirement Income Plan Account Balance Program

Summary Plan Description

January 1, 2011



DISCLAIMER

This is a summary of the benefits available to eligible management employees and eligible Business and Technical Associates (who were classified as Lucent Business Assistants prior to 2010) under the Account Balance Program (ABP) provisions of the Alcatel-Lucent Retirement Income Plan (Pension Plan). This SPD applies only to participants in the Account Balance Program who retire, die, or terminate employment on or after January 1, 2011. Benefits for participants who retired, died, or terminated employment prior to January 1, 2011 are governed by the terms of the Pension Plan in effect as of the date of their termination of employment, unless a later amendment specifically grants benefits to them. This summary is provided for informational purposes only and is intended to comply with Department of Labor requirements for Summary Plan Descriptions (“SPDs”). More detailed information about the Pension Plan is provided in the official Pension Plan document, a copy of which can be obtained by writing to the Pension Plan Administrator (see “Important Contacts” and “Other Important Information”).

This summary is based on Pension Plan provisions in effect on January 1, 2011, and replaces all previous SPDs and other descriptions of benefits provided under the Pension Plan. If there is any conflict between the information in this SPD and the Pension Plan document, the Pension Plan document will govern.

PENSION PLAN MAY BE AMENDED OR TERMINATED

The Company expects to continue the Pension Plan but reserves the right to amend or terminate the Pension Plan, in whole or in part, at any time by the resolution of the Board of Directors or its properly authorized designee.

Questions regarding your benefits should be addressed as indicated in this SPD (see “Important Contacts”). Because of the many detailed provisions of the Pension Plan, no one other than the personnel or entities identified in this SPD (see “Important Contacts”) is authorized to advise you as to your benefits. Neither the Company nor the Pension Plan can be bound by statements made by unauthorized personnel or entities. In the event of a conflict between any verbal information provided to you by an authorized resource and information in the official Pension Plan document, the Pension Plan document will govern.

Alcatel-Lucent Retirement Income Plan Account Balance Program

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This SPD describes the Account Balance Program provisions of the Alcatel-Lucent Retirement Income Plan as of January 1, 2011. More detailed information is provided in the official Pension Plan documents which are controlling.

Alcatel-Lucent Retirement Income Plan – Account Balance Program

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This SPD describes the Account Balance Program provisions of the Alcatel-Lucent Retirement Income Plan as of January 1, 2011. More detailed information is provided in the official Pension Plan documents which are controlling.

INTRODUCTION

Here is your summary of the key features of the Account Balance Program provisions of the Alcatel-Lucent Retirement Income Plan (Pension Plan). Certain words and phrases have a specific meaning under the Account Balance Program provisions of the Pension Plan. These terms are capitalized to let you know that they are defined in the section labeled "Terms You Should Know".

The Pension Plan is an important part of your financial security. When combined with Alcatel-Lucent's other benefit plans, Social Security and your own personal savings, you have the opportunity to build a balanced portfolio that may help you meet your long-term financial goals.

The Account Balance Program establishes a hypothetical account for you (ABP Account) for recordkeeping purposes and adds credits to your ABP Account annually. Your ABP Account grows over time with these credits. When you leave the Company, your Vested ABP Account represents the value of your pension benefit. You may elect a Lump Sum Distribution of your ABP Account, an immediately payable monthly annuity or defer distribution of your ABP Account to a later date and allow it to continue to grow with annual Interest Credits.

Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits. Notwithstanding the freeze, your ABP Account shall continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.

The Pension Plan is provided at no cost to you.

THE PENSION PLAN - HIGHLIGHTS

Here is a summary of the key features of the Account Balance Program provisions of the Pension Plan.

Account Balance Program Feature	Summary
Eligibility	<p>If you were a participant in the Account Balance Program as of December 31, 2010, you will continue to be a participant.</p> <p>If you were first hired prior to January 1, 1999 you generally will not be an Eligible Employee under the Account Balance Program, but will instead participate in the Service Based Program. Certain exceptions apply to Business and Technical Associates (BTAs)/Lucent Business Assistants (LBAs), rehired, transferred and acquired employees (see "Eligible Employee" under "Terms You Should Know").</p> <p>Generally, the Account Balance Program is applicable to employees hired on or after January 1, 1999 and before January 1, 2008. Employees first hired on or after January 1, 2008 are not eligible to participate in the Pension Plan.</p>
Participation	<p>If you are an Eligible Employee of a Participating Company, you are automatically a participant in the Account Balance Program provisions of the Pension Plan. Employees first hired on or after January 1, 2008 are not eligible to participate in the Pension Plan.</p>
Cost	<p>Alcatel-Lucent USA Inc. pays the entire cost of the Pension Plan. There is no cost to you.</p>
Vesting	<p>"Vesting" refers to earning a nonforfeitable right to your Pension Plan benefit. Generally, you are Vested after you complete three years of Vesting Service. Any Participant who was employed by the Company on December 31, 2009 shall be fully Vested.</p>

The Pension Plan - Highlights

Account Balance Program Feature	Summary
Account Balance Program Benefits	<p>Your benefit under the Account Balance Program (ABP) provisions of the Pension Plan is based on the value of your Vested ABP Account at the time of distribution. If you leave the Company for any reason after you are Vested, you are entitled to an immediate distribution of your ABP Account, regardless of your age at that time.</p> <p>Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits. Notwithstanding the freeze, your ABP Account shall continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.</p>
Information About Your Pension Plan	<p>Call the Pension Service Center (PSC) at 1-866-429-5764 for information about the Account Balance Program and to initiate payment of your pension benefits. You can also reach the PSC by regular mail as follows:</p> <p style="text-align: center;">Alcatel-Lucent Pension Service Center P.O. Box 57576 Jacksonville, FL 32241-7576</p> <p>You can access the Pension Service Center website at http://alcatel-lucent.inqplans.com</p>

PARTICIPATING IN THE PENSION PLAN

WHEN PARTICIPATION BEGINS

Generally, the Account Balance Program is applicable to Eligible Employees hired on or after January 1, 1999 and before January 1, 2008. Employees first hired on or after January 1, 2008 are not eligible to participate in the Pension Plan.

Special rules apply to individuals who have not continuously participated in the Account Balance Program (e.g., leaves of absence, rehires, transfers, eligible for Mandatory Portability Agreement, etc.). Because each individual's facts and circumstances are unique, the service history must be reviewed to determine status as a Participant in the Account Balance Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status in the Account Balance Program.

You automatically become a Participant in the Pension Plan when you meet the participation requirements. You do not need to enroll.

Note that 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 this Pension Plan.

COST

Alcatel-Lucent USA Inc. pays the full cost of providing your pension. There is no cost to you.

CALCULATING YOUR ACCOUNT BALANCE BENEFIT

You accrue benefits under the Account Balance Program in much the same way as you accumulate money in a savings account. Once you become a Participant in the Account Balance Program, a hypothetical account is established for you for record keeping purposes. Your ABP Account grows annually in two ways:

- **Age-Based Pay Credits.** Your ABP Account is credited with a dollar amount based on your age and Pension Includable Compensation from the previous calendar year. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.**
- **Interest Credits.** Your ABP Account is credited with an annual Interest Credit.

AGE-BASED PAY CREDITS

Each January 1, your ABP Account is credited with an Age-Based Pay Credit if you were employed by a Participating Company during the preceding calendar year. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.**

AGE-BASED PAY CREDIT PERCENTAGE FACTORS

Your Age-Based Pay Credit for a given year is based on the appropriate percentage factor from this table:

Age-Based Pay Credit Percentage Factors	
Your Age (On January 1)	Percentage
less than 30	3.00%
30 - less than 35	3.75%
35 - less than 40	4.50%
40 - less than 45	5.50%
45 - less than 50	6.75%
50 - less than 55	8.25%
55 or over	10.00%

Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.

The following illustrates the calculation of Age-Based Pay Credits prior to the elimination of Age-Based Pay Credits effective December 31, 2009.

To find your percentage factor, use your age, expressed in completed, full years on January 1 of the year in which the Age-Based Pay Credit is added. For example, if you were 37 years and six months of age on January 1, 2008 your Age-Based Pay Credit was based on age 37.

If you terminated your employment during the calendar year, your Age-Based Pay Credit was based on your age in completed full years as of January 1 of the year following the year you left the Company and your Pension Includable Compensation paid to you during the calendar year in which you left the Company.

To determine your Age-Based Pay Credit, multiply your Pension Includable Compensation for the previous calendar year by the appropriate percentage factor from the table above.

Pension includable Compensation	X	Percentage Factor	=	Age-Based Pay Credit
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AGE-BASED PAY CREDIT EXAMPLE

Assume you were age 37 on January 1, 2008, and had Pension Includable Compensation in 2007 of \$45,000, your Age-Based Pay Credit for calendar year 2007 would be determined as follows:

\$45,000	X	4.5%	=	\$2,025
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INTEREST CREDIT

Your ABP Account will continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.

Your ABP Account will be credited with an annual Interest Credit so the value of your account compounds with interest over time. You receive an Interest Credit at the end of every plan year in which you have a balance in your account - even if you no longer work for the Company - up to the time you take a Lump Sum Distribution of your ABP Benefit or begin receiving monthly pension benefits.

Your annual Interest Credit goes into your account on December 31 of each year. It is determined by multiplying your account balance on December 31 by the interest rate in effect for that year.

Account Balance on December 31	X	Interest Rate	=	Interest Credit
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The interest rate, which is determined by Alcatel-Lucent USA Inc., may vary from a minimum annual rate of 4% to a maximum annual rate of 10%. An Interest Credit of 4% will be made on December 31 of each year, for participants in the Account Balance Program as of that date.

INTEREST CREDIT EXAMPLE

Assume your ABP Account balance is \$2,500 on December 31. In this case, the Interest Credit added to your ABP Account Balance on December 31 would be determined as follows:

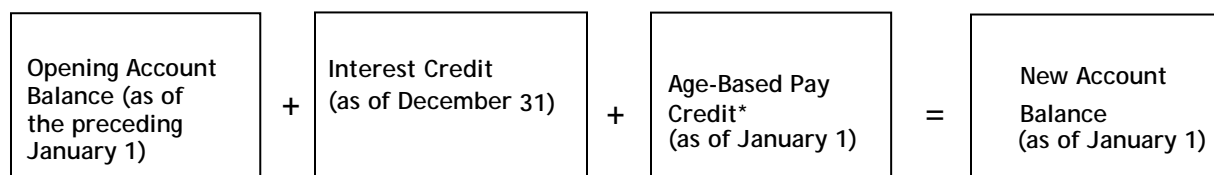
\$2,500 (Account Balance on December 31)	X	4% (Interest Rate)	=	\$100.00 (Interest Credited on December 31)
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TRACKING YOUR ABP ACCOUNT

Under the Account Balance Program a hypothetical account is established for record keeping purposes. You can request an Account Balance Statement by contacting the PSC. Your Account Balance Statement shows the growth of your ABP Account from year to year. You can use your Account Balance Statement along with your savings plan statement and other financial statements to monitor your progress towards your financial goals.

Your Account Balance Statement will show your opening account balance for the year (your balance as of the preceding January 1) plus interest credited on that balance on December 31 of the preceding year. The statement will also show your Age-Based Pay Credit* added on January 1 of the current year and your new account balance.

Your Account Balance Statement shows:



* Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.

WHEN ACCOUNT BALANCE BENEFITS ARE PAYABLE

If you terminate your employment with the Company for any reason after you are Vested, you are entitled to receive an immediate distribution of your ABP Benefit, regardless of your age at that time.

No benefit will be paid if you are not Vested when you terminate your employment. Any Participant who was employed by the Company on December 31, 2009 shall be fully Vested.

IF YOU TERMINATE YOUR EMPLOYMENT WITH THE COMPANY

If the present value of your Vested ABP Benefit does not exceed \$1,000 when you terminate your employment with the Company, the present value of your ABP Benefit will automatically be paid to you in a Lump Sum - you will have no choices concerning the payment of your Vested benefit.

If the present value of your Vested ABP Benefit exceeds \$1,000 when you terminate your employment with the Company, you will have these payment options:

- You may receive your Vested ABP Benefit as an immediately payable monthly annuity.
- You may receive the present value of your ABP Benefit as a Lump Sum (if you are legally married, you must obtain your Lawful Spouse's written, notarized consent).
- You may leave the balance in your ABP Account and allow it to continue to grow with annual Interest Credits. If you defer commencement of your ABP Benefit you may elect to commence your ABP Benefit at any time before age 70½.

(See also, "How Account Balance Benefits Are Paid")

PENSION BENEFITS PAYABLE FOLLOWING YOUR DEATH

IF YOU DIE WHILE ACTIVELY EMPLOYED

The Account Balance Program provisions of the Pension Plan provide that the value of your ABP Account will be distributed as follows if you die as an active employee after you are Vested under the Pension Plan:

- If you are legally married on your date of death, your Lawful Spouse may elect to receive the full value of your ABP Benefit distributed as either a Lump Sum or as a Single Life Annuity starting at any time up to April 1 following the year in which you would have attained age 70½.
- If you are **not** legally married on your date of death, the full value of your ABP Account will be distributed to your estate as a single Lump Sum payment.

No benefit will be paid if you are not Vested when you die.

IF YOU DIE AFTER LEAVING THE COMPANY BUT BEFORE BEGINNING YOUR PENSION

If you leave the Company and die prior to the commencement/distribution of your Vested ABP Benefit, the value of your ABP Benefit will be distributed as follows:

- If you are legally married on your date of death, your Lawful Spouse may elect to receive the full value of your ABP Benefit distributed as either a Lump Sum or as a Single Life Annuity starting at any time up to April 1 following the year in which you would have attained age 70½.
- If you are **not** legally married on your date of death, the full value of your ABP Account will be distributed to your estate as a single Lump Sum payment.

IF YOU DIE AFTER YOUR PENSION STARTS

If you are receiving pension benefits under the Single Life Annuity, payments end on the last calendar day of the month of your death.

If you are receiving pension benefits under the Joint and 50% Survivor Annuity, upon your death your eligible Lawful Spouse who was married to you on the date your pension began will receive 50% of the reduced monthly benefit for life. Payments to your eligible Lawful Spouse will begin on the first calendar day of the month immediately following your date of death.

If you are receiving pension benefits under the Joint and 75% Survivor Annuity, upon your death your eligible Lawful Spouse who was married to you on the date your pension began will receive 75% of the reduced monthly benefit for life. Payments to your eligible Lawful Spouse will begin on the first calendar day of the month immediately following your date of death.

If you are receiving pension benefits under the Joint and 100% Survivor Annuity, upon your death your eligible Lawful Spouse who was married to you on the date your pension began will receive 100% of the reduced monthly benefit for life. Payments to your eligible Lawful Spouse will begin on the first calendar day of the month immediately following your date of death.

If you die after receiving your pension benefit as a Lump Sum, no further benefit is payable to anyone.

HOW ACCOUNT BALANCE BENEFITS ARE PAID

How your ABP Benefit is paid depends on the value of your Vested ABP Benefit, whether or not you are legally married, and on the payment option you choose. Annuity payments are paid monthly. However, if the present value of your Vested ABP Benefit is \$1,000 or less, then payment of your ABP Account is made in a Lump Sum.

If the present value of your Vested ABP Benefit exceeds \$1,000 when your employment ends, you will have the following payment options for your ABP Benefit:

- You may receive the present value of your ABP Benefit as a Lump Sum (if you are legally married, you must obtain your Lawful Spouse's written, notarized consent).
- You may receive your ABP Benefit as an immediately payable monthly annuity.
- You may leave the balance in your ABP Account and allow it to continue to grow with annual Interest Credits. If you defer commencement of your ABP Benefit, you may elect to commence your benefit at any time before age 70½.

You can request an information package from the PSC describing these payment options prior to terminating your employment. You will have a 90-day election period during which you may elect to have your Vested ABP Benefit paid immediately or deferred until a later date.

If you elect to receive the present value of your Vested ABP Benefit as a Lump Sum, with the written, notarized consent of your Lawful Spouse, you must select one or more of the following four distribution options:

- A single Lump Sum payment to you, and/or
- Direct Rollover to a traditional IRA, and/or
- Direct Rollover to a Roth IRA, and/or
- Direct Rollover to another employer's qualified retirement plan including the Alcatel-Lucent Savings Plan (ALSP), if you have an account in that plan.

If you elect to receive your Vested ABP Benefit as an immediately payable annuity, your Vested ABP Benefit will be paid as follows:

- If you are legally married when your annuity payments begin, your pension will be paid to you as a Joint and 50% Survivor Annuity. However, you may decline the Joint and 50% Survivor Annuity and elect either the Single Life Annuity, Joint and 75% Survivor Annuity or the Joint and 100% Survivor Annuity with the written, notarized consent of your Lawful Spouse.
- If you are **not** legally married when your annuity payments begin, your pension will be paid to you as a Single Life Annuity with no payments continuing after your death.

If your ABP Benefit is paid as an annuity, you will receive your first check on or about the first day of the month which is at least 30 days after your pension begins.

If your pension is payable as a Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity or a Joint and 100% Survivor Annuity and your Lawful Spouse dies before you, but after your pension begins, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

If you are legally married, you may decline or re-elect the Joint and 50% Survivor Annuity by notifying the PSC in writing:

- Within the 90 days immediately before your Vested ABP Benefit is to begin, or, if later,
- Within 90 days immediately after the date the PSC mails or personally delivers to you your pension estimates.

If you change your mind one or more times during the election period, your Lawful Spouse's written, notarized consent is required each time you decline the Joint and 50% Survivor Annuity. However, once your Lawful Spouse has given consent to any declination you have made, your Lawful Spouse cannot unilaterally withdraw consent for that declination. Once the 90-day election period is over, you cannot change your choice for any reason, including a change in your marital status.

If you have received a commencement package and are in the process of electing payment of your benefit within the 90-day election period, and your Benefit Commencement Date as shown in the commencement package has passed, then you and your Lawful Spouse, if applicable, will need to consent to a retroactive Benefit Commencement Date.

If you commence your Vested ABP Benefit as either a Joint and 50% Survivor Annuity, Joint and 75% Survivor Annuity or a Joint and 100% Survivor Annuity, your eligible Lawful Spouse to whom you are legally married on the day your pension begins remains entitled to the annuity if you are later separated or divorced, even if one or both of you remarry.

If you decline the Joint and 50% Survivor Annuity and elect a Single Life Annuity with your Lawful Spouse's written, notarized consent, you will receive your full pension for life. Following your death, all payments will stop.

If you elect to defer payment of your Vested ABP Benefit to a later date, you may elect to commence your deferred ABP Benefit at any time in the future by contacting the PSC in writing. The PSC will calculate your ABP Benefit as of the first calendar day of the month immediately following the month in which your written request to commence your ABP Benefit is received by the PSC. The PSC will send you the appropriate information, along with the forms to be completed and returned before your ABP Benefit can commence.

If you elect to defer payment of your Vested ABP Benefit and do not contact the PSC to commence your benefit, the PSC will contact you approximately three months before your 65th birthday.

It is important that you notify the PSC of any change in your address after you leave the active payroll (see "Important Contacts").

WHEN ACCOUNT BALANCE BENEFITS ARE PAID

If you elect a Lump Sum Distribution of the present value of your Vested ABP Benefit, and you elect to waive the 90-day election period which applies to the election of a pension benefit, the Lump Sum Distribution of your ABP Benefit will be made to you as soon as administratively possible after receipt of your properly completed election forms. If you elect a Lump Sum Distribution of the present value of your Vested ABP Benefit but you do not elect to waive the 90-day election period which applies to the election of a pension benefit, the Lump Sum Distribution of your ABP Benefit will be made to you within the 30-day cycle after the expiration of the 90-day election period. Your rights and entitlements, and those of your Lawful Spouse, if any, under the Pension Plan cease upon payment of a Lump Sum Distribution.

If your Vested ABP Benefit is paid as an annuity, you will receive your first check on or about the first day of the month that is at least 30 days after receipt of your properly completed election forms.

PAYMENT METHODS FOR ACCOUNT BALANCE BENEFITS

There are a total of six payment methods available for a Vested ABP Benefit. They include:

- **Automatic Lump Sum:** If the present value of your ABP Benefit is *\$1,000 or less* when your employment ends, your benefit is automatically paid to you as a Lump Sum -- you will have no choice concerning the payment of this benefit. If you receive such a Lump Sum Distribution of your ABP Benefit, neither you nor your Lawful Spouse has any further rights to benefits under the Pension Plan.
- **Lump Sum:** If the present value of your ABP Benefit exceeds \$1,000 when your employment ends, you have the option of receiving your ABP Benefit as a Lump Sum. If you are legally married, you must first obtain your Lawful Spouse's written, notarized consent to select this option. If you take a Lump Sum Distribution of your ABP Benefit, neither you nor your Lawful Spouse has any further rights to benefits under the Pension Plan.
- **Single Life Annuity.** This is the automatic payment method if you are not legally married when pension payments begin. It is also available as an option if you are legally married (provided you obtain the written, notarized consent of your Lawful Spouse). Under this option, monthly payments are made to you for life with no payments continuing upon your death. This payment method produces the greatest monthly benefit of any payment method because only one lifetime is covered.
- **Joint and 50% Survivor Annuity.** This is the automatic payment method if you are legally married when pension payments begin. It provides you with monthly payments for life. These payments are reduced by a percentage based on your age and your Lawful Spouse's age when your pension begins. Upon your death, your Lawful Spouse will receive one-half (50%) of the reduced monthly payments for life.

If you elect this option and your Lawful Spouse dies before you, but after your pension has begun, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

Payments are reduced under this payment method to cover two lifetimes -- yours and your Lawful Spouse's. If you are legally married, you must obtain your Lawful Spouse's written, notarized consent to elect any other payment method.

- **Joint and 75% Survivor Annuity.** This payment method is an option if you are legally married when your pension payments begin (provided you obtain the written, notarized consent of your Lawful Spouse). It provides you with monthly payments for life, reduced by a percentage based on your age and your Lawful Spouse's age when your pension begins. Upon your death, your Lawful Spouse will receive 75% of the reduced monthly payments for life.

If you elect this option and your Lawful Spouse dies before you, but after your pension has begun, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

Payments are reduced under this payment method to cover two lifetimes -- yours and your Lawful Spouse's. The reduction under this method is greater than the reduction under a Joint and 50% Survivor Annuity because this method provides a greater survivor benefit for your Lawful Spouse.

- **Joint and 100% Survivor Annuity.** This payment method is an option if you are legally married when your pension payments begin (provided you obtain the written, notarized consent of your Lawful Spouse). It provides you with monthly payments for life, reduced by a percentage based on your age and your Lawful Spouse's age when your pension begins. Upon your death, your Lawful Spouse will receive 100% of the reduced monthly payments for life.

If you elect this option and your Lawful Spouse dies before you, but after your pension has begun, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

Payments are reduced under this payment method to cover two lifetimes -- yours and your Lawful Spouse's. The reduction under this method is greater than the reduction under a Joint and 50% Survivor Annuity and also a Joint and 75% Survivor Annuity because this method provides a greater survivor benefit for your Lawful Spouse.

CALCULATING AN ANNUITY BENEFIT

If you elect to commence your Vested ABP Benefit as an immediately payable monthly annuity, your ABP Account will be converted to an immediately payable Single Life Annuity. To convert your ABP Account Balance to a Single Life Annuity, a hypothetical age 65 account balance is calculated by applying the Pension Plan's interest crediting rate for the current year and a flat interest rate of 4% per year, as specified by the Pension Plan, for any future years to your ABP Account. This hypothetical age 65 account balance is then converted to a Single Life Annuity payable at age 65 by applying the Account Balance Program's age 65 annuity factor. If you begin receiving annuity payments before age 65, your age 65 Single Life Annuity will be reduced for early commencement by the Account Balance Program's early reduction factors.

The following example assumes:

- You are age 56 and elect to commence your benefit now,
- Your current account balance is \$25,000,
- Your account balance is projected to Normal Retirement Age (age 65) at 4%.

Your projected account balance at Normal Retirement Age (age 65)	\$35,582.80
Normal Retirement Age (age 65) annuity factor	10.6464
Your monthly benefit as a Single Life Annuity at Normal Retirement Age (age 65) (Projected account balance ÷ age 65 annuity factor ÷ 12)	\$278.52
Early retirement factor at age 56	58.6%
Your monthly benefit as an immediate Single Life Annuity at age 56 (Age 65 annuity x early retirement factor)	\$163.22

If you are legally married and you elect the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity or the Joint and 100% Survivor Annuity, your immediately payable Single Life Annuity is reduced by a percentage based on your age and your Lawful Spouse's age when your payments begin.

Example: Joint and 50% Survivor Annuity

If you are legally married on the day your Vested ABP Benefit begins, the normal form of payment is a Joint and 50% Survivor Annuity. Under this form of payment, you will receive a reduced monthly payment for your life, and after your death, your Lawful Spouse will receive an amount equal to 50% of the payment you had been receiving. If you are legally married when your benefit begins you must obtain the written, notarized consent of your Lawful Spouse to elect any other payment method. Under the Joint and 50% Survivor Annuity, the reduction in the monthly pension benefit is based on your age and the age of your Lawful Spouse when your pension begins. If your Lawful Spouse dies before you, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

Following is an example of an ABP Benefit under the Joint and 50% Survivor Annuity payment method. This example assumes:

- You are age 56 when your benefit begins,
- Your spouse is age 55 when your benefit begins, and
- Your monthly immediately payable Single Life Annuity is \$163.22.

The reduction for the cost of the Survivor Annuity (based on the ages assumed) is 6%.

Your monthly benefit as an immediately payable Single Life Annuity	\$163.22
Less 6% reduction to cover cost of Joint and 50% Survivor Annuity ($\$163.22 \times .06$ (6%) = \$9.79)	(\$9.79)
Amount of your monthly benefit payable to you ($\$163.22 - \$9.79 = \$153.43$)	\$153.43
Your Lawful Spouse's lifetime benefit following your death (50% of your reduced benefit) ($50\% \times \$153.43 = \76.72)	\$76.72

Example: Joint and 75% Survivor Annuity

The Joint and 75% Survivor Annuity payment method is available as an option if you are legally married on the day your ABP Benefit payments begin, provided you obtain the written, notarized consent of your Lawful Spouse.

Under the Joint and 75% Survivor Annuity, the amount of your monthly pension benefit is reduced by a percentage based on your age and the age of your Lawful Spouse when your pension begins. After your death, your Lawful Spouse will receive 75% of your reduced monthly pension for life. If your Lawful Spouse dies before you, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

Following is an example of an ABP Benefit under the Joint and 75% Survivor Annuity payment method. This example assumes:

- You are age 56 when your benefit begins,
- Your spouse is age 55 when your benefit begins, and
- Your monthly immediately payable Single Life Annuity is \$163.22.

The reduction for the cost of the Survivor Annuity (based on the ages assumed) is 8%.

Your monthly benefit as an immediately payable Single Life Annuity	\$163.22
Less 8% reduction to cover cost of Joint and 75% Survivor Annuity (\$163.22 x .08 (8%) = \$13.05)	(\$13.05)
Amount of your monthly benefit reduced for cost of Joint and 75% Survivor Annuity coverage (\$163.22 - \$13.05 = \$150.17)	\$150.17
Your Lawful Spouse's lifetime benefit following your death (75% of your reduced benefit) (75% x \$150.17 = \$112.63)	\$112.63

Example: Joint and 100% Survivor Annuity

The Joint and 100% Survivor Annuity payment method is available as an option if you are legally married on the day your ABP Benefit payments begin, provided you obtain the written, notarized consent of your Lawful Spouse.

Under the Joint and 100% Survivor Annuity, the amount of your monthly pension benefit is reduced by a percentage based on your age and the age of your Lawful Spouse when your pension begins. After your death, your Lawful Spouse will receive 100% of your reduced monthly pension for life. If your Lawful Spouse dies before you, your payments will be increased by the amount of the original reduction, and no payments will be made after your death.

Following is an example of an ABP Benefit under the Joint and 100% Survivor Annuity payment method. This example assumes:

- You are age 56 when your benefit begins,
- Your spouse is age 55 when your benefit begins, and
- Your monthly immediately payable Single Life Annuity is \$163.22.

The reduction for the cost of the Survivor Annuity (based on the ages assumed) is 11%.

Your monthly benefit as an immediately payable Single Life Annuity	\$163.22
Less 11% reduction to cover cost of Joint and 100% Survivor Annuity (\$163.22 x .11 (11%) = \$17.95)	(\$17.95)
Amount of your monthly benefit reduced for cost of Joint and 100% Survivor Annuity coverage (\$163.22 - \$17.95 = \$145.27)	\$145.27
Your Lawful Spouse's lifetime benefit following your death (100% of your reduced benefit) (100% x \$145.27 = \$145.27)	\$145.27

EMPLOYMENT RELATED EVENTS

IF YOU ARE ABSENT DUE TO A DISABILITY UNDER THE ALCATEL-LUCENT SHORT TERM DISABILITY (STD) PLAN

If you are absent due to a disability under the Alcatel-Lucent STD Plan, your participation in the Pension Plan is not affected.

IF YOU TAKE A LEAVE OF ABSENCE

You continue to participate in the Pension Plan while you are on an approved leave of absence. Your ABP Account will not be credited with an Age-Based Pay Credit for the period of the leave. However, if you are reinstated at or prior to the expiration of the leave, your ABP Account will be credited with an Age-Based Pay Credit for the first 30 days of the leave in a 12-month period. The Age-Based Pay Credit will be based on your base rate of pay in effect immediately prior to the start of your leave. The maximum credit you can receive in a 12-month period is for 30 days. Therefore, if you were to take two or more leaves of absence within a 12-month period, you would only receive an Age-Based Pay Credit for up to a total of 30 days upon your reinstatement at or before the end of the leave(s). **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.**

IF YOU TERMINATE YOUR EMPLOYMENT

If you have three or more years of Vesting Service, or if you are Vested as the result of a transfer of excess pension assets or as the result of the divestiture or sale of your workgroup when you terminate employment, or are terminated under a reduction in force, or if you are employed by the Company on December 31, 2009, you are eligible for a Vested ABP Benefit. You will receive information about the amount of your Vested ABP Benefit and your payment options after you terminate employment.

If You Terminate Employment Due to a Permanent Disability

If you terminate your employment with the Company due to a permanent disability, you are treated the same as if you terminate your employment, and you will be able to commence your Vested ABP Benefit. You will receive information about the amount of your Vested ABP Benefit and your payment options after you terminate employment.

IF YOU LEAVE THE COMPANY AND ARE REHIRED

If you are an Eligible Employee upon your rehire, and you were Vested in the Pension Plan when your previous employment ended, your prior period of Vesting Service will be restored when you become a Participant in the Pension Plan.

If you are an Eligible Employee upon your rehire, and you were not Vested in the Pension Plan when your previous employment ended, your prior period of Vesting Service may be restored. The date when your prior Vesting Service is restored depends on the length of your Break in Vesting Service. (See "Terms You Should Know: Break in Vesting Service.")

If you are an Eligible Employee, your prior Net Credited Service may be bridged to your Net Credited Service following your rehire. Whether your Net Credited Service is bridged depends on how long your Break in Net Credited Service was and how long you remain actively employed with the Company upon your rehire. (See "Appendix F: Net Credited Service Rules.") **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.**

If You Are Rehired After Being Laid Off

If you were laid off and are later rehired on a permanent basis, your Net Credited Service before the period of layoff may be bridged to your Net Credited Service following your rehire under the layoff bridging rules. (See "Appendix F: Net Credited Service Rules.") **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.**

If You Are Rehired After You Commence Your ABP Benefit as an Annuity

Your pension payments under this Pension Plan may be suspended if you return to work after beginning to receive annuity payments of your Vested ABP Benefit and you are employed by:

- The Company,
- A Former Affiliate, or
- Another company at which you are covered by an Interchange Agreement.

If your pension payments are suspended during your period of re-employment, you will never receive the suspended amounts. However, under Pension Plan rules, your prior Service may be bridged.

The suspension rules are based in part on whether you have reached Normal Retirement Age (NRA), which is age 65. The following rules apply:

Return to Work for the Company:

- If you return to work for the Company after beginning your pension payments, and:

You Are:	While you are on the active payroll, your pension payments from the Pension Plan are:
Less than NRA, regardless of the number of hours worked in the month	Suspended
NRA or older and paid for fewer than 40 hours in a calendar month	Paid for that month
NRA or older and paid for 40 or more hours in a calendar month	Suspended for that month

If you are employed by a Non-Participating Subsidiary Company that is less than 80% and more than 50% owned by Alcatel-Lucent, you may elect to commence your benefit under the Pension Plan. If you elect to commence your pension benefit, Service with the Non-Participating Subsidiary Company, beginning with the date your benefit commences, will not be recognized for any purpose under the Pension Plan.

Service will not be recognized for any purpose under the Pension Plan if Alcatel-Lucent owns 50% or less of the non-participating company.

Return to Work Under the Mandatory Portability Agreement (MPA):

- If you return to work for a Former Affiliate and you are covered by the MPA and:

You are:	While you are on the active payroll, your pension payments based on NCS recognized under the Pension Plan are:
Less than NRA (<i>regardless of whether or not your NCS from the Pension Plan is bridged</i>)	Suspended
NRA or older and your NCS from the Pension Plan <i>is not bridged</i>	Paid by the Pension Plan*
NRA or older and your NCS from the Pension Plan <i>is bridged</i>	Paid by the Former Affiliate plan (based on your NCS that was recognized under the Pension Plan*)
* Even if you had not begun to receive your pension from the Pension Plan, these rules will apply when you reach NRA.	

- If you are hired by a Former Affiliate *and* your NCS from the Pension Plan is bridged by the Former Affiliate, you will no longer be considered a Participant under the Pension Plan and you will have no further rights under Alcatel-Lucent's pension plans.
- If you return to work for a Former Affiliate and *you are not covered by the MPA*, your pension payments from this Pension Plan will continue to be made.
- If you are hired by a Participating Company and your Net Credited Service with a Former Affiliate is bridged, this Pension Plan will pay your pension, if you are eligible, including the portion based on Former Affiliate service.

Continue to Work After NRA

If you continue to work after reaching your NRA, you will not begin to receive your pension benefit until you terminate employment. As long as you are working at least 40 hours per month, your pension benefit will be suspended.

If You Are Rehired After Receiving a Lump Sum Distribution From the Account Balance Program

If you received a Lump Sum Distribution of your Vested ABP Benefit, and are rehired by a Participating Company into a position covered by the Account Balance Program, you will *not* be permitted to repay your Lump Sum. Your prior Alcatel-Lucent Service will be recognized, subject to applicable bridging rules, for all purposes except pension accrual. Because each individual's facts and circumstances are unique, the service history must be reviewed to determine status and benefit treatment as a Participant in the Account Balance Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status and benefit treatment if you previously participated in the Service Based Program.

In the event that you are hired by a Former Affiliate and you are covered by the MPA, you will be able to repay your Lump Sum with interest, solely for purposes of transferring related pension assets to the hiring Former Affiliate.

If You Are Rehired and Were Previously Covered Under the Service Based Program

Special rules apply to individuals who previously participated in the Service Based Program. Because each individual's facts and circumstances are unique, the service history must be reviewed to determine status and benefit treatment as a Participant in the Account Balance Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status and benefit treatment if you previously participated in the Service Based Program.

IF YOU TRANSFER

If you transfer to another Participating Company it will not affect your Pension Plan participation.

If you transfer to a Non-Participating Subsidiary Company, either directly or with a break in service, your continuous Service with the Non-Participating Subsidiary Company will be recognized under the Pension Plan, subject to the applicable service bridging rules, for determining your eligibility for a Vested benefit and for bridging prior Alcatel-Lucent Service.

Service with the Non-Participating Subsidiary Company will *not* be recognized for:

- Determining the amount of the benefit under the Pension Plan, or
- Bridging prior Service that is subject to the MPA.

If you are employed by a Non-Participating Subsidiary Company which is less than 80% and more than 50% owned by Alcatel-Lucent, you may elect to commence your benefit under the Pension Plan. If you elect to commence your pension benefit, Service with the Non-Participating Subsidiary Company, beginning with the date your benefit commences, will not be recognized for any purpose under the Pension Plan.

Service will not be recognized for any purpose under the Pension Plan if Alcatel-Lucent owns 50% or less of the Non-Participating Company.

If You Transfer From the Account Balance Program to a Position Covered by the Lucent Technologies Inc. Retirement Plan

Pension benefits for employees who transfer from the Account Balance Program to positions covered by the Lucent Technologies Inc. Retirement Plan will be calculated as follows:

- The value of your ABP Account as of your date of transfer from the Account Balance Program, plus any interest, will be paid from this Pension Plan;

PLUS

- For Service completed by you following your date of transfer, a pension benefit computed under the provisions of the Lucent Technologies Inc. Retirement Plan with the rights and features of that plan will be paid from that plan.

If You Transfer From the Lucent Technologies Inc. Retirement Plan to This Pension Plan

Special rules apply to individuals who previously participated in the Lucent Technologies Inc. Retirement Plan. Because each individual's facts and circumstances are unique, the service history must be reviewed to determine status and benefit treatment as a Participant in the Account Balance Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status and benefit treatment if you previously participated in the Lucent Technologies Inc. Retirement Plan.

IF YOU WORK BEYOND AGE 70½

If you continue to work beyond age 70½, you will not commence your ABP Benefit while you are still working. Your Vested ABP Benefit will commence after your termination of employment.

TERMS YOU SHOULD KNOW

Several words and phrases have a specific meaning under the Account Balance Program provisions of the Pension Plan. This section explains those terms so that you can better understand your benefits. These terms are capitalized whenever they appear in a section to let you know that they are defined here.

ABP Account: a hypothetical account established for you for recordkeeping purposes which reflects Age-Based Pay Credits and Interest Credits credited under the Pension Plan. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits. Notwithstanding the freeze, your ABP Account shall continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.**

ABP Benefit: the Single Life Annuity payable at Normal Retirement Age (NRA) based on the projected value of your ABP Account at NRA.

Account Balance Program (ABP): a retirement program provided under this Pension Plan. The Account Balance Program uses a formula that expresses a Participant's benefit as a hypothetical account balance that grows with credits added under the program every year. This type of formula is commonly referred to as a "cash balance plan". Generally, the ABP is applicable to employees hired on or after January 1, 1999 and before January 1, 2008.

Account Balance Statement: a statement that shows your opening account balance (your balance as of January 1 of the preceding year), Age-Based Pay Credits (credited as of January 1 of each year), Interest Credits (credited on December 31 of the preceding year) and your new account balance. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits. Notwithstanding the freeze, your ABP Account shall continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.**

Affiliate: an entity required to be aggregated with the Company, under Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended.

AGCS: means AG Communications Systems. Special provisions apply to former employees of AGCS as a result of the merger of the AGCS Salaried Pension Plan into the Pension Plan on December 31, 2004. (See Appendix D)

AGCS Compensation: refers to the amount deemed to be earned by a former AGCS participant for purposes of calculating Age-Based Pay Credits while receiving long-term disability benefits. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits. Notwithstanding the freeze, your ABP Account shall continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.**

The components of AGCS compensation include the former AGCS participant's annual gross rate of base compensation in effect immediately before the disability began, including the following amounts (at the targeted amount, if relevant) for the calendar year in which the disability began (or for the prior calendar year, if greater in the aggregate):

- Foreign service premium paid as an incentive to accept a foreign assignment,
- Commissions and bonuses on account of sales paid pursuant to a written commitment of AGCS,
- Amounts up to the targeted amount (if any) paid under the Pay for Performance Plan during calendar years 1997 through 2000,
- Comparable payments under other team-oriented short-term incentive programs, and
- Payments under the Leadership Incentive Plan and the Management Incentive Plan.

AGCS Compensation does *not* include overtime, differentials, premiums, and other similar types of payment.

AGCS Pension Plan: refers to the AGCS Salaried Pension Plan, which was merged into the Pension Plan on December 31, 2004. Appendix D sets forth special rules applicable to participants who were participants in the AGCS Pension Plan on December 31, 2004.

Age-Based Pay Credit: an amount annually credited to your ABP Account which is based on your Pension Includable Compensation during the preceding calendar year, and your completed years of age on January 1 of the year in which the credit is made. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits.**

Benefit Commencement Date: means the date a Lump Sum payment is made to you or the date on which an annuity benefit becomes payable to you.

Break in Net Credited Service (NCS): you incur a Break in Net Credited Service whenever you terminate employment with the Company. See Appendix F for more information.

Break in Vesting Service: you incur a Break in Vesting Service if you have a severance of employment for vesting purposes and you do not return to the active payroll within 12 months of your date of severance. (Note: Any Participant who was employed by the Company on December 31, 2009 shall be fully Vested.) Your date of severance from service for vesting purposes is the earlier of:

- The date on which you resign, retire, are discharged or die, or
- The first anniversary of the first date of a period in which you remain absent from service (with or without pay) for any reason other than resignation, retirement, discharge, or death.

If you incur a Break in Vesting Service, your Vesting Service before the break may not be added to your Vesting Service after the break until it is bridged as follows:

- If you have at least five years of Vesting Service and/or you were previously Vested under the Pension Plan, you cannot lose credit for those years. In that case, your Vesting Service before the break will be bridged when you again become a Participant in the Pension Plan.
- If you have fewer than five years of Vesting Service and are not Vested (as described above), and you have a Break in Vesting Service and are later re-employed, your Vesting Service before the break will be bridged under the following Vesting Service bridging rules:

If You Were Not Vested Before the Break:	Your Vesting Service Before the Break Is Bridged On:
And your Break in Vesting Service is less than five years	The day you again become a Participant in the Pension Plan
And your Break in Vesting Service is five years or more	The second anniversary of your return to work

Business and Technical Associate (BTA): an employee who is classified as a Business and Technical Associate by the Company. Prior to 2010, such employee was classified as a Lucent Business Assistant (LBA).

Company: Alcatel-Lucent USA Inc., each of the Controlled Group Companies, and each Non-Participating Subsidiary Company.

Continuous Service Date: your most recent date of hire or rehire by the Company.

Controlled Group Company: a company of which Alcatel-Lucent USA Inc. directly or indirectly owns 80% or more of the voting stock, and any other company required to be aggregated with it under Sections 414(b), (c), (m), or (o) of the Internal Revenue Code of 1986, as amended.

Eligible Employee: If you are a salaried management employee (an employee paid at a monthly or annual rate whose position is not subject to automatic wage progression) or a Business and Technical Associate (BTA) [or classified as a Lucent Business Assistant (LBA) prior to 2010] who was first hired by a Participating Company on or after January 1, 1999 and before January 1, 2008, you are an Eligible Employee. Special rules apply to employees who have not continuously participated in the Account Balance Program (e.g., leaves of absence, rehires, transfers, eligible for Mandatory Portability Agreement, etc.). Because each individual's facts and circumstances are unique, the service history must be reviewed to determine status as an Eligible Employee in the Account Balance Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding status in the Account Balance Program.

Employee Benefits Committee: the committee appointed by the Company to undertake certain administrative responsibilities for the Pension Plan.

Former Affiliates:

- The Regional Holding Companies and the Operating Telephone Companies in each region listed in the table in Appendix C,
- Any subsidiary of these Regional Holding Companies which participates in a defined benefit pension plan maintained by any of these companies or with respect to which such company has an Interchange Agreement, and
- Telcordia Technologies (formerly Bell Communications Research, Inc. [Bellcore]), Cincinnati Bell Telephone Company and The Southern New England Telephone Company.

Interchange Agreement: an agreement between one or more Participating Companies and one or more non-participating companies that provides for the mutual recognition of an employee's term of employment solely for the purposes specified in the agreement for certain employees who are covered by the terms of the Interchange Agreement. An Interchange Agreement is applicable for a period of time as specified in the agreement. Currently, the only Interchange Agreement which applies to participants in the Pension Plan is the Mandatory Portability Agreement (MPA).

Interchange Companies: companies covered by the Mandatory Portability Agreement (MPA), including AT&T Corp., Ameritech Corporation, Bell Atlantic Corporation, Telcordia Technologies (formerly Bell Communications Research, Inc.), BellSouth Corporation, NYNEX Corporation, Pacific Telesis Group, SBC Communications, Inc., US West, Inc., Cincinnati Bell Telephone Company, The Southern New England Telephone Company, AirTouch Cellular, AirTouch International, Alcatel-Lucent USA Inc., Avaya Inc., Agere Systems, Inc., certain but not all of their subsidiaries, and other eligible companies as may be added from time to time. Additional subsidiary Interchange Companies may be added from time to time. MPA rules are effective for employees hired on or after the date their company becomes an Interchange Company. The PSC maintains a list of all companies covered by the MPA.

Interest Credit: a fixed rate of interest applied to your ABP Account once a year on December 31. The interest credit rate is 4% which will be applied to your account balance on December 31 of each year. The interest rate for future years, which is determined by Alcatel-Lucent USA Inc., may vary from a minimum annual rate of 4% to a maximum annual rate of 10%.

Joint and 50% Survivor Annuity: this is the automatic payment method under the Pension Plan if you are legally married when your pension payments begin. It provides you with monthly payments for your life with survivor protection for your Lawful Spouse. Your payments are reduced by a percentage based on the ages of both you and your Lawful Spouse when your pension begins. Upon your death, your Lawful Spouse will receive one-half (50%) of your reduced monthly pension payments for life. If your pension is being paid under this option and your Lawful Spouse dies before you, but after your pension begins, your payments will be increased by the amount of the original reduction.

Joint and 75% Survivor Annuity: this payment method under the Pension Plan is available as an option if you are legally married when your pension begins and you obtain your Lawful Spouse's written, notarized consent. It provides you with monthly payments for your life with survivor protection for your Lawful Spouse. Your payments are reduced by a percentage based on the ages of both you and your Lawful Spouse when your pension begins. Upon your death, your Lawful Spouse will receive 75% of your reduced monthly pension payments for life. If your pension is being paid under this option and your Lawful Spouse dies before you, but after your pension begins, your payments will be increased by the amount of the original reduction.

Joint and 100% Survivor Annuity: this payment method under the Pension Plan is available as an option if you are legally married when your pension begins and you obtain your Lawful Spouse's written, notarized consent. It provides you with monthly payments for your life with survivor protection for your Lawful Spouse. Your payments are reduced by a percentage based on the ages of both you and your Lawful Spouse when your pension begins. Upon your death, your Lawful Spouse will receive 100% of your reduced monthly pension payments for life. If your pension is being paid under this option and your Lawful Spouse dies before you, but after your pension begins, your payments will be increased by the amount of the original reduction.

Lawful Spouse: a person of the opposite sex who is recognized as your lawful husband or lawful wife under the laws of your state of residence (even if your state of residence grants or recognizes same-sex marriages).

Lucent Business Assistant (LBA): an employee who was classified as a Lucent Business Assistant I, II or III by the Company, prior to 2010.

Lump Sum or Lump Sum Distribution: payment of the present value of your Vested ABP Benefit, payable to you after you terminate your employment with the Company, or payable to your Lawful Spouse or to your estate, under certain conditions, if you die while actively employed or before commencing your Vested pension.

Mandatory Portability Agreement (MPA): an Interchange Agreement effective January 1, 1985 among AT&T and its Former Affiliates (called Interchange Companies). The agreement provides for mutual recognition of Service credit and transfer of benefit obligations for certain Eligible Employees who leave one Interchange Company and are later employed by another Interchange Company. (See "Appendix D" for more information about the MPA.)

Mandatory Portability Company: a company other than a Participating Company which is party to the Mandatory Portability Agreement (MPA) (see the definition of Interchange Companies). It also includes any subsidiary or affiliate identified in the MPA.

Net Credited Service (NCS): NCS is also referred to as your "Term of Employment." Although NCS is not used to determine your ABP Benefit, it determines your eligibility under other Company benefit plans and programs. The rules explaining Net Credited Service are set forth in Appendix F.

Non-Participating Subsidiary Company: any corporation of which more than 50% of the voting stock is owned directly or indirectly by Alcatel-Lucent USA Inc. and which does not participate in the Pension Plan.

Normal Retirement Age (NRA): NRA is your 65th birthday.

Participant: generally, the Account Balance Program is applicable to Eligible Employees hired on or after January 1, 1999 and before January 1, 2008. Employees first hired on or after January 1, 2008 are not eligible to participate in the Pension Plan.

Special rules apply to individuals who have not continuously participated in the Account Balance Program (e.g., leaves of absence, rehires, transfers, eligible for Mandatory Portability Agreement, etc.). Because each individual's facts and circumstances are unique, the service history must be reviewed to determine status as a Participant in the Account Balance Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status in the Account Balance Program.

Note that individuals who are not paid from the U.S. payroll of a Participating Company (except for employees of Lucent Technologies Caribbean and Latin American Sales, Inc.), 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 this Pension Plan.

Participating Company/Companies: a company or companies that participate in this Pension Plan. For information on Participating Companies, contact the Pension Service Center (PSC). (See "Important Contacts").

Pension Plan: the Alcatel-Lucent Retirement Income Plan (known before January 1, 2008 as the Lucent Retirement Income Plan and before January 1, 2000 as the Lucent Technologies Inc. Management Pension Plan).

Pension Includable Compensation: compensation used in computing your pension. Compensation paid after December 31, 2009 is not taken into account for purposes of determining benefits under the Pension Plan.

The components of Pension Includable Compensation under the Account Balance Program provisions of the Pension Plan are determined by the Employee Benefits Committee and include the following payments made to eligible employees by Participating Companies:

- Your monthly base pay, plus
- Differentials paid for night tours or for temporary work in a higher classification,
- Lump sum merit wage payments,
- Team management incentive compensation plan awards (e.g., Lucent Award, Unit Award) paid to you *before* your termination or retirement, and
- Marketing and Sales Incentive Compensation paid to you *before* your termination or retirement.

Pension Includable Compensation does *not* include:

- Recognition awards,
- Retention Bonuses,
- Relocation payments,
- Special Supplementary Lump Sum Bonuses,
- Overtime pay,
- Payments received in lieu of unused vacation, management personal days, or floating holidays,
- Team management incentive compensation awards and Marketing and Sales Incentive Compensation paid to you *after* your termination or retirement,
- Payments made to a Participant by a Non-Participating Subsidiary Company, or
- Any other payments not comparable to those listed above as Pension Includable Compensation as determined for all employees by the Employee Benefits Committee.

Pension Service Center (PSC): the PSC is the official center for all pension and pension-related services for Eligible Employees. (See “Important Contacts”).

Prior AGCS Plan: refers to the AG Communication Systems Corporation Plan for Employees’ Pensions, as amended and in effect before January 1, 1997. All benefits under the Prior AGCS Plan were frozen as of December 31, 1996.

Qualified Domestic Relations Order (QDRO): a court order in a divorce, legal separation, or similar proceeding, that requires part or all of your Vested pension benefit to be paid to meet a property settlement agreement, alimony, child or dependent support payments. See QDRO Administration under “Important Contacts” for details on whom to contact in the event your pension benefit is subject to a QDRO, or to obtain (without charge) a copy of the Pension Plan’s procedures governing QDROs.

Rollover: a payment of all or part of a Lump Sum Distribution to a traditional IRA, Roth IRA, or another employer’s qualified retirement plan that accepts rollovers.

Service: your Service with a Participating Company or with a Non-Participating Subsidiary Company, which is important in determining your eligibility for Pension Plan benefits. The Pension Plan uses Vesting Service to determine your eligibility for a Vested pension. Once you are Vested, you have a nonforfeitable right to certain pension benefits. See the definitions of Net Credited Service and Vesting Service for more information.

Service Based Program: a retirement program provided under this Pension Plan. The Service Based Program uses a formula that calculates an employee's pension benefit based on several factors, primarily the employee's length of Service and Pension Includable Compensation during a specified period of time. The provisions of the Service Based Program are described in a separate summary plan description.

Single Life Annuity: the automatic payment method under the Pension Plan if you are not legally married when your pension begins. It is also an option if you are legally married when your pension begins (provided you obtain the written, notarized consent of your Lawful Spouse). Under this option, monthly payments are made to you for life with no payments continuing after your death.

Vested: You are Vested in the Pension Plan:

- If you were employed by the Company on December 31, 2009, or
- After completing at least three years of Vesting Service, or
- If you are a participant in the Pension Plan, and you are on the active roll on the date you attain your NRA, or
- If your benefit under the Pension Plan had become fully Vested by reason of a transfer of excess pension assets, or
- If you were a participant or former participant in the Lucent Technologies Inc. Pension Plan or the Lucent Technologies Inc. Retirement Plan, and
 - Your benefit under that plan became fully Vested by reason of a transfer of excess pension assets, and
 - You subsequently became a Participant in this Pension Plan, or
- If you are terminated on or after January 1, 1999 as the result of the divestiture or sale of your workgroup, or
- If you are terminated under a reduction in force declaration made on or after February 15, 2001.

Once you are Vested in the Pension Plan, you have a nonforfeitable right to a pension benefit.

Vesting Service: this determines your eligibility for a Vested benefit under the Pension Plan. (Note: Any Participant who is employed by the Company on December 31, 2009 shall be fully Vested.)

Since January 1, 2000, the Pension Plan has calculated Vesting Service under the "elapsed time" method. Under the "elapsed time" method, Service is counted from your employment commencement date and is expressed in periods of years, months and days.

Service generally begins when you first perform an hour of Service for the Company and continues until your severance of employment with the Company. You do not receive Vesting Service for any Service before your 18th birthday. There is no difference under the "elapsed time" method of crediting Vesting Service for full-time or part-time employees.

Your date of severance from Service for vesting purposes is the earlier of:

- The date on which you resign, retire, are discharged, or die, or
- The first anniversary of the first date of a period in which you remain absent from Service (with or without pay) for any reason other than resignation, retirement, discharge or death. Accordingly, Vesting Service will be credited for up to twelve months while you are on lay-off or on a leave of absence, or after your termination due to disability (generally after you have received 26 weeks of short-term disability under the Alcatel-Lucent Short Term Disability Plan).

If you are rehired within 12 months of your date of severance, you will be credited with Vesting Service for the period of your absence.

Subject to the applicable Vesting Service bridging rules (see the definition of Break in Vesting Service), the following Service is considered when determining Vesting Service under the Pension Plan:

- Service while employed by a Participating Company,
- Service while employed by a Non-Participating Subsidiary Company,
- Prior Service while employed in a position covered under the Lucent Technologies Inc. Pension Plan or Lucent Technologies Inc. Retirement Plan,
- Subject to the applicable benefit agreement, pre-acquisition Service with a company acquired by Alcatel-Lucent as the result of a corporate acquisition,

- Prior Service with an Interchange Company under the Mandatory Portability Agreement, provided the employee is covered under the agreement and does not waive coverage,
- Service with AGCS that is covered under the AGCS Interchange Agreement between Lucent Technologies Inc. and AGCS,
- Any pre-1997 Service with AT&T that has not been assigned to the Lucent employee under an Interchange Agreement. (This is the period during which Lucent and AT&T were a common employer and were in the same controlled group of companies.)

Special rules apply for crediting Vesting Service for non-vested employees who transfer from a plan using the hours of service counting method to measure Vesting Service, such as the Lucent Technologies Inc. Retirement Plan, to this Pension Plan.

IMPORTANT CONTACTS

Here is a list of resources for the Pension Plan.

PENSION SERVICE CENTER (PSC)

The Pension Service Center (PSC) is the official center for all pension and pension-related services for Eligible Employees and provides the following services:

- Pension calculations
- Pension-affecting record changes
- Service bridging/adjusting
- Pension commencement processing
- Death case processing
- Annuitant pension administration
- General pension and pension-related information
- Mandatory Portability Agreement information
- Pension check processing and adjustments.

By Phone

You can reach the PSC on any business day from 8:00 a.m. to 8:00 p.m., Eastern Time as follows:

Domestic Employees	International Employees
Call 1-866-429-5764 to speak with a service representative.	To contact the PSC from international locations without access to toll-free numbers, call 1-904-791-2147 collect to speak with a service representative.

Hearing impaired employees may call **1-866-429-5765** to reach a telecommunications device for the deaf (TDD).

Online

You can access the Pension Service Center website at <http://alcatel-lucent.ingplans.com>

By Mail

You may send written correspondence to the PSC by regular mail, as follows:

Alcatel-Lucent Pension Service Center
P.O. Box 57576
Jacksonville, FL 32241-7576

OTHER RESOURCES

The following sources have specific responsibilities, as explained below:

Contact / Service Provided	Address
QDRO Administration: Handles matters relating to Qualified Domestic Relations Orders (QDROs) and interrogatories regarding the Pension Plan.	QDRO Administration P.O. Box 56887 Jacksonville, FL 32241-6887
Subpoenas regarding the Pension Plan should be served directly to:	Jackson Lewis Attn.: V.A. Cino Esq. 220 Headquarters Plaza East Tower, 7th Floor Morristown, NJ 07960
Employee Benefits Committee (EBC): Serves as final review committee for Pension Plan benefit appeals.	Employee Benefits Committee Alcatel-Lucent Room 7C-415 600-700 Mountain Avenue Murray Hill, NJ 07974
Pension Plan Administrator: Assists Employee Benefits Committee in the administration of the pension provisions of the Pension Plan including granting and denial of claims for pension benefits.	Pension Plan Administrator Alcatel-Lucent Room 7C-415 600-700 Mountain Avenue Murray Hill, NJ 07974

OTHER IMPORTANT INFORMATION

This section contains administrative information about the Pension 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

Employees, retired employees, their beneficiaries (if applicable) and former employees eligible for a benefit under this Pension Plan, or any individual duly authorized by them have the right under ERISA and the Pension Plan to file a written claim for payment for benefits. A claim may also be filed if it is believed that Net Credited Service or Vesting Service has not been computed correctly. Send all written claims for pension matters to the Pension Plan Administrator, Alcatel-Lucent Room 7C-415, 600-700 Mountain Avenue, Murray Hill, NJ 07974.

All claims for benefits under the Pension Plan must be brought within one year of the date on which such claim accrued. All claims brought after the one-year period shall be time barred.

The procedure for filing claims is:

- If the claim is denied in whole or in part, you will receive written notice of the Pension Plan Administrator's decision including the specific reasons for the decision(s), reference to the Pension Plan provisions on which the decision is based, a description of any additional information necessary to perfect the claim and a description of the Pension Plan's review procedures along with a statement of your rights under Section 502(a) of ERISA, within 90 days after the Pension Plan Administrator received the claim.
- If the Pension Plan Administrator needs more than 90 days to make a decision, a representative will notify you in writing within the initial 90-day period explaining why more time is required. An additional 90 days may be taken if the Pension Plan Administrator sends this notice. The extension notice will show the date by which the Pension Plan Administrator's decision will be sent.

If you do not hear from the Pension Plan Administrator within the appropriate time frame, as described above, you will be considered to have exhausted your administrative remedies under the Pension Plan and will be entitled to pursue a remedy under Section 502(a) of ERISA.

The following appeal procedures give the rules for appealing a denied claim.

APPEAL PROCEDURES

If your claim for pension benefits, Net Credited Service or Vesting Service is denied in whole or in part, or if you or your beneficiaries or authorized representative believe that benefits under the Pension Plan to which you are entitled have not been provided, an appeal process is available to you. You or your authorized representative may appeal in writing within 60 days after the denial is received. Send the appeal directly to the Employee Benefits Committee, Alcatel-Lucent, Room 7C-415, 600-700 Mountain Avenue, Murray Hill, NJ 07974.

If you or your representative submits a written request for review of a denied claim, you have the right to:

- Review pertinent Pension Plan documents, which you can obtain free of charge as described in "Pension Plan Documents", and
- Send to the Employee Benefits Committee a written statement of the issues and any other documents in support of the claim for benefits or other matter under review.

The Employee Benefits Committee will conduct a review and make a final decision within 60 days after receipt of the written request for review.

If special circumstances cause the Employee Benefits Committee to need 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 Employee Benefits Committee sends this notice.

The decision will be in writing and will include the specific reasons for the decision, reference to specific Pension Plan provisions on which the decision was based, a statement that you are entitled to receive upon request and free of charge copies of all documents and information relevant to your claim, and a statement of your rights to bring an action under Section 502(a) of ERISA.

If the Employee Benefits Committee does not respond within 60 (or 120) days, you will be considered to have exhausted your administrative remedies under the Pension Plan and will be entitled to pursue a remedy under Section 502(a) of ERISA.

The Employee Benefits Committee shall serve as the final review committee under the Pension Plan. The Committee shall have sole and complete discretionary authority to determine conclusively for all parties, and in accordance with the terms of the documents or instruments governing the Pension Plan, any and all questions arising from administration of the Pension Plan and interpretation of all Pension Plan provisions, determination of all questions relating to participation of Eligible Employees and eligibility for benefits, determination of all facts, the amount and type of benefits payable to any participant and construction of all terms of the Pension Plan.

Decisions by the Employee Benefits Committee shall be conclusive and binding on all parties and not subject to further review. Also, please note that applicable law and the Pension Plan's provisions require that you pursue all your claim and appeal rights described above on a timely basis *before* seeking any other legal recourse regarding claims for benefits, Net Credited Service or Vesting Service. If you do not hear from the Pension Plan Administrator or the Employee Benefits Committee within any of the appropriate time frames as described above, you will be considered to have exhausted your administrative remedies under the Pension Plan and will be entitled to pursue a remedy under Section 502(a) of ERISA.

RIGHTS OF A PENSION PLAN PARTICIPANT OR BENEFICIARY UNDER ERISA

The Pension Plan is classified as a defined benefit pension plan under ERISA. As a participant in this Pension Plan, you have these rights and protections under ERISA:

- You can examine, without charge, at the PSC's office, and at other specified locations, all documents governing the Pension Plan, and a copy of the latest annual report (Form 5500 Series) filed by the Pension Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- You can obtain copies of documents governing the operation of the Pension Plan, and copies of the latest annual report (Form 5500 Series) and an updated summary plan description upon written request to the PSC (see "Important Contacts"). You will be charged a reasonable fee for copies of the documents requested unless federal law requires that they be furnished without charge.

- You are entitled to receive a summary of the Pension Plan's annual financial report, a copy of which is furnished to each Pension Plan participant once a year.
- If you are a participant in the Pension Plan, once a year you are entitled to obtain a statement. The statement will tell you whether you have a right to receive a pension at Normal Retirement Age (generally age 65). If you do have the right, the statement will also say what your benefits would be at that age if you stop working now. If you are not yet eligible to receive a pension, the statement will tell you how many more years you have to work to earn a nonforfeitable right to a pension. You must request this statement in writing from the PSC. The Pension Plan must provide the statement free of charge.

PRUDENT ACTIONS BY PLAN FIDUCIARIES

In addition to creating rights for Pension Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Pension Plan. These people, called fiduciaries of the Pension Plan, have a duty to operate the Pension Plan prudently and in the interest of Pension Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

ENFORCE YOUR RIGHTS

If your claim for benefits is denied or ignored in whole or in part, you have a right to know why this was done, to obtain copies of 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 the above rights. For instance, if you submit a written request to the Pension Plan Administrator for a copy of the Pension Plan documents and you do not receive them within 30 days, you may file suit in a federal court. In such cases, the court may require the Pension Plan Administrator (see "Pension Plan Identification") 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 Pension Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Pension Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

If Pension Plan fiduciaries misuse the Pension Plan's money, or if you are discriminated against for asserting your rights under ERISA, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay costs and fees, for example, if it finds your claim to be frivolous.

ASSISTANCE WITH YOUR QUESTIONS

For answers to questions about the Pension Plan, contact the PSC (see "Important Contacts"). If you have any questions about this statement of your rights, or about your rights under ERISA, or if you need assistance in obtaining documents from the Pension Plan Administrator, contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U. S. Department of Labor, 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 Employee Benefits Security Administration.

FAMILY AND MEDICAL LEAVE ACT OF 1993

For important information regarding the provisions of the Family and Medical Leave Act, please refer to [U.S. Family Medical Leave \(FMLA\) Policy](#).

PENSION PLAN DOCUMENTS

This summary plan description summarizes the key features of the Account Balance Program provisions of the Pension Plan. There are separate summary plan descriptions which set forth the key features of (1) the Service Based Program portion of the Pension Plan, (2) the portions of the Pension Plan providing benefits under the former Alcatel USA, Inc. Consolidated Retirement Plan, (3) the portions of the Pension Plan providing benefits under the former Alcatel Data Networks, Inc. Retirement Pension Plan, and (4) the Lucent Pension Program portion of the Pension Plan, covering certain participants who were previously covered by the Lucent Technologies Inc. Pension Plan or the Lucent Technologies Inc. Retirement Plan. You can find complete details in the official Pension Plan documents that legally govern the operation of the Pension Plan. All statements made in this summary plan description are subject to the provisions and terms of those documents. Pension Plan documents include the official Pension Plan text, the trust agreement, the annual report and other documents and reports

maintained by the Pension Plan or filed with a federal government agency. Pension Plan participants and beneficiaries of deceased participants can review copies of the documents and a list of Participating Companies any time during normal business hours at the PSC (see "Important Contacts"). If you are unable to examine these documents there, you should write to the PSC, specifying the documents you wish to review and at which Company work location. Copies of the requested documents will be made available for examination within ten days after your request is submitted.

You or the beneficiary of a deceased participant can also request copies of any Pension Plan documents by writing to the PSC. Copies will be furnished within 30 days at a nominal charge, unless federal law requires that they be furnished without charge.

PLAN TERMINATION

Alcatel-Lucent USA Inc. intends to continue the Pension Plan. The Board of Directors of Alcatel-Lucent USA Inc. (or its delegate) reserves the right to modify, suspend, change or terminate the Pension Plan at any time. Also, benefits are provided at Alcatel-Lucent USA Inc.'s discretion and do not create a contract of employment. Federal law requires a pension plan administrator to describe in a summary plan description relevant information regarding the possibility, however unlikely, of a plan termination. Federal law and most, if not all, pension plans provide for the right to terminate plans and describe what happens upon a termination. If the Pension Plan were terminated, you could still have rights to future benefit payments, but you would not earn any further pension rights under this Pension Plan regardless of continuing employment with a Participating Company. Participants may also have certain rights to benefits insured by the Pension Benefit Guaranty Corporation.

A plan termination may be a total termination or a partial termination. A total termination would apply to all participants and beneficiaries. A partial termination would apply to the participants and beneficiaries specified in any such termination.

If the Pension Plan were terminated, the rights of all affected participants and beneficiaries to pension benefits computed as of the date of termination would become nonforfeitable to the extent that there are sufficient assets in the pension trust fund to cover those benefits. In the case of a partial termination, only a portion of the trust fund assets would be available to pay benefits to affected participants and beneficiaries.

The Pension Plan and federal law specify the general manner and order that the assets of the pension trust fund will be allocated, for purposes of paying benefits computed as of the date of termination, to participants and beneficiaries. Essentially, in the event of a pension plan termination, the assets of the pension trust fund would first be allocated to pay benefits to participants and beneficiaries who are already

receiving benefits under the Pension Plan at the time of termination or who had the right to immediately receive such benefits if they had retired before the termination. There are certain limitations on the amount of assets that can be allocated to this highest priority category. After benefits are provided to participants and beneficiaries in this highest priority, remaining assets would be allocated to other participants and beneficiaries in certain other priority categories relating to an employee's Service, and would depend on whether or not an employee's benefit was Vested before the termination, and the amount of the employee's computed pension to the date of the termination.

The benefits that are provided upon and after a plan termination may, at the discretion of Alcatel-Lucent USA Inc., be provided through the purchase of an annuity, the distribution of a Lump Sum cash amount, or in other forms as Alcatel-Lucent USA Inc. determines.

To the extent that there are remaining assets in the pension trust fund after the allocation of amounts sufficient to cover benefits for retired employees or their annuitants, active employees who had the immediate right to retire, former employees with deferred Vested pensions, and active employees with Vested benefits, the Pension Plan provides that amounts may be allocated to certain former employees who may have had certain pension rights under a predecessor plan.

The current termination provisions of the Pension Plan provide that, if there are any remaining assets after making provisions for the payment of all benefits earned to the date of termination, remaining assets are to be applied solely for pension purposes in an equitable manner consistent with the purposes of the Pension Plan. Alcatel-Lucent USA Inc. reserves the right to amend this provision relating to any remaining assets in the event of pension plan termination to provide for some other disposition of remaining assets. Alcatel-Lucent USA Inc. also reserves the right to amend, in a manner consistent with required provisions under federal law, Pension Plan terms regarding the allocation of pension assets upon a pension plan termination. Alcatel-Lucent USA Inc. would notify you of any such amendment.

NON-ASSIGNMENT OF BENEFITS

You or your beneficiary cannot assign or transfer amounts payable under the Pension Plan. Similarly, amounts payable to you under the Pension Plan may not be used to pay debts or obligations of any nature, except as follows: the Pension Plan is required to comply with court-issued Qualified Domestic Relations Orders (QDROs) and IRS tax levies. You and your beneficiaries may obtain, without charge, a copy of the Pension Plan's QDRO Procedures from the QDRO Administration Group (see "Important Contacts").

TOP HEAVY RULES

A "top heavy" plan is a plan that provides more than 60% of its benefits to key employees (as defined in the Internal Revenue Code). If the Pension Plan should ever become top heavy, you will be notified.

MAXIMUM BENEFIT LIMITATIONS

Federal regulations under Internal Revenue Code Section 415 limit the amount of benefits that can be paid to any individual from a pension plan's trust fund. These limitations normally affect only the higher paid employees (or, in some cases, employees retiring at an early age) and are subject to periodic change by the IRS.

Additionally, federal regulations under Internal Revenue Code Section 401(a)(17) limit the annual amount of Compensation used in computing the amount of benefit payable under the Pension Plan. The limit in 2009 - the last year for which compensation was counted under the Pension Plan - was \$245,000. In any event, any amounts to which you may be entitled that are in excess of these limits are paid from Company operating expenses under the terms of the Alcatel-Lucent Supplemental Pension Plan.

PENSION BENEFIT GUARANTY CORPORATION

Your pension benefits under this Pension Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Pension Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people will receive all of the pension benefits they would have received under the Pension Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Pension Plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by the law for the year in which the Pension Plan terminates; (2) some or all of benefit increases and new benefits based on Pension Plan provisions that have been in place for fewer than 5 years at the time the Pension Plan terminates; (3) benefits that are not Vested because you have not worked long enough for the Company; (4) benefits for which you have not met all of the requirements at the time the Pension Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your

monthly benefit at the Pension Plan's Normal Retirement Age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Pension Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

PAYMENTS UNDER LAW

Pension benefits will not be reduced by pensions or benefits paid under the Social Security Act or due to military service. However, if any other law currently in effect, such as workers' compensation, or any law enacted in the future should provide payments similar to those provided by the Pension Plan, the Pension Plan will limit its payments of pensions only to the amount in excess of those paid under the law.

UNCLAIMED BENEFITS

Any unclaimed benefits will remain in the pension trust fund and may be used to offset future Company contributions to that trust fund.

PENSION PLAN ADMINISTRATOR

Alcatel-Lucent USA Inc. administers the Pension Plan through the Employee Benefits Committee. Alcatel-Lucent USA Inc. has appointed the Pension Plan Administrator to assist in the day-to-day administration of the Pension Plan, including the granting and denial of claims for pension benefits. The Pension Plan Administrator shall interpret the Pension Plan provisions and shall have the responsibility for making all discretionary determinations under the Pension Plan.

PENSION PLAN IDENTIFICATION

Plan Name	The official Plan Name is the Alcatel-Lucent Retirement Income Plan.
Plan Sponsor	The Plan Sponsor is Alcatel-Lucent USA Inc.
Plan Administrator	The Pension Plan is administered by the Employee Benefits Committee.
Agent for Service of Legal Process	<p>You can direct any service of legal process related to the Pension Plan to:</p> <ul style="list-style-type: none">• The Employee Benefits Committee at Alcatel-Lucent, Room 7C-415, 600-700 Mountain Avenue, Murray Hill, NJ 07974, or• The trustee of the Pension Plan (see "Pension Trust Fund").
Pension Trust Fund	<p>Contributions to the pension trust fund are actuarially determined and paid by the Participating Companies into a trust established exclusively for designated Pension Plan purposes. The trust fund is held by the following trustee which has signed a trust agreement with Alcatel-Lucent USA Inc.:</p> <p>Bank of NY Mellon 135 Santilli Hwy Everett, MA 02149</p>
Source of Payments	Vested pensions are paid from the pension trust fund.
Plan Records and Plan Year	The Pension Plan and all its records are maintained on a plan year basis. The Plan Year is the calendar year, beginning on January 1st and ending on December 31st of each year.
Type of Plan	The Pension Plan is a "defined benefit pension plan" under ERISA.
Plan Number	The Plan Number is 001.
Employer Identification Number	The Employer Identification Number assigned by the IRS is 22-3408857.

APPENDICES

APPENDIX A: SURVIVOR ANNUITY REDUCTION FACTORS

For factors that apply to any of the pension distribution methods listed below, contact the Pension Service Center (PSC). (See "Important Contacts").

- Vested pension with Joint and 50% Survivor Annuity (be prepared to provide your age and your spouse's age in completed years and completed months)
- Vested pension with Joint and 75% Survivor Annuity (be prepared to provide your age and your spouse's age in completed years and completed months).
- Vested pension with Joint and 100% Survivor Annuity (be prepared to provide your age and your spouse's age in completed years and completed months).

APPENDIX B: EARLY PAYMENT REDUCTION FACTORS

For the percentage of your pension otherwise payable at age 65 as a Single Life Annuity that you will receive if you begin your Vested pension as an annuity before age 65, contact the Pension Service Center (PSC). (See "Important Contacts").

Be prepared to give your age in completed years and completed months at the time your annuity payments will begin.

APPENDIX C: FORMER AFFILIATES

Former Affiliates are defined as the Regional Holding Companies, the Operating Telephone Companies in each region as listed below, Telcordia Technologies (formerly Bell Communications Research, Inc. [Bellcore]), Cincinnati Bell Telephone Company and The Southern New England Telephone Company.

Regional Holding Companies	Operating Telephone Companies
Ameritech Corporation*	Illinois Bell, Indiana Bell, Michigan Bell, Ohio Bell, Wisconsin Bell
Bell Atlantic Corporation*	New Jersey Bell, Bell Telephone Company of Pennsylvania, The C&P Telephone Companies, Diamond State Telephone Company
BellSouth Corporation*	South Central Bell, Southern Bell
NYNEX Corporation*	New York Telephone, New England Telephone, Empire City Subway Company, Ltd.
Pacific Telesis Group*	Pacific Bell, Nevada Bell
SBC Communications Inc.*	Southwestern Bell
US West, Inc.*	Mountain Bell, Northwestern Bell, Pacific Northwest Bell, Malheur Home Telephone, Inc.

* Any subsidiary of any of the above companies which participates in a defined benefit pension plan maintained by any of these companies or, with respect to which such company has an Interchange Agreement is also considered a Former Affiliate.

APPENDIX D: SPECIAL RULES AND AGREEMENTS AND YOUR PENSION

If You Had Bell System Service Before January 1, 1984

If you had Bell System service before divestiture on January 1, 1984, that service was assigned to the pension plan of the company where you were on payroll on January 1, 1984. This applies even to previous service with a former Bell System company participating in the AT&T pension plans. If you were not employed by a former Bell System company as of divestiture, your previous service was assigned to the pension plan of the last Bell System company you worked for. Previous service that was not assigned to an AT&T pension plan at divestiture and subsequently assigned to Lucent Technologies, Inc. at the time of its spin-off from AT&T according to these rules can never be included as Service under an Alcatel-Lucent pension plan unless you are covered by the Mandatory Portability Agreement summarized in this Appendix.

Summary of the Mandatory Portability Agreement (MPA)

The MPA is an agreement effective January 1, 1985 among AT&T and the Former Affiliates (called Interchange Companies). The agreement provides for mutual recognition of Service credit and transfer of benefit obligations for certain employees who leave one Interchange Company and are later employed by another Interchange Company.

The Interchange Companies are: AT&T Corp., Ameritech Corporation, Bell Atlantic Corporation, Telcordia Technologies (formerly Bell Communications Research, Inc.), BellSouth Corporation, NYNEX Corporation, Pacific Telesis Group, SBC Communications, Inc., US West, Inc., Cincinnati Bell Telephone Company, The Southern New England Telephone Company, AirTouch Cellular, AirTouch International, Alcatel-Lucent USA Inc., Avaya Inc., Agere Systems Inc., certain of their subsidiaries, and other eligible companies as may be added from time to time.

The MPA covers many, but not all of these companies' subsidiaries. The PSC maintains a list of all current and former companies covered by the MPA.

Your coverage under the MPA depends on your employment status as of the following three points in time:

- December 31, 1983,
- The day you terminate employment from an Interchange Company, and
- The day you start working for a different Interchange Company.

To be covered by the MPA, you must meet the following requirements at each of these points in time:

- As of December 31, 1983:
 - Employed by a Bell System company in a position covered by the Bell System Pension Plan or the Bell System Management Pension Plan (or on leave of absence or layoff status and reinstated after December 31, 1983, but before expiration of the leave or the period of layoff recall rights), and
 - Employed in a non-supervisory position or, if in a supervisory position, had an annual base rate of pay, as defined below, of \$50,000 or less.
- As of your date of termination from an Interchange Company:
 - Employed in a position covered by the Interchange Company's occupational or management pension plan that is a non-supervisory position, or if in a supervisory position, had an annual base rate of pay as of your termination date of \$50,000 or less, as increased to reflect changes in the Consumer Price Index-Wages (CPI-W) since December 31, 1983. The CPI-W reflects changes in the cost-of-living figures between specific dates and is issued monthly by the U.S. Bureau of Labor Statistics.
- As of your date of hire by another Interchange Company:
 - Employed in a position covered by the Interchange Company's occupational or management pension plan that is a non-supervisory position, or if in a supervisory position, have an annual base rate of pay of \$50,000 or less, as increased to reflect changes in the CPI-W since December 31, 1983.

For purposes of the MPA, your *annual base rate of pay* equals your annual base salary rate as of each of the three points in time, respectively, noted above. It does not include lump sum merit awards, marketing incentive compensation or similar lump sum payments.

If you are hired by an Interchange Company and meet the criteria noted above, your previous Net Credited Service and years of Service may be bridged under the terms of the hiring Interchange Company's pension plan.

The MPA provides for a waiver of portability. If you meet the eligibility criteria set forth above, you will be given the opportunity to waive portability and will be provided with a detailed summary of information regarding the impact of waiving portability.

If you meet the above criteria and are hired by a company that is not an Interchange Company, but that company:

- Is a parent, subsidiary or affiliate of an Interchange Company, and
- Is a participating company in an Interchange Company pension plan or has a separate pension plan and that plan provides for the recognition of pension service credit (credit for participation, vesting eligibility and benefit accrual) with an Interchange Company pension plan under an agreement generally comparable to the MPA,

then service with that non-Interchange Company is *not* recognized and is counted as a break in service for bridging Service under the MPA.

However, if you later bridge your prior service with an Interchange Company (i.e., by going to work for an Interchange Company and satisfying that company's bridging rules), service with the above-described non-Interchange Company will also be recognized, but *only* for pension purposes (and not for any other benefit or personnel purposes).

Service Recognition under Certain Corporate Transactions

In certain instances employees may receive additional Service recognition for specific purposes as a condition of certain corporate transactions (e.g., acquisitions). You will be informed if this applies to you in a separate document.

Summary of Rules Applicable to Former Employees of AG Communication Systems

The AGCS Pension Plan was merged with this Pension Plan on December 31, 2004. If you were a participant in the AGCS Pension Plan on December 31, 2004, your benefit under the Pension Plan is equal to the sum of:

- (i) Your Frozen AGCS Benefit, which is the greater of your cash balance or, if applicable, your transition balance under the AGCS Pension Plan as of December 31, 2004, plus future Interest Credits on that account under the terms of the Account Balance Program provisions of this Pension Plan (your "AGCS Pension"); and
- (ii) Your Account Balance Program benefit (your "ABP Benefit") accrued under this Pension Plan for Service earned starting on or after the earlier of (a) the date you transferred employment from AGCS to a Participating Company, or (b) January 1, 2005, and future Interest Credits on such accruals.

The provisions of the AGCS Pension Plan which control how your AGCS Pension is converted to a single life annuity, and the optional forms of benefit available under the AGCS Pension Plan will continue to apply to your AGCS Pension. Similarly, the provisions of the Pension Plan which determine how your ABP Benefit is converted to a single life annuity, and the optional forms of benefit available under the Pension Plan will apply to your ABP Benefit.

Your AGCS Pension is subject to the rules described below.

If you terminated on or before December 31, 2004, your AGCS Pension is determined under the terms of the AGCS Pension Plan in effect as of the date of termination. The pension benefit of a participant in the AGCS Pension Plan who died on or before December 31, 2004 was determined under the terms of the AGCS Pension Plan as of the date of death.

If you became disabled while a participant in the AGCS Pension Plan and began receiving AGCS-sponsored long-term disability benefits on or before December 31, 2004, as long as you continue to receive long-term disability benefits you will continue to earn a benefit under the terms of this Pension Plan. In that event, your ABP Benefit for the period after December 31, 2004 will be based on your AGCS Compensation in effect as of the date you became disabled. **Effective December 31, 2009, your ABP Account is no longer credited with Age-Based Pay Credits. Notwithstanding the freeze, your ABP Account shall continue to be adjusted annually for Interest Credits after December 31, 2009 in accordance with the terms of the Pension Plan.**

All participants in the AGCS Pension Plan as of December 31, 2004 who are employed by AGCS, Lucent Technologies Inc. or a Controlled Group Company are fully Vested in their AGCS Pension benefit.

You have special rights regarding when your AGCS Pension is paid and what benefit options are available to you.

Eligibility for Benefits

If you terminate your employment with the Company for any reason, you are entitled to receive an immediate distribution of your AGCS Pension, regardless of your age at that time.

If you are entitled to an AGCS Pension, you can elect to defer commencement of your AGCS Pension until the April 1st following the later of your attainment of age 70½, or the date you terminate employment from the Company.

How Pension Benefits Are Paid

You have the same benefit distribution options for your AGCS Pension as were available under the AGCS Pension Plan on December 31, 2004. Unless you choose differently, your AGCS Pension will be paid as follows:

- If you are married when your AGCS Pension begins, your pension will be paid as a joint and 50% spousal survivor annuity (the qualified joint and 50% survivor annuity).
- If you are **not** married when your AGCS Pension begins, your pension will be paid as a single life annuity.

In addition, there are several optional forms of payment available to you. However, if you are married and choose any form of payment method other than the qualified joint and 50% survivor annuity, you must obtain the written, notarized consent of your Lawful Spouse (without regard to the one-year marriage requirement). If you, with the consent of your Lawful Spouse if applicable, so elect, you can choose to have your AGCS Pension paid in one of the other AGCS optional forms. Following are descriptions of the available payment forms:

- **Lump sum payment.** This payment method is available to you regardless of your marital status when your pension begins. If you elect to receive your pension benefit as a lump sum, you must also select one of the following distribution options:
 - A single lump sum payment to you, or
 - Direct rollover of your entire lump sum payment to either a traditional Individual Retirement Account (IRA), a Roth IRA, or to another qualified retirement plan, or
 - A direct rollover of a portion of your lump sum payment to either a traditional IRA, a Roth IRA, or to another qualified retirement plan with the remainder paid directly to you.

- **Single life annuity.** This is the automatic payment method if you are not legally married when your pension begins. It is also available as an option if you are legally married when your pension payments begin (provided you obtain your Lawful Spouse's written, notarized consent to decline the qualified joint and 50% survivor annuity and elect the single life annuity). Under this payment option, monthly payments are made to you for life with no payments continuing upon your death.
- **Qualified joint and 50% survivor annuity.** This is the automatic payment method if you are legally married when your pension begins. It provides you with *unreduced* monthly payments for life, which equal the single life annuity. Upon your death, your eligible Lawful Spouse (to whom you are legally married on the date your pension payments begin) will receive one-half of your unreduced monthly payments for life. If you are legally married when your pension payments begin, you must obtain the written, notarized consent of your Lawful Spouse to elect any other payment method.
- **Joint and 33-1/3% survivor annuity.** This payment method is available to you regardless of your marital status when your pension begins. It provides you with monthly payments for life, which are actuarially reduced based on your age and the age of your elected beneficiary when your pension payments begin. Upon your death, your elected beneficiary will receive 33-1/3% of your reduced monthly payments for life. Payments are reduced under the joint and 33-1/3% survivor annuity payment option to cover two lifetimes, yours and your elected beneficiary's. If you elect your Lawful Spouse as your beneficiary, the benefit payable to you and your spouse is smaller than under the qualified joint and 50% survivor annuity. If you elect someone other than your Lawful Spouse, the reduction under this option is less than the reduction under the joint and 50% survivor annuity (with non-spouse beneficiary) optional form of benefit because it provides a smaller survivor benefit for your elected beneficiary.
- **Joint and 50% survivor annuity (with non-spouse beneficiary).** This payment method is available to you regardless of your marital status when your pension begins. It provides you with monthly payments for life, which are actuarially reduced based on your age and the age of your elected beneficiary when your pension payments begin. Upon your death, your elected beneficiary will receive 50% of your reduced monthly payments for life. Payments are reduced under the joint and 50% survivor annuity (with non-spouse beneficiary) payment option to cover two lifetimes, yours and your elected beneficiary's.

- **Joint and 75% survivor annuity.** This payment method is available to you regardless of your marital status when your pension begins. It provides you with monthly payments for life, which are actuarially reduced based on your age and the age of your elected beneficiary when your pension payments begin. Upon your death, your elected beneficiary will receive 75% of your reduced monthly payments for life. Payments are reduced under the joint and 75% survivor annuity payment option to cover two lifetimes - yours and your elected beneficiary's. If you elect your Lawful Spouse as your beneficiary, the benefit payable to you is smaller than under the qualified joint and 50% survivor annuity and the benefit payable to your spouse is larger than under the qualified joint and 50% survivor annuity. If you elect a beneficiary other than your Lawful Spouse, the reduction under this option is more than the reduction under the joint and 50% survivor annuity (with non-spouse beneficiary) optional form of benefit because it provides a greater survivor benefit for your elected beneficiary.
- **Joint and 100% survivor annuity.** This payment method is available to you regardless of your marital status when your pension begins. It provides you with monthly payments for life, which are actuarially reduced based on your age and the age of your elected beneficiary when your pension payments begin. Upon your death, your elected beneficiary will receive 100% of your reduced monthly payments for life. Payments are reduced under the joint and 100% survivor annuity payment option to cover two lifetimes - yours and your elected beneficiary's. If you elect your Lawful Spouse as your beneficiary, the benefit payable to you is smaller than under the qualified joint and 50% survivor annuity and the benefit payable to your spouse is larger than under the qualified joint and 50% survivor annuity. If you elect a beneficiary other than your Lawful Spouse, the reduction under this option is more than the reduction under the joint and 50% survivor annuity (with non-spouse beneficiary) optional form of benefit because it provides a greater survivor benefit for your elected beneficiary.

For factors that apply to any of the pension distribution methods listed above, contact the (PSC) (see "Important Contacts"). Be prepared to provide your age and your spouse's or non-spouse beneficiary's age, as applicable, in completed years and completed months.

If you elect a joint and survivor annuity payment option with a non-spouse beneficiary, depending on the age of your survivor annuitant, the amount continuing to your survivor annuitant might have to be adjusted to comply with IRS regulations. You will be advised if this limitation affects you.

If your AGCS Pension is payable as a joint and survivor annuity and your Lawful Spouse or other designated beneficiary, as applicable, dies before you but after your pension begins, you will continue to receive the same pension payment amount and no payments will be made following your death.

If You Die Before Your Pension Begins

If you die before your AGCS Pension begins, your Lawful Spouse or other designated beneficiary will receive your AGCS Pension. If you are married, your Lawful Spouse is automatically your beneficiary and will receive your AGCS Pension if you die before your benefits start. You can name someone else as your beneficiary only with your Lawful Spouse's written notarized consent. To designate a beneficiary, contact the Pension Service Center (PSC). (See "Important Contacts".)

If your Lawful Spouse is your beneficiary and you die before your AGCS Pension begins, your Lawful Spouse may elect to receive the full value of your AGCS Pension distributed as either a single life annuity or as a lump sum, starting at anytime up to your AGCS normal retirement date (generally, the date you would have attained age 65). If you are not married and die before your AGCS Pension begins, your designated beneficiary will receive the full value of your AGCS Pension distributed as a single lump sum payment. If you do not have a designated beneficiary, the full value of your AGCS Pension will be distributed to your estate as a single lump sum payment.

If You Are Rehired

If you have not begun to receive your AGCS Pension and are rehired by a Participating Company or a Controlled Group Company, payment of your AGCS Pension will be delayed until you again terminate employment. During your period of reemployment, your AGCS Pension will continue to earn Interest Credits under the terms of the Account Balance Program provisions of the Pension Plan.

If you begin to receive your AGCS Pension and are rehired by a Participating Company or a Controlled Group Company, you will be entitled to keep all AGCS Pension benefit amounts previously received. If you received your AGCS Pension in the form of a lump sum, you will not be entitled to repay the amount of the lump sum to the Pension Plan. If you are receiving your benefit in the form of an annuity, you will continue to receive your AGCS Pension payments during your period of reemployment.

If you terminated employment with AGCS prior to December 31, 1996, had an AGCS Pension under the Prior AGCS Plan (your "Frozen Prior Plan Benefit") and are rehired by a Participating Company on or after December 31, 2004, an opening Pay Credit will be added to your cash balance account established as of your date of rehire in accordance with the terms of the AGCS Pension Plan. Thereafter, your cash balance account will be credited with an annual Interest Credit under the Account Balance Program provisions of this Pension Plan. Provided you continuously remain an Eligible Employee for at least six months following your date of rehire, your AGCS Pension will be the greater of (i) your Frozen Prior Plan Benefit, or (ii) your cash balance benefit.

APPENDIX E: SERVICE BASED PROGRAM ELIGIBILITY

You are covered under the Service Based Program provisions of the Pension Plan if you are a salaried management employee (an employee paid at a monthly or annual rate and whose position is not subject to automatic wage progression) who works for a Participating Company and you were any of the following:

- Hired or rehired prior to January 1, 1999 and were on the active payroll of a Participating Company on December 31, 1998,
- Covered by the Service Based Program provisions of the Pension Plan when you began an approved Leave of Absence and you returned to the active payroll at or before the expiration of your leave,
- Rehired on or after January 1, 1999 and you are eligible for an immediate bridge of prior Lucent Service, which had a Continuous Service Date associated with it of December 31, 1998 or earlier, under the Six Month Bridging Rule or under the Lay-Off Bridging Rule (see Appendix F - Break in Net Credited Service),
- Rehired on or after January 1, 1999 and you were service pension eligible under the Service Based Program provisions of the Pension Plan, the Lucent Technologies Inc. Pension Plan or the Lucent Technologies Inc. Retirement Plan at the time of your prior termination,
- Transferred from a position covered by the Lucent Technologies Inc. Pension Plan or the Lucent Technologies Inc. Retirement Plan into a position covered by this Pension Plan on or after January 1, 1999 and your Continuous Service Date on your date of transfer is prior to January 1, 1999 or you were service pension eligible under the terms of that plan on your date of transfer,
- Hired on or after January 1, 1999 and you were covered under the provisions of the Mandatory Portability Agreement (MPA), you did not waive MPA coverage and you were:
 - Service pension eligible under the provisions of the Interchange Company's pension plan at the time of your prior termination, or
 - Eligible for an immediate bridge of your prior Interchange Company's service, which had a Continuous Service Date associated with it of December 31, 1998 or earlier, under the Six Month Bridging Rule or under the Lay-Off Bridging Rule (see Appendix F) at the time you were hired by Lucent,

- Hired into Lucent's Data Network Systems Group organization on or after June 1, 1998 and on or before December 31, 1998 *and* you had prior Lucent Service or you were covered by the MPA and you did not waive coverage under the MPA,
- Attained as the result of a corporate acquisition on or after October 1, 1996 (or you were hired by an acquired organization after the acquisition date) and you subsequently transferred on or before December 31, 1998 to a position covered by the Pension Plan,
- Previously directly transferred from a position covered by the Pension Plan to a Non-Participating Subsidiary Company and you subsequently directly transfer to a position covered by the Pension Plan on or after January 1, 1999.

APPENDIX F: NET CREDITED SERVICE RULES

Net Credited Service (NCS) is the continuous number of years, months and days you have worked for a Participating Company or a Non-Participating Subsidiary Company, beginning with your most recent date of hire and ending with your retirement or other termination of employment. If you were on the active roll of Lucent Technologies Inc. on October 1, 1996, your NCS also includes your continuous number of years, months and days recognized under the AT&T Pension Plan or AT&T Management Pension Plan as of September 30, 1996.

Your NCS may also include:

- Up to 30 days of an approved leave of absence, if you are re-employed at or before the end of the leave (additional NCS may be granted for certain types of leaves of absence), and
- Previous periods of employment that have been bridged under the NCS Bridging Rules.

See "Appendix D" for more information on the following special rules about Service that may apply to you:

- Summary of Rules for Bell System Service Before January 1, 1984
- Summary of the Mandatory Portability Agreement
- Service Recognition Under Certain Corporate Transactions
- Summary of Rules Applicable to Former Employees of AG Communication Systems (AGCS).

From time to time there may be additional Interchange Agreements between Alcatel-Lucent USA Inc. and one or more Alcatel-Lucent USA Inc. affiliates or Controlled Group Companies that do not participate in this Pension Plan. If you are involved in a transfer to or from a company that would make you eligible for coverage under such an Interchange Agreement, you will be informed of the terms of that coverage in a separate document.

Break in Net Credited Service (NCS): you incur a Break in NCS whenever you terminate employment with the Company. When this happens, your NCS before the break cannot be added to any of your NCS after the break until it is bridged under the following NCS Bridging Rules:

NCS Bridging Rule	When NCS Bridging Occurs
Six Month	Immediately, if you are rehired within six months.
Two Year	After you return to work for two or more continuous years if you had at least six months of NCS before the break and the break was longer than six months.
Layoff	<p>Immediately, if you are temporarily laid off for <i>six or fewer months</i> and are rehired on a permanent basis. You will receive NCS for the period of the layoff, up to six months.</p> <p>Immediately, if you are temporarily laid off for <i>more than six months but fewer than three years</i> and are rehired on a permanent basis. You will not receive any NCS for the period of layoff, including the first six months.</p>

Special rules apply if you worked for a Non-Participating Subsidiary Company. Service with a Non-Participating Subsidiary Company will continue to be recognized under the Pension Plan for all purposes *except* for determining the amount of your pension.

Employees who are employed by a Non-Participating Subsidiary Company that is less than 80% and more than 50% owned by Lucent may elect to commence their benefit under the Pension Plan; in such case service from the benefit commencement date will not be recognized for any purpose under the Pension Plan.