

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
<p>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.</p>	<p>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”.</p>
<p>Nokia Employee Benefits Committee— Serves as final review committee for Pension Plan benefit appeals.</p>	<p>Employee Benefits Committee Nokia 600-700 Mountain Avenue Room 6C-402A Murray Hill, NJ 07974 USA</p>
<p>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.</p>	<p>Legal & Compliance Organization Nokia 600-700 Mountain Avenue Room 6C-412 Murray Hill, NJ 07974 USA</p>
<p>Plan Administrator— Administers the Pension Plan; adjudicates claims for benefits; responsible for certain disclosure to Plan Participants regarding their benefits.</p>	<p>Pension Plan Administrator Nokia 600-700 Mountain Avenue Room 6C-402A Murray Hill, NJ 07974 USA</p>
<p>QDRO Administrator— Handles matters relating to domestic relations orders affecting, or purporting to affect, Pension Plan benefits.</p>	<p>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).</p>

Alcatel-Lucent Retirement Income Plan

Alcatel NA Cable Systems, Inc. Salaried
Pension Plan Provisions of the Alcatel USA,
Inc. Consolidated Retirement Plan

Summary Plan Description

November 1, 2012



DISCLAIMER

This is a summary of the benefits available to eligible employees under the Alcatel NA Cable Systems, Inc. Salaried Pension Plan (the "Salaried Pension Plan" or the "Plan") provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan as of March 31, 2007 (the "Pension Plan"). This SPD applies only to active employees covered by the Salaried Pension Plan provisions of the Pension Plan who retire, die, or terminate employment on or after November 1, 2012. Benefits for participants who retired, died, or terminated employment prior to November 1, 2012 are governed by the terms of the Salaried Pension Plan provisions in effect as of the date of their retirement, death, or termination of employment, unless a later amendment specifically grants other 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 Salaried Pension Plan provisions of 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 November 1, 2012 and replaces all previous SPDs and other descriptions of benefits provided under the Pension Plan or any predecessor 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

Alcatel-Lucent USA Inc. 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-- Alcatel NA Cable Systems, Inc. Salaried Pension Plan Provisions of the Alcatel USA, Inc. Consolidated Retirement Plan

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INTRODUCTION

The Alcatel NA Cable Systems, Inc. Salaried Pension Plan (the “Salaried Pension Plan” or the “Plan”) provides pension benefits to participants upon their retirement from employment and, under certain circumstances, upon their death, disability or other termination from employment prior to retirement. Effective December 31, 2004, the Plan was amended and restated to provide (i) that no new participants would be accepted into the Plan and after December 31, 2004, and (ii) that no existing participants would accrue any additional benefits beyond that which they had earned as of December 31, 2004 (provided, however, that participants in the Plan would continue to earn service and age after December 31, 2004 for purposes of eligibility for the early retirement subsidy provisions of the Plan).

Effective December 31, 2004, the Salaried Pension Plan was merged into and became a component plan in the Alcatel USA, Inc. Consolidated Retirement Plan (“The Consolidated Plan”). Effective March 1, 2007, the Consolidated Plan was merged into and became a component plan in the Lucent Retirement Income Plan, which was renamed the Alcatel-Lucent Retirement Income Plan (the “Pension Plan”).

The complete provisions of the Pension Plan, including the provisions applicable to the Salaried Pension Plan, are set forth in the official plan documents, which are available for your review at the office of the Plan Administrator during regular business hours. You may also obtain a copy by making a written request to the Plan Administrator. In the event of an inconsistency between the information contained in this Summary or the official plan documents, the official plan documents will prevail.

THE PENSION PLAN - HIGHLIGHTS

Here is a summary of the key features of the Salaried Pension Plan provisions of the Pension Plan.

Pension Plan Provisions	Summary
Eligibility	Effective December 31, 2004, participation in the Salaried Pension Plan was frozen. Therefore, no new employees were eligible to participate in the Plan on and after that date.
Participation	You became a participant in the Salaried Pension Plan as soon as you had one year of Eligibility Service prior to December 31, 2004.
Cost	Alcatel-Lucent USA Inc. pays the entire cost of the Pension Plan. There is no cost to you.
Vesting	"Vesting" refers to earning a non-forfeitable right to your Pension Plan benefit. Generally, participants are Vested after completing five years of Vesting Service. Effective as of December 31, 2004, benefit accruals ceased, and all affected participants are fully vested in their Plan benefits earned up to that date. If you have any questions about vesting, please contact the Pension Plan Administrator.
Plan Benefits	<p>You will receive a pension based on your years of Benefit Service and your Final Average Compensation accrued as of December 31, 2004, adjusted to reflect contributions to Social Security. Your Normal Retirement Date is the first day of the month coinciding with or following the later of your 65th birthday or your fifth anniversary of joining the Pension Plan.</p> <p>You can retire early at age 55 if you have ten years of Vesting Service – earlier if you meet the "Rule of 80." Because of early payment, your pension will be reduced by 5% for each year that payments begin prior to your Normal Retirement Date.</p> <p>You can defer retirement and continue to work past your Normal Retirement Date, but your pension will be based on your Benefit Service and earnings accrued as of December 31, 2004.</p> <p>You have survivor benefits for your spouse as soon as you are Vested.</p>
Information About Your Pension Plan	<p>Contact the HR Service Center at 1-888-582-3684 or via email at falcatel.pension@alcatel-lucent.com for information about the Salaried Pension Plan provisions of the Pension Plan. You can also reach the Pension Plan Administrator by regular mail as follows:</p> <p style="text-align: center;">Pension Plan Administrator Alcatel-Lucent BENF1 3400 W Plano Pkwy Plano, TX 75075</p>

PARTICIPATING IN THE SALARIED PENSION PLAN

WHO IS ELIGIBLE

Effective as of December 31, 2004, eligibility to participate in the Salaried Pension Plan was frozen. This means that, if you were not already a participant in the Salaried Pension Plan on that date, you cannot become a participant in the Plan at any time after that date.

Before participation in the Salaried Pension Plan was frozen, you were eligible to participate if you were (i) a salaried employee of Radio Frequency Systems, Inc. (formerly Alcatel NA Cable Systems, Inc.) ("RFS") or an affiliated company participating in the Salaried Pension Plan (a "Participating Company"), and (ii) paid a regular and stated amount of compensation on a salaried basis from a payroll maintained in the continental United States. You were not eligible to participate if:

- You were engaged as an independent contractor;
- You were a non-resident alien;
- The terms and conditions of your employment were governed by a collective bargaining agreement with RFS, and the agreement did not make the Salaried Pension Plan applicable to you;
- You were a leased employee;
- You were participating in any other tax-qualified pension, profit-sharing or similar plan maintained by RFS or an affiliate of RFS, other than a tax-qualified investment and savings plan maintained by RFS, such as an RFS 401(k) plan; or
- You were employed by an affiliate of RFS that did not specifically adopt the Plan.

WHEN PARTICIPATION BEGAN

If you were eligible to participate in the Salaried Pension Plan as described above, your participation in the Salaried Pension Plan began on the first day of the month after you completed one year of Eligibility Service (defined in the "Service" section). Participation was automatic; you did not need to enroll in the Plan.

Effective December 31, 2004, participation in the Salaried Pension Plan was frozen, and no Eligible Employees can become Participants after this date.

COST

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

SERVICE

Effective as of December 31, 2004, benefit accruals under the Salaried Pension Plan ceased. Accordingly, your accrued Plan benefit is based on your Benefit Service (as described below) as of that date. After December 31, 2004, your service will only count for limited purposes such as vesting in your Salaried Pension Plan benefit and eligibility for Early Retirement (discussed further below).

There are three types of service under the Salaried Pension Plan.

- **Eligibility Service** is used to determine your eligibility to participate in the Salaried Pension Plan participation and for Early Retirement.
- **Vesting Service** is used to determine your Vested benefit under the Salaried Pension Plan.
- **Benefit Service and Projected Benefit Service** is used to calculate the amount of benefits payable under the Salaried Pension Plan.

ELIGIBILITY SERVICE AND VESTING SERVICE

Generally, Eligibility Service and Vesting Service include (i) employment with RFS or an affiliate of RFS prior to January 1, 2012, and (ii) employment with Alcatel-Lucent USA Inc. ("Alcatel-Lucent") or an affiliate of Alcatel-Lucent on or after January 1, 2012. You can continue to earn credit for Vesting Service after December 31, 2004. However, since eligibility to participate in the Salaried Pension Plan was frozen as of December 31, 2004, you will no longer receive Eligibility Service credit after that date, except for the limited purpose of determining whether you are eligible for Early Retirement under the Salaried Pension Plan.

If you were employed by a company which was acquired by RFS, specific provisions developed for each company govern the treatment of prior non-affiliated employment as Eligibility Service and Vesting Service under the Salaried Pension Plan. The Pension Plan Administrator can provide the necessary information about this for you.

In general, all of your years, months, and days of uninterrupted employment with RFS or an affiliate of RFS or with Alcatel-Lucent or an affiliate of Alcatel-Lucent will be considered Eligibility Service and Vesting Service. You will continue to earn Vesting Service and Eligibility Service until you have a Severance Date under the Salaried Pension Plan; provided, however that you will no longer receive Eligibility Service credit after December 31, 2004, except for the limited purpose of determining whether you are eligible for Early Retirement under the Salaried Pension Plan. A Severance Date is usually when you stop working.

BENEFIT SERVICE AND PROJECTED BENEFIT SERVICE

Effective as of December 31, 2004, benefit accruals under the Salaried Pension Plan ceased. Accordingly, your accrued Salaried Pension Plan benefit is based on your Benefit Service as of that date.

Up to December 31, 2004, all of your years, months, and days of uninterrupted employment as a participant in the Salaried Pension Plan, and while actively at work at RFS (or a Participating Company with respect to the Salaried Pension Plan) in a salaried job capacity, counted as Benefit Service. Also, such uninterrupted employment while waiting to become a Salaried Pension Plan participant (i.e., completing one year of Eligibility Service) was counted as Benefit Service when your Salaried Pension Plan participation began.

If you were employed by a company that was acquired by RFS, only employment you have on and after a specific date determined under the special group rules applicable to your company will be credited as Benefit Service under the Salaried Pension Plan. These provisions are available from the Pension Plan Administrator.

Generally, Benefit Service includes only employment at RFS (or a Participating Company with respect to the Salaried Pension Plan) in a salaried job capacity up to the earlier of December 31, 2004 or your termination of employment. If you have any questions about any aspect of Benefit Service, please contact the Pension Plan Administrator.

Projected Benefit Service is equal to your Benefit Service together with all additional Benefit Service you would have earned had you remained employed by RFS (or a Participating Company with respect to the Salaried Pension Plan) until your Normal Retirement Date.

SEVERANCE DATE

If you experience a Severance Date, you stop earning Eligibility Service and Vesting Service under the Salaried Pension Plan. A Severance Date occurs on the earlier of:

- the date you resign,
- the date your employment terminates,
- one year from the date you have been continuously absent from work and during which your employment has not been terminated,
- the date you retire, or
- the date you die.

Additionally, since benefit accruals and eligibility to participate under the Salaried Pension Plan ceased effective as of December 31, 2004, your service after that date will only count for limited purposes of vesting and eligibility for Early Retirement.

APPROVED ABSENCES

Certain absences approved by RFS (prior to January 1, 2012) or Alcatel-Lucent (on or after January 1, 2012) do not interrupt or terminate your employment for Salaried Pension Plan purposes. For example, approved absences for military service and approved absences for periods of disability while you receive illness and accident benefits or Social Security disability benefits are all recognized as Eligibility Service, Vesting Service and Benefit Service. (See the section “Breaks in Service” for rules that apply to maternity or paternity leaves.) However, except in the case of total and permanent disability as determined by the Pension Plan Administrator or during which you receive Social Security disability benefits, this recognition applies only if you return to work within a required period following your absence.

In the case of military service, this provision will apply only if you return to work within the period during which your re-employment rights are protected by law. In all other cases, it applies only if you return to work immediately after the end of the approved absence period. All other absences (except any other period which is not considered an absence under the provisions of applicable law) will be considered an interruption in your employment – or a *break in service*.

Any credit for service while you are on an approved absence is subject to the other terms and conditions of the Salaried Pension Plan, including the effect of benefit accruals and eligibility to participate in the Salaried Pension Plan ceasing effective as of December 31, 2004. For more information on approved absences, including military service, and their effect on Eligibility Service, Vesting Service and Benefit Service, contact the Pension Plan Administrator.

BREAKS IN SERVICE

Generally, you have a break in service after your employment terminates or after you are absent from work without your employer's approval. You will not be considered to have a break in service under the Salaried Pension Plan, however, if your employment is interrupted, and you return to work within 12 months after your Severance Date. In this case, the period between your Severance Date and your re-employment date will generally be recognized as Eligibility Service and Vesting Service under the Pension Plan (for determining your eligibility for an Early Retirement Benefit under the Plan), but not Benefit Service. However, you will not be credited with more than 12 months of Eligibility Service and Vesting Service for non-work time under these circumstances, including any period of approved absence you had immediately preceding your termination of employment. No period after your termination will be recognized as Benefit Service.

In addition, should you stop working for reasons related to maternity or paternity, you will not be considered to have a break in service under the Salaried Pension Plan if you return to work within 24 months following the date you stopped work. Further, if your return to work occurs after this 24-month period, the first 12 months of your absence will be excluded in determining the length of your break in service under the Salaried Pension Plan. You qualify for this treatment if you are absent from work because:

Service

- you are pregnant
- you have a child
- you adopt a child, or
- you must care for your child immediately following birth, adoption or placement for adoption.

If you do have a break in service and return to work, you will retain or restore credit for the employment you had before your Severance Date as soon as you “bridge” your break in service. For more information on how to “bridge” a break in service, contact the Pension Plan Administrator.

RETIREMENT AGES

NORMAL RETIREMENT

Your Normal Retirement Date under the Salaried Pension Plan is the first day of the month coinciding with or following your 65th birthday, or if later, the first day of the month coinciding with or following your fifth anniversary of joining the Plan. Generally, if you retire from active employment at your Normal Retirement Date, your monthly retirement benefit will begin and continue during retirement for the rest of your life. If the value of your benefit is \$1,000 or less, it will be distributed as a lump sum. No further benefits will be payable.

EARLY RETIREMENT

You may retire as early as:

- age 55 if you have completed at least ten years of Vesting Service
- or
- age 50 if your age plus your years of Vesting Service are equal to or greater than 80 (“Rule of 80”).

Under the early retirement provision, a reduced pension is payable if benefits begin between ages 50 and your Normal Retirement Date.

Please contact the Pension Plan Administrator if you have any questions regarding eligibility for early retirement and/or the manner in which your early retirement pension is calculated.

DEFERRED RETIREMENT

If you continue to work beyond your Normal Retirement Date, your Deferred Retirement Date is the last day of the month coinciding with or following the date your active employment terminates. (You may continue to work after your Normal Retirement Date, but your Salaried Pension Plan benefit will be calculated based on your Benefit Service and earnings as of December 31, 2004.) However, you generally must begin receiving your benefits by April 1 following the year you become 70½, unless you are still actively employed by Alcatel-Lucent or an affiliate. If you continue working for Alcatel-Lucent or an affiliate after April 1 of the year following the year in which you reach age 70½:

- you will not receive any benefit payments until you retire, and
- your benefit will be adjusted to reflect your increased age and your life expectancy.

Retirement Ages

If your employment with Alcatel-Lucent or an affiliate ends for any reason before you are eligible for retirement as described above, you may still be entitled to benefits under the plan. See “Vested Benefit At Termination Of Employment” in this section for further details.

CALCULATING YOUR SALARIED PENSION PLAN BENEFIT

The Salaried Pension Plan's benefit formula takes into account your years of Benefit Service and your earnings accrued as of **December 31, 2004 (or earlier if you terminated employment or retired before that date)**. The actual amount of your Plan benefit also will depend on whether payments are made for your lifetime only or are to be continued to someone else after you die. In later sections of this Plan summary, you will find more information about the way Plan benefits are payable. Of course, no benefits generally are payable until you actually stop working for the Alcatel-Lucent and all affiliated companies.

BENEFIT FORMULA

To calculate your retirement benefits, the Salaried Pension Plan first uses a basic formula, and then makes an adjustment for your employer's contributions towards your Social Security benefit.

The Plan uses the following pension formula to determine your annual benefit:

- A. **Basic Benefit:** 1.6% of your Final Average Compensation multiplied by your total number of years of Benefit Service

less
- B. **The Social Security Adjustment:** 0.55% of the lesser of your Final Three-Year Average Compensation or your Covered Compensation, multiplied by your total number of years of Benefit Service up to 35 years. In no event shall this adjustment exceed one-half of the basic benefit.

The terms referred to in the Plan's benefit formula have special meanings which are important to remember. They are defined in the "Terms You Should Know" section of this SPD.

NORMAL RETIREMENT BENEFITS

The pension benefit you receive from the Plan at your Normal Retirement Date is figured in three steps.

Step 1

First, a basic benefit amount is computed based on the benefit formula percentage (1.6%), your Final Average Compensation, and your years of Benefit Service.

The following table shows examples of basic monthly benefit amounts if you retire at age 65. These examples use various amounts of Projected Benefit Service and Final Average Compensation and are pension amounts payable before application of the adjustment for Social Security explained in Step 2 and the Service Fraction explained in Step 3.

BASIC MONTHLY BENEFIT AMOUNTS							
With Service of	and Monthly Final Average Compensation of						
	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000
5 Years	\$ 80	\$ 120	\$ 160	\$ 200	\$ 240	\$ 280	\$ 320
10 Years	160	240	320	400	480	560	640
15 Years	240	360	480	600	720	840	960
20 Years	320	480	640	800	960	1,120	1,280
25 Years	400	600	800	1,000	1,200	1,400	1,600
30 Years	480	720	960	1,200	1,440	1,680	1,920
35 Years	560	840	1,120	1,400	1,680	1,960	2,240

Step 2

The basic benefit amount (such as those shown in the table above) is reduced by the adjustment for Social Security. It is computed based on the Social Security Adjustment percentage (0.55%), the lesser of your Covered Compensation or Final Three-Year Average Compensation, and your years of Projected Benefit Service under the Salaried Pension Plan. Examples of Social Security Adjustments are shown in a table under the definition of “Social Security Adjustment” under “Terms You Should Know.”

Here is a detailed example of how to calculate your normal retirement benefit if you retire at age 65.

Example:

Let’s assume you retire at age 65, your *monthly* Final Average Compensation (determined as of December 31, 2004) is \$2,500, and your Benefit Service (as of December 31, 2004) is 30 years. Suppose also that your Covered Compensation is \$2,442 a month, your Final 3-Year Average Compensation (as of December 31, 2004) is \$2,500 and your Social Security benefit is \$900 a month at age 65. This is what you would receive in monthly total retirement income from the Salaried Pension Plan and Social Security if payments are for your lifetime only:

Basic Benefit Amount (1.6% x \$2,500 x 30 years)	\$1,200/month
less	
Social Security Adjustment (0.55% x \$2,442 x 30 years)	- <u>403/month</u>
Pension Benefit from the Salaried Pension Plan	\$ 797/month
plus	
Estimated Social Security Benefit	+ <u>900/month</u>
Total Retirement Income	\$1,697/month

Remember, this example assumes that payment will continue during your lifetime only. If you wish payments to continue to a Beneficiary (see “Terms You Should Know”) after your death, the net benefit from the Plan is adjusted to take this into account. If you are married, your Salaried Pension Plan benefit will automatically be adjusted to provide a Qualified Joint and Survivor Annuity (the normal form of payment for married participants) unless another form of payment is elected with notarized spousal consent.

EARLY RETIREMENT BENEFITS

You may retire early under the Salaried Pension Plan, if you leave active employment before your Normal Retirement Date but after meeting one of the following provisions:

- attainment of age 55 and completion of at least ten years of Vesting Service
- or
- attainment of age 50 and satisfaction of “Rule-of-80” (i.e., the total of your age and years of Vesting Service equal or exceed 80).

If you retire early, you are eligible to receive your pension benefits beginning at your Normal Retirement Date with no reduction. Otherwise, you may elect to have your retirement income start before your Normal Retirement Date. However, if you elect to have your payments start before your Normal Retirement Date, your payments will be reduced because you will receive them for a longer period of time.

If you elect to start receiving payments any time after age 55 and before your Normal Retirement Date, your retirement benefits will be reduced by 5% for each year that the

starting date of your payments precedes your Normal Retirement Date, with adjustments for portions of a whole year.

This table shows the percentage of your normal retirement benefit that would be payable at various Early Retirement ages:

Age When Payments Start		% of Pension Payable
65		100%
64		95%
63	If you have 10 years of Vesting Service	90%
62		85%
61		80%
60		75%
59		70%
58		65%
57		60%
56		55%
55		50%

If you meet the Rule of 80, and retire prior to age 55, your monthly benefit will equal the actuarial equivalent of the benefit payable at age 55.

If you retire early and elect to defer the payment starting date to a later date, your retirement benefits will still be based on your accrued benefit under the Plan on the date you actually retired, but the reduction for early payment will be the percentage applicable for your age when payments begin. The actual percentage used will be figured to the nearest month. For example, if your Normal Retirement Age is age 65 and payments begin at age 59 years and 9 months, your accrued benefit will be reduced by 26.25% (5% times 5.25 years to age 65), and you will receive 73.75% of the pension that would otherwise be payable.

The following example shows how Early Retirement pensions are calculated. The example assumes that payment continues only during your lifetime.

Example:

Let's assume you retire at age 60 with 20 years of Benefit Service and you elect to start receiving benefit payments immediately upon retirement. Let's assume further that your Final Average Compensation (as of December 31, 2004) is \$2,500 a month, that your Covered Compensation (as of December 31, 2004) is \$3,155 a month, your Final Three-Year Average Compensation (as of December 31, 2004) is \$2,600 a month, and your reduced Social Security benefit at age 62 will be \$720 a month. Since payment begins five years early, your benefit will be reduced by 25% (5% times 5 years) and you would get 75% of your age 65 retirement benefit. Pension payments for your lifetime only will be computed as follows:

Basic Benefit (1.6% x \$2,500 x 20 years)	\$800/month
less	
Adjustment for Social Security (0.55% x \$2,600 x 20 years)	<u>- 286/month</u>
Pension Benefits from the Salaried Pension Plan at Age 65	\$514/month
times	
Percentage of Age 65 Benefit Payable Starting at Age 60	x 75%
Pension Benefit from the Salaried Pension Plan at Age 60	<u>\$ 386/month</u>
plus	
Estimated Social Security Benefit Beginning at Age 62	<u>+ 720/month</u>
Total Retirement Income Beginning at Age 62	\$1106/month

This section of the summary describes how early retirement benefits are determined if they are payable for your lifetime only. Your early retirement income would be adjusted, as required, if you are protected by any of the automatic or optional forms of survivor's benefits described later in this summary.

It is important to note that the early retirement provisions described in this section apply only if you leave Alcatel-Lucent or an affiliate after attaining the age and years of Vesting Service needed for early retirement. However, you can "grow into" the Early Retirement benefit if you terminate service with Alcatel-Lucent or an affiliate after completing ten years of Vesting Service, but prior to attaining age 55. In this case, once you reach age 55 you can apply to receive an Early Retirement benefit. If you leave Alcatel-Lucent or an affiliate before completing ten years of Vesting Service, you are only entitled to your Vested benefit as described under "Vested Benefit At Termination Of Employment."

DEFERRED RETIREMENT

When you reach your Normal Retirement Date, the amount of your Plan benefit is calculated based on your Final Average Compensation (determined as of December 31, 2004), Service (as of December 31, 2004), and adjustment for Social Security. You may continue to work after your Normal Retirement Date, but your Plan benefit will be calculated based on your Service and earnings as of December 31, 2004.

GRANDFATHERED ITT PENSION BENEFITS

Certain salaried employees of ITT Corporation and its affiliates who joined RFS are entitled to slightly different pension benefits under the Salaried Pension Plan instead of the normal and early retirement benefits discussed above.

If you are eligible for these grandfathered benefits, then the annual *normal retirement benefit* you will receive from the Salaried Pension Plan at your Normal Retirement Date is determined using the following pension formula:

Basic Benefit: 2.0% of your Final Average Compensation multiplied by the first 25 years of your Benefit Service, *plus* 1.5% of your Final Average Compensation multiplied by the next 15 years of your Benefit Service.

less

Social Security Adjustment: 1.25% of your primary Social Security benefit multiplied by your years of Benefit Service up to 35 years. In no event shall this adjustment exceed one-half of the basic benefit and will be proportionately lower if you have less than 35 years of Benefit Service.

In addition, you may qualify for either a grandfathered standard early retirement benefit or a grandfathered special early retirement benefit.

You will be eligible for *standard early retirement* if you are at least age 55 and have completed at least ten years of Vesting Service. If you retire on standard early retirement, you are eligible to receive your retirement benefits beginning at your Normal Retirement Date with no reduction. If you elect to start receiving your benefits any time before your Normal Retirement Date, your retirement benefits will be reduced by 3% for each year that the starting date of your payments precedes your Normal Retirement Date, with adjustments for portions of a whole year.

You will be eligible for *special early retirement* if you meet one of the following conditions:

- attainment of age 55 and completion of at least 15 years of Vesting Service, or
- attainment of age 50 and satisfaction of the “Rule-of-80” (i.e., the total of your age and years of Vesting Service equal or exceed 80).

A valuable feature of special early retirement is that the amount of your Salaried Pension Plan benefit will be based on 100% of your accrued pension if you are age 60 or older when payment begins. If you elect to start receiving your special early retirement benefit any time before age 60, your retirement benefits will be reduced 5% for each year that the starting date of your payments precedes your 60th birthday, with adjustments for portions of a whole

year. In no event, however, may you elect to start your special early retirement benefit before age 55.

There are certain other minor differences between the retirement benefits generally provided under the Salaried Pension Plan and the grandfathered ITT retirement benefits. For a more complete description of the grandfathered ITT retirement benefits, contact the Pension Plan Administrator.

SUSPENSION OF BENEFITS UPON REHIRE

If you are receiving benefit payments, and you are re-employed by Alcatel-Lucent or an affiliate before age 65, your payments will stop. Because benefit accruals under the Salaried Pension Plan were frozen effective as of December 31, 2004, you will not earn additional credits under the Salaried Pension Plan after that date. Any Salaried Pension Plan benefits payable to you will start again when your employment with the Alcatel-Lucent and all affiliates terminates.

VESTED BENEFIT AT TERMINATION OF EMPLOYMENT

You are entitled to a Vested benefit if you leave Alcatel-Lucent or an affiliate before qualifying for early retirement but after completing five years of Vesting Service. You also fully vest in your benefit upon becoming totally and permanently disabled, which is discussed further below, or if your employment with the Company terminated due to job elimination, job-layoff or certain other circumstances. For more information on whether you are entitled to a Vested benefit due to job elimination, job lay-off or certain other circumstances, contact the Pension Plan Administrator. Generally, your Vested benefit is payable to you at age 65.

Your Vested benefit will be calculated using the same benefit formula as applies for normal retirement described earlier in this summary. Your Vested benefit, however, will be based on your years of Benefit Service, your Final Average Compensation, and the Adjustment for Social Security determined as of the earlier of December 31, 2004 or when your employment terminated.

Moreover, your Vested benefit will be determined by the provisions of the Salaried Pension Plan in effect when you terminate.

You may elect to receive your Vested benefit as early as age 55 if at the time of termination you had completed ten years of Vesting Service. If you elect to start receiving your Vested benefit before your Normal Retirement Date, it will be reduced by 5% for each year that the starting date of your payments precedes your Normal Retirement Date, with adjustments for portions of a whole year. If you had completed less than ten years of Vesting Service, you will receive your Vested benefit at your Normal Retirement Date.

If you are married, your Vested benefit automatically includes pre-retirement protection for your surviving spouse, before your benefit payments begin. If you are not married when you

become Vested, you will automatically have this protection if you marry in the future. See “Pension Benefits Payable Following Your Death” for more information.

DISABILITY

Total and permanent disability means you qualify for Social Security disability benefits. If you can no longer work because of a total and permanent disability, you will continue to be a full participant of the Salaried Pension Plan. You also fully vest in your benefits upon becoming totally and permanently disabled. Since benefit accruals and eligibility to participate under the Salaried Pension Plan ceased effective as of December 31, 2004, your service will only count for the limited purpose of eligibility for Early Retirement after that date.

Your retirement income, which is based on the period before and during your disability, considers your Final Average Compensation on the earlier of December 31, 2004 or the time you became disabled. The adjustment for Social Security will be based on the Final Average Compensation and Covered Compensation in effect on the earlier of December 31, 2004 or the time your disability began.

If, while disabled, you meet one of the early retirement provisions and are at least age 55, you may elect to start receiving early retirement benefits from this Salaried Pension Plan. If you wish to do so, request further information and the necessary forms from the Pension Plan Administrator.

PENSION BENEFITS PAYABLE FOLLOWING YOUR DEATH

IF YOU DIE BEFORE COMMENCING YOUR PENSION

If you are married and are entitled to a Vested benefit, your spouse will automatically be protected by the pre-retirement surviving spouse benefit. This means, if you die while actively employed, or if you leave Alcatel-Lucent or an affiliated company with a Vested benefit and die before you begin to collect your retirement benefit, your surviving spouse will receive a lifetime benefit. The amount of this benefit varies depending on the amount of your Vested benefit, your age, your spouse's age, and how old you would have been when payments begin to your surviving spouse. (See "Vested Benefit At Termination Of Employment" for an explanation of how your Vested benefit is calculated.) Your spouse's benefit will be one-half of the Vested benefit you earned as of the earlier of your date of death or December 31, 2004, and that you would have received at your Normal Retirement Date reduced to reflect payment under the 50% Joint and Survivor Annuity option.

You have this protection as soon as you become Vested, provided you are married. If you are not then married, it automatically becomes effective when you marry. It stays in effect until the earlier of:

- the date your spouse dies,
- the date your marriage is dissolved, or
- the date you begin to receive payments from the Salaried Pension Plan (for spouse protection after retirement, see the "Joint and Survivor Annuity Option" explanation).

Payment of any benefit to your surviving spouse begins when you would have reached your Normal Retirement Date. However, your surviving spouse can elect to start receiving payments as soon as you would have been eligible for early retirement. In this case, early payment calls for an additional reduction. If your surviving spouse dies, there will be no payment made to anyone else.

In the case of an unmarried participant or unmarried former participant who dies prior to his Retirement Date, no death benefits shall be payable under this plan.

IF YOU DIE AFTER YOUR PENSION STARTS

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

If you are receiving pension benefits under the 50% Joint and Survivor Annuity option, upon your death the Beneficiary you named on the date your pension began will receive 50% of the

reduced monthly benefit for life. Payments to your Beneficiary will begin on the first calendar day of the month immediately following your date of death.

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

If you are receiving pension benefits under the 100% Joint and Survivor Annuity option, upon your death the Beneficiary you named on the date your pension began will receive 100% of the reduced monthly benefit for life. Payments to your Beneficiary 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 single lump sum payment, no further benefit is payable to anyone.

HOW PENSION BENEFITS ARE PAID

If you meet the eligibility requirements for Normal or Early Retirement, and the present value of your Vested benefit exceeds \$1,000 when your employment ends, you will have the following payment options:

- You may receive your benefit as an immediately payable annuity, reduced for commencement prior to your Normal Retirement Date.
- You may defer commencement of your Vested benefit to a later date.

If the present value of your Vested benefit is \$1,000 or less, you may elect to receive your Salaried Pension Plan benefit as a single lump sum payment.

If you leave the Alcatel-Lucent or an affiliate before qualifying for Normal or Early Retirement but after completing five years of Vesting Service and the present value of your Vested benefit exceeds \$1,000 when your employment ends, you will generally receive your Vested benefit at your Normal Retirement Date. You may elect to receive your Vested benefit as early as age 55 if at the time of termination you had completed ten years of Vesting Service. If the present value of your Vested benefit is \$1,000 or less, you may elect to receive your Salaried Pension Plan benefit as a single lump sum payment.

You can request an information package from the HR Service Center at 1-888-582-3684 describing your payment options prior to terminating your employment. You will have a 180-day election period during which you may elect to have your Vested benefit paid immediately or deferred until a later date.

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

- If you are legally married when your annuity payments begin, the normal form of payment is the Qualified Joint and Survivor Annuity (QJSA). The QJSA provides you with a reduced monthly benefit during your lifetime, and at your death your spouse will continue to receive 50% of your reduced monthly benefit for his or her life. You may also elect a QJSA that provides your spouse with 75% or 100% of your reduced monthly benefit for life. In addition, you may decline the QJSA with the written, notarized consent of your spouse and elect either a Straight Life Annuity or a Joint and Survivor Annuity form of payment which provides survivor benefits to a Beneficiary other than your spouse.
- If you are **not** legally married, your pension will be paid to you as a Straight Life Annuity with no payments continuing after your death, unless you elect a Joint and Survivor Annuity which provides survivor benefits to a named Beneficiary.

If your 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 QJSA (either 50%, 75% or 100% survivor annuity) and your spouse dies before you, but after your pension begins, your payments will continue at the reduced amount and no payments will be made after your death.

If your pension is payable as a Joint and Survivor Annuity (either 50%, 75% or 100% survivor annuity) and your Beneficiary dies before you, but after your pension begins, your payments will continue at the reduced amount and no payments will be made after your death.

If you are legally married, you may decline or re-elect the QJSA by notifying the Pension Plan Administrator (see "Important Contacts"), in writing:

- Within the 180 days immediately before your Vested benefit is to begin, or, if later,
- Within 180 days immediately after the date the Pension Plan Administrator mails or personally delivers to you your pension estimates.

If you change your mind one or more times during the election period, your spouse's written, notarized consent is required each time you decline the QJSA. However, once your spouse has given consent to any declination you have made, your spouse cannot unilaterally withdraw consent for that declination. Once the 180-day election period is over, you cannot change your choice for any reason, including a change in your marital status.

If you commence your Vested benefit as a QJSA, the person 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 commence your Vested benefit as a Joint and Survivor Annuity (either 50%, 75% or 100% survivor annuity), the person named as the Beneficiary on the day your pension begins cannot be changed for any reason.

If you decline the QJSA and elect a Straight Life Annuity with your 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 benefit to a later date, the payment options and payment methods described in this SPD will generally be available to you when you later elect to commence your benefit. You may elect to commence your deferred benefit in the future by contacting the Pension Plan Administrator in writing. The Pension Plan Administrator will calculate your benefit as of the first calendar day of the month immediately following the month in which your written request to commence your benefit is received by the Pension Plan Administrator. The Pension Plan Administrator will send you the appropriate information, along with the forms to be completed and returned before your benefit can commence.

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

It is important that you notify the Pension Plan Administrator of any change in your address after you leave the active payroll (see “Important Contacts”).

RETIREMENT BENEFIT PAYMENT OPTIONS

The form in which your pension benefits are paid is generally based on whether you are single or married at the time you begin to receive benefits. If you are single, you may choose from any of the options described below. If you are married, you must choose an option that provides a payment for your spouse in the event of your death **unless** he or she signs a notarized agreement waiving some or all of their rights to your retirement income.

STRAIGHT LIFE ANNUITY OPTION

The Straight Life Annuity Option is available to all Salaried Pension Plan participants. It is the form of payment that does not provide for payments to anyone after you die. This option will provide you with the greatest monthly amount of retirement pension.

If you are not married when you apply to have your Vested benefit payments begin, the Straight Life Annuity Option is the normal method of benefit payment under the Salaried Pension Plan. Retirement benefits will be paid only during your own lifetime. If you want to provide survivor benefits to a Beneficiary, you may do so by making an appropriate election under the Joint and Survivor Annuity Option (see below).

If you are married when you apply to have your Vested benefit payments begin, you may still elect to have your benefits paid under the Straight Life Annuity option instead of under one of the Joint and Survivor Annuity options or any other option available to you at that time. However, if you do, your spouse must, by law, indicate his or her agreement to this by providing notarized written consent to your election.

You may make your election or waiver of the Straight Life Annuity Option at any time within the 180-day election period before payment is scheduled to begin. You may also change your previous election at any time during the 180 days before payment is scheduled to begin. Once your payments start you may not waive, change or revoke your election.

JOINT AND SURVIVOR ANNUITY OPTION

This option can provide a retirement income to a spouse or another Beneficiary upon your death. The Qualified Joint and Survivor Annuity (QJSA) option is the designated normal form of payment for married participants under the Salaried Pension Plan. The QJSA is determined in the same manner as the Joint and Survivor Annuity options.

If you elect a Joint and Survivor Annuity option, you agree to receive a reduced Salaried Pension Plan benefit during your life so there is money available to provide, with certain limitations set forth under the Salaried Pension Plan and under Federal law, a retirement income for your Beneficiary after you die.

Within these limits, you can specify the portion of your reduced benefit that you would like to have continued to your Beneficiary after your death. The amount of benefits available to you and your Beneficiary depends on:

- the amount of your pension income at retirement,
- the difference in age between you and your Beneficiary, and
- the portion of your retirement income to be continued to your Beneficiary.

You may elect to provide your Beneficiary with benefits equal to 50%, 75%, or 100% of your retirement income. In general, the options work this way:

If you elect the 50% arrangement:

- you receive, for your life, 89% of your accrued Salaried Pension Plan benefit *plus* 9/20% for each year by which you are younger than your Beneficiary or *minus* 9/20% for each year by which you are older than your Beneficiary, and
- your Beneficiary receives 50% of that amount for life after your death.

If you elect the 75% arrangement:

- you receive, for your life, 85% of your accrued Salaried Pension Plan benefit *plus* 6/10% for each year by which you are younger than your Beneficiary or *minus* 6/10% for each year by which you are older than your Beneficiary, and
- your Beneficiary receives 75% of that amount for life after your death.

If you elect the 100% arrangement:

- you receive, for your life, 81% of your accrued Salaried Pension Plan benefit *plus* 3/4% for each year by which you are younger than your Beneficiary or *minus* 3/4% for each year by which you are older than your Beneficiary; and
- your Beneficiary receives 100% of that amount for life after your death.

The following table summarizes the reduction factors for election of 50%, 75%, and 100% Joint and Survivor Annuity options:

Age Of Your Beneficiary	Percentage Pension You Receive At Retirement Under Joint And Survivor Annuity Options			
	When Your Payments Begin	50% J&S	75% J&S	100% J&S
5 Years Older Than You		91.25%	88.00%	84.75%
Same Age as You		89.00%	85.00%	81.00%
5 Years Younger Than You		86.75%	82.00%	77.25%
10 Years Younger Than You		84.50%	79.00%	73.50%

If you die, your Beneficiary will receive 50%, 75%, or 100% of the amount you were receiving, depending on the option you chose.

You can make your election at any time during the 180 day election period before your payments are due to begin. You may also change your previous election at any time during the 180 day election period. Once your payments start, you may not waive, change, or revoke your election.

If you are married and want to elect the Straight Life Annuity option or name a Beneficiary other than your spouse under the Joint and Survivor Annuity option, by law your spouse must agree in a written notarized statement that he or she consents to this arrangement.

If your spouse or other Beneficiary dies before you, no benefits will be paid to anyone else, and the amount of your pension payments will not change.

LUMP SUM PAYMENTS

Under certain circumstances, a Salaried Pension Plan benefit may be paid in a single lump sum payment. If the present value of your Vested benefit is \$1,000 or less, it will be paid to you in a lump sum as soon as practicable following your separation from service. This amount can only be determined when benefits are actually calculated and takes into account such factors as your age, your Beneficiary's age (if applicable), and specific actuarial factors and interest rates adopted under the Salaried Pension Plan for such calculations. If you or your Beneficiary receives a lump sum payment, no further payments or benefits will be paid from the Salaried Pension Plan.

If you receive the present value of your Vested benefit as a single lump sum payment, you must select one or more of the following three distribution options:

- A single lump sum payment to you, and/or
- Direct Rollover to a traditional IRA or 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.

TERMS YOU SHOULD KNOW

Several words and phrases have a specific meaning under the Salaried Pension Plan 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.

Annuity Starting Date: the first day of the first period for which an amount is paid as an annuity or in any other form. The Annuity Starting Date with respect to a benefit which a participant elects to commence immediately after termination of employment shall generally be the first of the month following the date of termination.

Beneficiary: the person you designate to receive your benefits under the Pension Plan in the event of your death. If you are married, your Beneficiary is your spouse, unless your spouse consents in writing to your designation of another Beneficiary when you start your pension. In order for your spouse's consent to be valid, it must be witnessed by a notary or Pension Plan representative and filed with the Pension Plan Administrator.

Benefit Service means your period of employment which is recognized under the Salaried Pension Plan to calculate the amount of your retirement income. In general, you are credited with one year of Benefit Service for each year of active, uninterrupted employment rendered as an employee of RFS or a Participating Company with respect to the Salaried Pension Plan. If you have less than a full year of active employment during any 12-month period, you receive partial credit for that year. Effective as of December 31, 2004, benefit accruals under the Salaried Pension Plan ceased. Accordingly, your Salaried Pension Plan benefit shall be based on your Benefit Service as of that date.

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

Compensation means your regular salary and wages plus any overtime, commissions, and bonuses paid by the Company to you during the Salaried Pension Plan year, including your contributions to plans maintained by RFS or an affiliate of RFS under Code Sections 125 (e.g., Alcatel Health Care Program or Reimbursement Accounts) or 401(k) (e.g., Alcatel USA, Inc. Retirement Savings Plan). Compensation does not include:

- reimbursements or other expense allowances
- moving expenses
- fringe benefits
- welfare benefits

- deferred compensation
- severance pay, and
- certain amounts realized with respect to stock options or related stock.

It is important to remember that benefit accruals under the Salaried Pension Plan were frozen effective as of December 31, 2004. Accordingly, no Compensation earned after that date will be considered for purposes of calculating your benefit under the Pension Plan.

For the year 2004 (the last year of benefit accruals), no more than \$205,000 will be considered as Compensation in calculating your benefit under the Salaried Pension Plan. In addition, only your Compensation received while in a salaried job at RFS (or a Participating Company) will be included.

Consolidated Retirement Plan: the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan, effective March 1, 2007. The Salaried Pension Plan is a component plan under the Consolidated Retirement Plan.

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.

Covered Compensation is the average of the Social Security maximum taxable wage bases over the 35 years preceding your Social Security Normal Retirement Age. Your Social Security Normal Retirement Age is determined by the federal government based on your year of birth. Please contact the Pension Plan Administrator if you have any questions regarding your Social Security Normal Retirement Age.

Each year the government issues an updated Covered Compensation Table. The Pension Plan Administrator will provide you with the full table at your request.

Direct 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.

Early Retirement: you may retire as early as age 55 if you have completed at least ten years of Vesting Service, or age 50 if your age plus your years of Vesting Service are equal to or greater than 80 ("Rule of 80"). Under the early retirement provision, a reduced pension is payable if benefits begin between ages 50 and your Normal Retirement Date.

Eligibility Service: is used to determine your eligibility for Salaried Pension Plan participation and for Early Retirement. Eligibility Service includes employment with RFS or an affiliated company at which you are employed. Since eligibility to participate in the Salaried Pension Plan was frozen as of December 31, 2004, you will no longer receive Eligibility Service credit after that date, except for the limited purpose of determining whether you are eligible for Early Retirement under the Salaried Pension Plan.

Final Average Compensation: the average of any of your five highest consecutive calendar years of Compensation within the last ten calendar years preceding the earlier of your termination of employment or December 31, 2004.

Final Three-Year Average Compensation: the average compensation of the most recently completed three consecutive calendar years of Benefit Service – not to include the final calendar year of employment – preceding the earlier of your termination of employment or December 31, 2004. For this purpose, only your Compensation up to the Social Security taxable wage base will be included.

Joint and Survivor Annuity: an optional form of distribution which provides you with a reduced monthly benefit for life and upon your death your Beneficiary will continue to receive 50%, 75% or 100%, as elected by you, of the amount of your reduced monthly benefit for life. If you are married, your spouse must provide written, notarized consent to your waiver of the Qualified Joint and Survivor Annuity.

Normal Retirement Date: the first day of the month coinciding with or next following your 65th birthday, or if later, the first day of the month coinciding with or next following your fifth anniversary of joining the Salaried Pension Plan.

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.

Participating Company: a company that participated in the Salaried Pension Plan. For information on Participating Companies, contact the Pension Plan Administrator (see "Important Contacts").

Pension Plan: the Alcatel-Lucent Retirement Income Plan.

Pension Plan Administrator: the contact for information and transactions for the Salaried Pension Plan provisions of the Pension Plan (see "Important Contacts").

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/QMCSO 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.

Qualified Joint and Survivor Annuity (QJSA): the normal form of distribution under the Pension Plan if you are legally married when your pension begins. A QJSA provides you with a reduced monthly benefit during your lifetime, and at your death your spouse will continue to receive 50% (or a larger percentage if you so elect) of the amount of your reduced monthly benefit for his or her life.

Radio Frequency Systems (RFS): Radio Frequency Systems, Inc. (formerly Alcatel NA Cable Systems, Inc.).

Salaried Pension Plan: the Alcatel NA Cable Systems, Inc. Salaried Pension Plan provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan effective March 1, 2007.

Severance Date: a Severance Date occurs on the earlier of:

- the date you resign,
- the date your employment terminates,
- one year from the date you have been continuously absent from work and during which your employment with the Company has not been terminated,
- the date you retire, or
- the date you die.

Social Security Adjustment: the Social Security Adjustment is used in computing all benefits payable under the Salaried Pension Plan without regard to when you elect to have your Social Security payments begin. It is computed in proportion to your Benefit Service; that is, it is based on employment with the Company that is recognized in calculating your retirement income. No more than 19.25% of the lesser of your Final Three-Year Average Compensation or Covered Compensation is recognized in making this adjustment. If you have less than 35 years of Benefit Service at retirement, the adjustment is proportionately lower. Here are examples of the Social Security Adjustment with various years of Benefit Service at retirement:

Benefit Service	% of Final Average Compensation or Covered Compensation Used for Adjustment
5 years	2.75%
10 years	5.50%
15 years	8.25%
20 years	11.00%
25 years	13.75%
30 years	16.50%
35 years	19.25%

Straight Life Annuity: the normal form of distribution under the Pension Plan if you not legally married when your pension begins.

Totally and Permanently Disabled: a physical or mental condition that entitles you to disability benefits under the Company's long-term disability plan or the Social Security Administration disability program.

Vested: you are Vested, meaning you have a non-forfeitable right in your benefit under the Pension Plan, according to the schedule below. However, you will automatically become fully Vested in your benefit if you reach Normal Retirement Age or become Totally and Permanently Disabled while you are still employed by the Company.

Completed Years of Vesting Service	Vested Percentage
Less than 5 years	0%
5 years or more	100%

Vesting Service: is used to determine your Vested benefit under the Salaried Pension Plan. In general, all of your years, months, and days of uninterrupted employment with RFS or any affiliated company will be considered Vesting Service. You will continue to earn Vesting Service until you have a Severance Date under the Salaried Pension Plan. Special rules may apply if you have a break in service.

You may also receive credit for service performed with a previous employer if that employer merged with or was acquired by the Company. You should contact the Pension Plan Administrator if you have questions about Vesting Service.

IMPORTANT CONTACTS

Here is a list of resources for the Pension Plan.

PENSION PLAN ADMINISTRATOR

The Pension Plan Administrator is the official source for all pension and pension-related services for Eligible Employees and provides the following services:

- Pension calculations
- Pension-affecting record changes
- Pension commencement processing
- Death case processing
- Annuitant pension administration
- General pension and pension-related information
- Pension check processing and adjustments.

By Phone

You can reach the Pension Plan Administrator through the HR Service center at 1-888-582-3684 on any business day from 9:00 a.m. to 6:00 p.m., Eastern Time.

By Mail

You may send written correspondence to the Pension Plan Administrator by email at falcatel.pension@alcatel-lucent.com or by regular mail, as follows:

Pension Plan Administrator
Alcatel-Lucent
M/S BENF1
3400 W Plano Pkwy
Plano, TX 75075

OTHER RESOURCES

The following sources have specific responsibilities, as explained below:

Contact / Service Provided	Address
QDRO/QMCSO Administration: Handles matters relating to Qualified Domestic Relations Orders (QDROs) Qualified Medical Support Orders (QMCSOs) and interrogatories regarding the Pension Plan.	QDRO/QMCSO Administration Alcatel-Lucent M/S BENF1 3400 W Plano Pkwy Plano, TX 75075
Subpoenas regarding the Pension Plan should be served directly to:	Jackson Lewis Attention: V.A. Cino, Esq. 220 Headquarter Plaza East Tower, 7 th Floor Morristown, NJ 07960
Employee Benefits Committee: Serves as final review committee for Pension Plan benefit appeals.	Employee Benefits Committee Alcatel-Lucent Room 2B-410 600-700 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 M/S BENF1 3400 W Plano Pkwy Plano, TX 75075

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 years of Vesting Service has not been computed correctly. Send all written claims for pension matters to Pension Plan Administrator, Alcatel-Lucent, M/S BENF1, 3400 W Plano Pkwy, Plano, TX 75075.

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 or years of 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 (EBC), Alcatel-Lucent, Room 2B-410, 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 EBC a written statement of the issues and any other documents in support of the claim for benefits or other matter under review.

The EBC 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 EBC 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 EBC 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 EBC 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 EBC shall serve as the final review committee under the Pension Plan. The EBC 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 EBC 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 or years of Vesting Service. If you do not hear from the Pension Plan Administrator or the EBC 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 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 Pension Plan Administrator'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 Pension Plan Administrator (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 non-forfeitable right to a pension. You must request this statement in writing from the Pension Plan Administrator. 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 Pension Plan Administrator (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.

PENSION PLAN DOCUMENTS

This summary plan description summarizes the key features of the Alcatel NA Cable Systems, Inc. Salaried Pension Plan provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan as of March 31, 2007. There are separate summary plan descriptions which set forth the key features of the other provisions of the Pension 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 those documents any time during normal business hours at the offices of the Pension Plan Administrator (see "Important Contacts"). If you are unable to examine these documents there, you should write to the Pension Plan Administrator, 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 Pension Plan Administrator. 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 non-forfeitable 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 under the Pension Plan, 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/QMCSO 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 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. In any event, any amounts to which you may be entitled that are in excess of these limits are paid from Company operating expenses.

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 Alcatel-Lucent 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 Alcatel-Lucent Employee Benefits Committee.
Agent for Service of Legal Process	You can direct any service of legal process related to the Pension Plan to: <ul style="list-style-type: none"> • The Employee Benefits Committee at Alcatel-Lucent Room 2B-410, 600-700 Mountain Avenue, Murray Hill, NJ 07974, or • The trustee of the Pension Plan (see "Pension Trust Fund").
Pension Trust Fund	Contributions to the pension trust fund are actuarially determined and paid by Alcatel-Lucent USA Inc. 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.: BNY Mellon 135 Santilli Highway Everett, MA 02149
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.