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
Service Based Program
Summary Plan Description
March 31, 2011

Disclaimer

This is a summary of the benefits available to eligible management employees under the Service Based Program (SBP) provisions of the Alcatel-Lucent Retirement Income Plan (Pension Plan). This SPD applies only to participants in the Service Based Program who retire, die, or terminate employment on or after March 31, 2011. Benefits for participants who retired, died or terminated employment prior to March 31, 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 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 March 31, 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
Service Based Program

This SPD describes the Service Based Program provisions of the Alcatel-Lucent Retirement Income Plan as of March 31, 2011. More detailed information is provided in the official Pension Plan documents which are controlling.

This SPD describes the Service Based Program provisions of the Alcatel-Lucent Retirement Income Plan as of March 31, 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 Service Based Program of the Alcatel-Lucent Retirement Income Plan (Pension Plan). Certain words and phrases have a specific meaning under the Service Based Program of the Pension Plan. These terms are capitalized whenever they appear to let you know that they are defined in the Section labeled "Terms You Should Know."

Effective December 31, 2009, benefit accruals under the Pension Plan ceased. Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan.

The Pension Plan is an important part of your financial security. It can provide a source of continuing income during your retirement years, and it may provide survivor benefits to your eligible Lawful Spouse or other named beneficiary in certain specified instances.

The Pension Plan is provided at no cost to you.

THE PENSION PLAN – HIGHLIGHTS

Here is a summary of the key features of the Service Based Program of the Pension Plan.

Service Based Program Feature	Summary
Eligibility	Generally, you must have been first hired by a Participating Company prior to January 1, 1999 to be covered under the Service Based Program of the Pension Plan.
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 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 or an Affiliate on December 31, 2009 shall be fully Vested.
Service Based Program Benefits	The Service Based Program of the Pension Plan provides four kinds of pensions to Participants: • A Service Pension if you retire after attaining age 50 and completing at least 15 years of Net Credited Service (NCS) • A Transition Pension if you were a Participant prior to January 1, 1998 and meet the Transition Pension Eligibility Rules • A Disability Pension if you are unable to work due to disability and have completed at least 15 years of NCS • A Deferred Vested Pension, if you leave the Company after you become Vested and you are not eligible to receive a Service Pension, Transition Pension or Disability Pension. **Effective December 31, 2009, benefit accruals under the Pension Plan ceased. Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan.**

Service Based Program Feature	Summary
Information About Your Pension Plan	Call the Pension Service Center (PSC) at 1-866-429-5764 for information about the Service Based Program and to initiate payment of your pension benefits. You can also reach the PSC by regular mail as follows: Alcatel-Lucent Pension Service Center P.O. Box 57576 Jacksonville, FL 32241-7576 You can access the Alcatel-Lucent Pension Service Center website at http://alcatel-lucent.ingplans.com.

PARTICIPATING IN THE PENSION PLAN

WHEN PARTICIPATION BEGINS

Generally, an individual must have been first hired by a Participating Company prior to January 1, 1999 and be classified as a salaried management employee (an employee paid at a monthly or annual rate whose position is not subject to automatic wage progression) to be a Participant in the Service Based Program of the Pension Plan. Special rules apply to individuals who have not continuously participated in the Service Based Program since January 1, 1999 (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 Service Based Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status in the Service Based Program.

COST

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

ELIGIBILITY FOR PENSION BENEFITS

The Pension Plan is designed to help build your future financial security. The Service Based Program of the Pension Plan provides four kinds of pensions:

- A Service Pension,
- A Transition Pension,
- A Disability Pension, or
- A Deferred Vested Pension

This section describes the types of pension you might receive depending on how and when you terminate employment with the Company. The type of pension for which you qualify will determine the amount of any reduction in your pension payments if you commence your pension benefit early.

SERVICE PENSION

You may retire with a Service Pension at any time if you are at least age 50 with at least 15 years of NCS.

Early Commencement Discount Rules for Service Pensions

Service Pension Determined Under Service Pension Formula

If you retire with a Service Pension and the sum of your completed years and months of age as of your Benefit Commencement Date and your NCS as of your termination date equals at least 75 years, there is no reduction in your pension benefit for early commencement.

If you retire with a Service Pension and the sum of your completed years and months of age as of your Benefit Commencement Date and NCS as of your termination date is fewer than 75 years, an early commencement discount will apply. The discount for early commencement equals ¼% a month for each month or partial month (3% for each year) that the sum of your age and Service is fewer than 75 years.

Service Pension Determined Under Transition Pension Formula

If you are retiring with a Service Pension but the highest pension amount payable to you is determined under a Transition Pension Formula, your pension amount will be reduced for commencement before age 55 using the Transition Pension Early Commencement Discount rules.

If your Benefit Commencement Date is before you attain age 55, your pension will be reduced for early commencement as follows:

- If you have fewer than 30 years of NCS, your pension benefit will be reduced by ½% a month for each month and partial month (6% for each year) that payments start before age 55.
- If you have 30 or more years of NCS, your pension benefit will be reduced by ¼% a month for each month and partial month (3% for each year) that payments start before age 55.

If your Benefit Commencement Date is on or after the date you reach age 55, there is no reduction in the amount of your pension.

TRANSITION PENSION

If you do not meet the Service Pension Eligibility Rule and you became a Participant prior to January 1, 1998, you are eligible to retire with an immediately payable Transition Pension benefit if you meet the following rules:

Your age is at least	And	Your NCS is at least
Any age		30 years
50		25 years
55		20 years
65		10 years

Early Commencement Discount Rules for Transition Pensions

If your Benefit Commencement Date is on or after the date you reach age 55, there is no early commencement reduction in the amount of your Transition Pension.

If your Benefit Commencement Date is prior to the date you reach age 55, your Transition Pension will be reduced for early commencement as follows:

- If you have fewer than 30 years of NCS, your Transition Pension benefit will be reduced by ½% a month for each month and partial month (6% for each year) that payments start before age 55.
- If you have 30 or more years of NCS, your Transition Pension benefit will be reduced by ¼% a month for each month and partial month (3% for each year) that payments start before age 55.

DISABILITY PENSION

You are eligible to retire with a Disability Pension if:

- You have completed at least 15 years of Net Credited Service, and
- You are Totally Disabled due to an illness or an injury (you are considered Totally Disabled if the Pension Plan determines that your disability prevents you from returning to work for the Company), and
- You are terminated from the payroll due to your continued Total Disability after the expiration of 26 weeks of disability benefits under the Alcatel-Lucent Short Term Disability Plan.

If you meet these requirements and are also eligible for a Service Pension, you will receive a Service Pension Due to Disability and not a Disability Pension.

There is no early commencement discount for a Disability Pension or a Service Pension Due to Disability.

If you are eligible for workers' compensation benefits or other payments under a similar law, the amount of the benefit you receive as a Disability Pension under the Pension Plan will be reduced by the amount of the benefit you receive from those other sources for the same disability. This reduction does not apply to a Service Pension Due to Disability.

You are not eligible to receive a Disability Pension while receiving sickness disability benefits under the Alcatel-Lucent Short Term Disability Plan. You are also not eligible to receive a Disability Pension while receiving accident disability benefits under the Alcatel-Lucent Sickness and Accident Disability Benefit Plan (previously known as the Lucent Technologies Inc. Sickness and Accident Disability Benefits Plan) for a job-related injury that occurred prior to January 1, 2001.

DEFERRED VESTED PENSION

You are eligible for a Deferred Vested Pension if you leave the Company after becoming Vested, provided you are not eligible for a Service Pension, Transition Pension or Disability Pension.

You may receive your Deferred Vested Pension starting at age 65, in which case, no reduction will be made to your pension because of your age at the time payments start.

You may receive your Deferred Vested Pension payments at any time before age 65, but your benefit will be reduced by an actuarial factor that takes into account your age when your payments start. For the percentage of your age-65 pension that you will receive if you begin your Deferred Vested Pension before age 65, contact the Pension Service Center (PSC) (see "Important Contacts").

PENSION BENEFITS PAYABLE FOLLOWING YOUR DEATH

IF YOU DIE WHILE ACTIVELY EMPLOYED

The Service Based Program of the Pension Plan provides an automatic survivor annuity that pays lifetime income to your eligible Lawful Spouse if you die as an active employee after you become eligible for a Deferred Vested Pension.

If you die and have at least 15 years of NCS or are eligible for a Service Pension, your Lawful Spouse will receive 100% (50% for deaths prior to May 1, 2009) of the reduced benefit you would have received payable as a monthly survivor annuity had you retired on the date of your death. There is no discount for early commencement. The annuity for your Lawful Spouse begins as of the day after your death. If you were on the active payroll on March 31, 2011 and die on or after March 31, 2011, your Lawful Spouse will have the choice to receive a Lump Sum payment of the present value of the immediately payable survivor annuity.

If you are eligible for a Deferred Vested Pension and you have fewer than 15 years of NCS at the time of your death, your Lawful Spouse must have been married to you throughout the one-year period immediately before your death to be eligible for this benefit. If your Lawful Spouse meets the one-year marriage requirement, your Lawful Spouse is entitled to a 50% survivor annuity. The survivor annuity equals 50% of the pension benefit that you would have received at age 65 (or date of death, if date of death is after age 65) reduced for the cost of survivor annuity coverage. Your Lawful Spouse has a choice of the following payment options:

- A Lump Sum payment of the present value of the survivor annuity benefit that would have been payable at your age 65 (or your date of death, if date of death is after age 65), or

- An immediately payable monthly survivor annuity benefit reduced for each year it starts before you would have reached age 65 as well as for the cost of the survivor annuity coverage, or

- Deferred commencement of the survivor annuity. Your Lawful Spouse may begin the survivor annuity any time before the date you would have reached age 65. The survivor annuity will be reduced for each year it starts before such date as well as for the cost of the survivor annuity coverage.

No benefit will be paid under the Service Based Program of the Pension Plan if you are not Vested when you die and/or have no Lawful Spouse.

IF YOU DIE AFTER LEAVING THE COMPANY BUT BEFORE BEGINNING YOUR SERVICE PENSION, TRANSITION PENSION OR DISABILITY PENSION

If you are entitled to a Service Pension, Transition Pension or Disability Pension when you leave the Company and die before your pension begins, your Lawful Spouse is covered by a Preretirement Survivor Annuity.

To qualify for this annuity, your Lawful Spouse must be legally married to you on your date of death.

Your eligible Lawful Spouse will receive 50% of the benefit you would have received under the Joint and 50% Survivor Annuity payment method had you begun your pension on the day you died. The benefit amount your Lawful Spouse receives is subject to an early commencement discount based on your age when you die, your NCS on your last day on the active payroll and whether your highest pension benefit is calculated under the Service Pension Formula or the Transition Pension Formula, which determines which early retirement reductions apply.

If you were on the active payroll on March 31, 2011 and die on or after April 1, 2011, and if no survivor benefit payments have been made, your Lawful Spouse will have the option to receive a Lump Sum payment of the present value of the immediately payable survivor annuity.

Special rules may apply if you die during the 90-day election period without making a pension election, or if you elect a Joint and Survivor Annuity option or Lump Sum option and die prior to your Benefit Commencement Date.

No benefits will be paid under the Service Based Program of the Pension Plan if you are not legally married at the time of your death.

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

If you are entitled to a Deferred Vested Pension when you leave the Company and die before your pension begins, your eligible Lawful Spouse is covered by a Preretirement Survivor Annuity. Your Lawful Spouse can commence the Preretirement Survivor Annuity at any time after your date of death up until the date you would have reached age 65.

To qualify for this annuity, your Lawful Spouse must be legally married to you throughout the one-year period immediately before your death.

If your Lawful Spouse meets the one-year marriage requirement, your Lawful Spouse is entitled to a 50% survivor annuity. The survivor annuity equals 50% of the pension benefit that you would have received at age 65 (or date of death, if date of death is after age 65) reduced for the cost of survivor annuity coverage. Your Lawful Spouse has a choice of the following payment options:

- A Lump Sum payment (the lump sum is only available for participants who terminated employment on or after January 1, 1998) of the present value of the survivor annuity benefit that would have been payable at your age 65 (or your date of death, if date of death is after age 65), or

- An immediately payable monthly survivor annuity benefit reduced for each year it starts before you would have reached age 65 as well as for the cost of the survivor annuity coverage, or

- Deferred commencement of the survivor annuity. Your Lawful Spouse may begin the survivor annuity any time before the date you would have reached age 65. The survivor annuity will be reduced for each year it starts before such date as well as for the cost of the survivor annuity coverage.

Upon notification of your death, the PSC will send a commencement package to your surviving Lawful Spouse, setting forth the available survivor annuity benefit options, including deferral of the commencement of the survivor benefit to your age 65, if applicable.

Special rules may apply if you elect a Joint and Survivor Annuity option or Lump Sum option and die prior to your Benefit Commencement Date.

IF YOU DIE AFTER YOUR SERVICE PENSION, TRANSITION PENSION, OR DISABILITY 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 are receiving pension benefits under the 10-Year Certain Annuity, your designated beneficiary or estate will receive any remaining guaranteed payments after your death. Payment will stop after the last guaranteed payment is made.

IF YOU DIE AFTER YOUR DEFERRED VESTED 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.

HOW PENSION BENEFITS ARE PAID

How your pension benefit is paid to you depends on the amount of your pension, whether or not you are legally married, and on the payment option you choose. However, if the present value of your Service Pension, Transition Pension, Disability Pension or Deferred Vested Pension is $1,000 or less, then payment of your pension benefit will be made in a Lump Sum.

SERVICE PENSION/TRANSITION PENSION/DISABILITY PENSION

Prior to beginning your Service Pension, Transition Pension or Disability Pension, you must request a commencement package from the PSC. The package will contain a preliminary pension calculation and information about your pension payment options and costs.

If the present value of your Service Pension, Transition Pension or Disability Pension exceeds $1,000 when your employment ends, you may elect to receive your Service Pension, Transition Pension or Disability Pension as an annuity or as a Lump Sum. If the present value of your pension benefit is more than $5,000 when your employment ends, you must have been on the active payroll on March 31, 2011 with a Benefit Commencement Date on or after April 1, 2011 to be eligible for the Lump Sum option.

If you elect to receive your Service Pension, Transition Pension or Disability Pension as an annuity, your Service Pension, Transition Pension or Disability Pension will be paid as follows:

- If you are legally married on your Benefit Commencement Date, the normal form of payment is the Joint and 50% Survivor Annuity. However, you may decline the Joint and 50% Survivor Annuity and instead elect the Joint and 75% Survivor Annuity, the Joint and 100% Survivor Annuity, the Single Life Annuity or the 10-Year Certain Annuity with your Lawful Spouse's written, notarized consent.

- If you are **not** legally married on your Benefit Commencement Date, your pension will be paid as a Single Life Annuity, unless you elect the 10-Year Certain Annuity.

If you elect to receive your Service Pension, Transition Pension or Disability Pension 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 receive a Lump Sum Distribution of your Service Pension, Transition Pension or Disability Pension, your rights and entitlements, and those of your Lawful Spouse, if any, under the Pension Plan cease upon payment of a Lump Sum Distribution.

For more information about the available payment options, see "Payment Methods For Pension Benefits."

The payment option elected is effective as of your Benefit Commencement Date. Service Pensions and Transition Pensions normally begin the day after you leave the Company and are paid monthly. You will receive your first pension check on or about the first day of the month that is at least 60 days after your Benefit Commencement Date. Disability Pensions normally begin the day after your 26 weeks of disability benefits expire under the Alcatel-Lucent Short Term Disability Plan. You will receive your first pension check on or about the first day of the month that is at least 60 days after your Benefit Commencement Date.

To elect or change an option, you must notify the PSC in writing:

- Within the 90 days immediately before your pension is to begin, or, if later,
- Within 90 days immediately after the date the PSC mails or personally delivers to you your pension estimates and survivor annuity costs.

Keep in mind that if you are married and 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 pension 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 select the Joint and 50% Survivor Annuity, the Joint and 75% Survivor Annuity, or the Joint and 100% Survivor Annuity and your Lawful Spouse dies before you, your pension benefit will be increased by the amount of the original reduction.

If you commence your pension with a Joint and 50% Survivor Annuity, a 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 the 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.

DEFERRED VESTED PENSION

Prior to beginning your Deferred Vested Pension, you must request a commencement package from the PSC. You will have a 90-day election period during which you may elect to have your Deferred Vested Pension paid immediately, or to have payment deferred until a later date.

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

- You may receive your Deferred Vested Pension payable as an annuity starting at age 65 (or when you terminate employment, if you terminate after age 65). In this case, no reduction will be made to your pension because of your age at the time payments start.

- You may begin receiving your Deferred Vested Pension payable as an annuity at any time before age 65. In this case, your pension will be reduced by an actuarial factor that takes into account your age when payments begin.

- You may receive your Deferred Vested Pension as a Lump Sum (if you are legally married, you must obtain your Lawful Spouse's written, notarized consent).

If you elect to receive your Deferred Vested Pension 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 receive a Lump Sum Distribution of your Deferred Vested Pension, 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 you elect to receive your Deferred Vested Pension as an annuity, your Deferred Vested Pension will be paid as follows:

- If you are legally married on your Benefit Commencement Date, 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 the Single Life Annuity or Joint and 75% Survivor Annuity with the written, notarized consent of your Lawful Spouse.

- If you are **not** legally married on your Benefit Commencement Date, your pension will be paid to you as a Single Life Annuity with no payments continuing after your death.

If your Deferred Vested Pension is paid as an annuity, you will receive your first check on or about the first day of the month which is at least 60 days after your Benefit Commencement Date.

If your Deferred Vested Pension is payable as a Joint and 50% Survivor Annuity or as a Joint and 75% Survivor Annuity and your Lawful Spouse dies before you, but after your pension begins, your pension benefit will be increased by the amount of the original reduction. 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 90 days immediately before your Deferred Vested Pension is to begin, or, if later,

- Within 90 days immediately after the date the PSC mails or personally delivers to you your pension estimates and survivor annuity costs.

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 Deferred Vested Pension with a Joint and 50% Survivor Annuity or a Joint and 75% 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 DEFER PAYMENT OF YOUR PENSION

If you elect to defer payment of your pension to a later date, your Lawful Spouse will be covered by a Preretirement Survivor Annuity. If you defer payment of your pension to a later date, you may elect to commence your pension in the future by contacting the PSC in writing. The PSC will send you the appropriate information, along with the forms to be completed and returned before your pension can commence.

If you elect to defer payment of your pension and do not contact the PSC to commence your pension, 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.

PAYMENT METHODS FOR PENSION BENEFITS

SERVICE PENSION/TRANSITION PENSION/DISABILITY PENSION

There are a total of seven payment methods available for a Service Pension, a Transition Pension and a Disability Pension. They include:

- **Automatic Lump Sum.** If the present value of your pension 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 a Lump Sum Distribution of your pension benefit, neither you nor your Lawful Spouse will have any further rights to benefits under the Pension Plan.

- **Lump Sum.** If the present value of your pension benefit is more than $1,000 when your employment ends, you have the option of taking your pension immediately as a Lump Sum. If the present value of your pension benefit is more than $5,000 when your employment ends, you must have been on the active payroll on March 31, 2011 with a Benefit Commencement Date on or after April 1, 2011 to be eligible for the lump sum option. If legally married, you must first obtain your Lawful Spouse's written, notarized consent to select this option.

  If you are eligible for a Service Pension (including a Service Pension Due to Disability) or a Transition Pension, the Lump Sum will equal the present value of the Immediately Payable Benefit, or the present value of the unreduced pension benefit payable at age 65 (if you are under age 65), if greater. If you are eligible for a Disability Pension the Lump Sum will equal the present value of the unreduced pension benefit payable at age 65 or at Benefit Commencement Date if over age 65.

  If you elect a Lump Sum Distribution of your pension benefit, neither you nor your Lawful Spouse will have any further rights to benefits under the Pension Plan. However, see "If You Are Rehired After Receiving a Lump Sum Payment" for exceptions if you return to the Company and repay your Lump Sum.

- **Single Life Annuity.** This is the automatic payment method if you are not legally married when your 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 your 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.

  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.

  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.

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.

- **10-Year Certain Annuity.** This option is available to you, regardless of your marital status when pension payments begin (if legally married, you must obtain the written, notarized consent of your Lawful Spouse). Payments under this option are guaranteed for at least 10 years. This option provides you with monthly payments for life. These payments are reduced by a percentage based on your age when your pension begins.

  If you die before all guaranteed payments are made, your designated beneficiary or estate will receive the remaining guaranteed payments. Payments to your designated beneficiary or estate will stop after the last guaranteed payment is made.

  If you live longer than 10 years, the reduced payments will continue for the rest of your life and stop upon your death.

  If you elect a 10-Year Certain Annuity, you may name as your beneficiary:

  - One or more individuals,
  - A trust, or
  - An estate.

  If you are receiving your pension as a 10-Year Certain Annuity and your beneficiary dies during the 10-year certain period, you may name a new beneficiary.

  If you do not name a beneficiary, or if none of your designated beneficiaries is living when you die, the remaining payments under the 10-year certain period will be paid to your estate.

DEFERRED VESTED PENSION

There are five payment methods for a Deferred Vested Pension. They include:

- **Automatic Lump Sum:** If the present value of your Deferred Vested Pension is $1,000 or less when your employment ends, it will automatically be paid to you as a Lump Sum – you will have no choice concerning the payment of your Vested benefit. If you receive a Lump Sum Distribution of your Deferred Vested Pension, neither you nor your Lawful Spouse will have any further rights to benefits under the Pension Plan.

- **Lump Sum:** If the present value of your Deferred Vested Pension exceeds $1,000 when your employment ends, you have the option of taking your Deferred Vested Pension as a Lump Sum. If legally married, you must first obtain your Lawful Spouse's written, notarized consent to select this option. The Lump Sum will equal the present value of the unreduced pension benefit payable at age 65, or at Benefit Commencement Date if over age 65. If you elect a Lump Sum Distribution of your Deferred Vested Pension, neither you nor your Lawful Spouse will have any further rights to benefits under the Pension Plan.

- **Single Life Annuity.** This is the automatic payment method for employees who are not legally married when their Deferred Vested Pension begins. 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 your Deferred Vested Pension begins. 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.

  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.

  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.

CALCULATING YOUR PENSION PLAN BENEFIT

Your pension benefit under the Service Based Program of the Pension Plan is calculated using a formula that takes into account the following:

- Your Net Credited Service,
- Your Pension Includable Compensation *, and
- The Pay Base Averaging Period.

See “Terms You Should Know” for an explanation of these terms.

All pensions – including Service Pensions, Transition Pensions, Disability Pensions and Deferred Vested Pensions – are determined using the same basic calculation formula. However, certain factors may affect your benefit calculation (see “Factors Affecting Benefit Calculation”).

This section provides an example of the formula currently used for employees who retire or terminate employment on or after January 1, 1998.

*** Effective December 31, 2009, benefit accruals under the Pension Plan ceased. Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan.**

SERVICE PENSION FORMULA

If you meet the Service Pension Eligibility Rule (attainment of age 50 with 15 years of NCS), your pension benefit is calculated using the Service Pension Formula which applies the January 1, 1994 through December 31, 1998 Pay Base Averaging Period and the current formula described below. Your pension benefit will also be calculated using the January 1, 1993 through December 31, 1997 Pay Base Averaging Period and the frozen formula. The largest pension amount determined using the current and the frozen formula is then reduced in accordance with the Service Pension Early Commencement Discount, if applicable. If you were a Participant in the Pension Plan prior to January 1, 1998, this amount is then compared to the highest amount computed under the Transition Pension Formula using the Transition Pension Early Commencement Discount, if applicable. The highest pension amount, as reduced for early commencement, is then treated as your Service Pension.

Your total Pension Includable Compensation for the Pay Base Averaging Period (January 1, 1994 - December 31, 1998)*	÷	Years in averaging period (5 years)	X	Net Credited Service as of the end of the Pay Base Averaging Period (December 31, 1998)	X	Benefit multiplier 1.4% (.014)

PLUS

Total Pension Includable Compensation for Net Credited Service after December 31, 1998 through December 31, 2009*	X	Benefit multiplier 1.4% (.014)

*Note: **Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan**. Also, any lump sum merit payments and team management incentive compensation plan awards you received that were paid in December 1997 will count as compensation paid after the Pay Base Averaging Period. This means such payments will not be included for purposes of the Pay Base Averaging Period, but will be included as Pension Includable Compensation paid after December 31, 1998.

Pension Calculation Example Using the Current Service Pension Formula

The following example shows how benefits are calculated under the current Service Pension Formula assuming neither the 1/1/93 through 12/31/97 Pay Base Averaging Period with the frozen formula, nor the Transition Pension Formula produce a higher monthly pension benefit. In this example, assume the following:

- Average annual Pension Includable Compensation for the Pay Base Averaging Period (1/1/94 through 12/31/98) equals $58,000,
- The employee retires on December 31, 2010,
- Net Credited Service as of December 31, 2010 equals exactly 30 years, and
- Total Pension Includable Compensation after the Pay Base Averaging Period through December 31, 2009 equals $708,000. **Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan.**

STEP 1

a.	Total Pension Includable Compensation during the Pay Base Averaging Period (1/1/94 through 12/31/98)	$290,000
	Divide by years in averaging period (5 years)	÷ 5
	Average Annual Compensation	$58,000
b.	Multiply by Net Credited Service as of the end of the Pay Base Averaging Period (12/31/98)	x 18
		$1,044,000
c.	Multiply by benefit multiplier (.014)	x .014
	Subtotal	$14,616

STEP 2

a.	Total Pension Includable Compensation for all Net Credited Service after 12/31/98 through 12/31/09	$708,000
b.	Multiply by benefit multiplier (.014)	x .014
	Subtotal	$9,912

STEP 3

a.	Add subtotals from Steps 1 and 2 above for annual pension	$14,616
		+ $9,912
	Total Annual Pension	$24,528
b.	Divide total annual pension by 12 to determine monthly pension benefit	÷ 12
	Monthly Pension Benefit	$2,044

The above example assumes payments are made under the Single Life Annuity with no Service Pension Early Commencement Discount.

TRANSITION PENSION FORMULA

If you have Net Credited Service *before January 1, 1997*, your pension benefit is also calculated using the Transition Pension Formula.

Here is how your pension will be calculated using the Transition Pension Formula:

Your total Pension Includable Compensation for the Pay Base Averaging Period (January 1, 1991 - December 31, 1996)	÷	Years in averaging period (6 years)	X	Net Credited Service as of the date your employment ends or December 31, 2000, whichever is earlier	X	Benefit multiplier 1.6% (.016)

Pension Calculation Example Using the Transition Pension Formula

The following example shows how benefits are calculated under the Transition Pension Formula (assuming none of the Pay Base Averaging Periods prior to January 1, 1991 through December 31, 1996 and the associated formulae produce a larger benefit), and further assuming:

- Average annual Pension Includable Compensation for the Pay Base Averaging Period (January 1, 1991 through December 31, 1996) equals $55,000,
- The employee retires on December 31, 2010 and
- Net Credited Service as of December 31, 2010 equals 30 years.

FOLLOW THESE STEPS:

a. Total Pension Includable Compensation during the Pay Base Averaging Period (1/1/91 through 12/31/96)		$330,000
b. Divide by years in averaging period (6 years)	÷	6
Average Annual Compensation		$55,000
c. Multiply Net Credited Service as of 12/31/2000	x	20
		$1,100,000
d. Multiply by benefit multiplier (.016)	x	.016
Total Annual Pension		$17,600
e. Divide total annual pension by 12	÷	12
Unreduced Monthly Pension Benefit		$1,466.67

The above example assumes payments are made under the Single Life Annuity payment method payable at age 65.

The benefit under the Transition Pension Formula (after reductions for early commencement, if applicable), would be compared to the benefit under the Service Pension Formula (after reductions for early commencement, if applicable) and the highest pension amount is then treated as your Service Pension.

DISABILITY PENSION CALCULATION

A Disability Pension is calculated the same way as a Service Pension. However, there is no early commencement discount for a Disability Pension or for a Service Pension Due to Disability. If you are eligible for workers' compensation benefits or other payments under a similar law, the amount of the benefit you receive as a Disability Pension under the Pension Plan will be reduced by the amount of the benefit you receive from those other sources for the same disability.

The Pension Plan or the Employee Benefits Committee, as appropriate, determines your continuing eligibility to receive Disability Pension benefits.

Termination of Disability Pension Benefits

Your Disability Pension will be terminated, if:

- In the judgment of the Pension Plan or the Employee Benefits Committee, as appropriate, your disability no longer prevents you from returning to work for the Company, or

- You have not yet reached Normal Retirement Age (NRA) and you return to work for the Company. (This also applies if you return to work for a Former Affiliate or any other company with which there is an Interchange Agreement, and you are covered by the Interchange Agreement – see "Appendix D: Special Rules and Agreements and Your Pension.")

If you reach NRA while continuing to receive a Disability Pension under the Pension Plan, your Disability Pension will be converted to a Service Pension Due to Disability. In that case, if you return to work for the Company (or for a Former Affiliate or any other company with which there is an Interchange Agreement and you are covered by the Interchange Agreement), your Service Pension, as applicable may be suspended. See "Employment Related Events – If You Are Rehired After You Commence Your Pension Benefit."

DEFERRED VESTED PENSION CALCULATION

A Deferred Vested Pension is calculated the same way as a Service Pension, except as described below. If you were a Participant in the Pension Plan prior to January 1, 1998, your pension benefit will be equal to the greater of the immediately payable amount determined under the Service Pension Formula or the immediately payable amount determined under the Transition Pension Formula. The pension formula used to calculate your pension is based on the terms of the Pension Plan in effect when your employment ends.

If the present value of your Deferred Vested Pension is more than $1,000 and you do not take a Lump Sum Distribution at the time your employment ends, your Deferred Vested Pension will normally begin on your 65th birthday. However, you may begin your Deferred Vested Pension before age 65, in which case your benefit will be permanently reduced by a percentage that takes into account your age when payments begin. The younger you are, the greater the reduction.

For an estimate of your pension benefit that you will receive if you begin your Deferred Vested Pension before age 65, contact the Pension Service Center (PSC) to request an estimate (see “Important Contacts”). Be prepared to give your age in completed years and completed months at the time your pension will begin.

Your Deferred Vested Pension will be further reduced if you choose the Joint and 50% Survivor Annuity or Joint and 75% Survivor Annuity at the time your Deferred Vested Pension begins.

FACTORS AFFECTING BENEFIT CALCULATION

Certain factors, like an absence or part-time employment, may affect your benefit calculation.

If You Have an Absence

An absence may affect the amount of compensation used when calculating your pension benefit. The following rules apply in determining the Pension Includable Compensation used for your period of absence:

If Your Absence Occurred	This Compensation* Is Used
During the Pay Base Averaging Period, whether or not you received Net Credited Service for your absence	Your annual basic rate of pay in effect immediately before your absence *plus* any pension includable lump sums paid to you during your absence
After the Pay Base Averaging Period, and you received Net Credited Service for your absence	Your annual basic rate of pay in effect immediately before your absence *plus* any pension includable lump sums paid to you during your absence
After the Pay Base Averaging Period, and you did not receive Net Credited Service for your absence	Any pension includable lump sums paid to you during your absence.

* **Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan.**

Part-time Employment

If you worked as a part-time employee before or during the Pay Base Averaging Period, the Pension Includable Compensation and Net Credited Service used in determining the portion of your pension through the Pay Base Averaging Period will be as follows:

The average annual Pension Includable Compensation you would have received during the Pay Base Averaging Period if you had been a full-time employee*	X	Your Net Credited Service through the end of the Pay Base Averaging Period prorated for part-time employment. For example, if you worked half days for 30 years, your Net Credited Service would be prorated to 15 years.

*Applies only to basic pay and team management incentive compensation awards expressed as a percentage of earned basic pay or prorated for part-time service.

EARLY COMMENCEMENT DISCOUNT EXAMPLES

The Service Pension calculation in the earlier example shows how your pension would be calculated if you retired with an unreduced Service Pension and you elected the Single Life Annuity.

Following are examples of Service Pension calculations reduced for early commencement.

If you meet the Service Pension Eligibility Rule, your highest pension benefit is calculated under the Service Pension Formula, and if the sum of your age and Net Credited Service is less than 75 years, an early commencement discount will apply. In that case, the amount of the early commencement discount is ¼% a month for each month and partial month (3% for each year) the sum of your age and Service is less than 75 years.

The following shows the effect the early commencement discount would have on your monthly pension benefit if you used the earlier Service Pension calculation example based on the Service Pension Formula.

This example assumes the following:

- You retire exactly at age 50 with exactly 17 years NCS and
- Your pension is subject to a 24% early commencement discount. (50 years plus 17 years = 67 years; 75 years minus 67 years = 8 years; 8 x 3% = 24%).

Example:

a. Monthly pension payable before early commencement discount	$2,044.00
b. Minus early commencement discount (8 years x .03 [3%] discount per year = .24 [24%] x $2,044 = $490.56 early commencement discount)	- $490.56
c. Equals discounted monthly pension amount	= $1,553.44

If you meet the Service Pension Eligibility Rule and your highest pension benefit is calculated under the Transition Pension Formula, or if you are entitled to a Transition Pension because you meet the Transition Pension Eligibility Rule but not the Service Pension Eligibility Rule, an early commencement discount will apply if you commence your pension benefit before you reach age 55. Your pension benefit will be reduced for early commencement as follows:

- If you have fewer than 30 years of NCS, your pension benefit will be reduced by ½% a month for each month and partial month (6% for each year) payments start before age 55.
- If you have 30 years or more years of NCS, your pension benefit will be reduced by ¼% a month for each month and partial month (3% for each year) payments start before age 55.

The following shows the effect the Transition Pension Early Commencement Discount would have on your monthly pension benefit if you used the earlier Transition Pension calculation example based on the Transition Pension Formula.

This example assumes the following:

- You retire exactly at age 48 with exactly 30 years NCS and
- Your pension is subject to a 21% early commencement discount. (7 years times 3% per year = 7 x 3% = 21%).

Example:

a.	Monthly pension payable before early commencement discount		$1,466.67
b.	Minus early commencement discount (7 years x .03 [3%] discount per year = .21 [21%] x $1,466.67 = $308.00 early commencement discount)	-	$308.00
c.	Equals discounted monthly pension amount	=	$1,158.67

HOW SURVIVOR ANNUITIES ARE CALCULATED FOR SERVICE PENSIONS, TRANSITION PENSIONS, DISABILITY PENSIONS AND DEFERRED VESTED PENSIONS

Service/Transition/Disability Pension Example: Joint and 50% Survivor Annuity

If you are legally married on the day your Service/Transition/Disability Pension begins, the normal form of payment is the Joint and 50% Survivor Annuity.

Under the Joint and 50% 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. Upon your death, your Lawful Spouse will receive 50% of your reduced monthly pension benefit for life. If your Lawful Spouse dies before you, your monthly pension benefit will be increased by the amount of the original reduction.

Following is an example of a Service/Transition/Disability Pension under the Joint and 50% Survivor Annuity payment method. This example assumes:

- You are age 56 when your pension begins,
- Your spouse is age 55 when your pension begins, and
- Your pension benefit is not reduced for early commencement.

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

Example:

Monthly pension benefit before reduction for Joint and 50% Survivor Annuity		$2,044.00
Less 6% reduction to cover cost of Joint and 50% Survivor Annuity ($2,044 x .06 (6%) = $122.64)	-	<u>$122.64</u>
Amount of your reduced monthly pension	=	$1,921.36
Lawful Spouse's lifetime benefit following your death (50% of your reduced monthly pension benefit)		$960.68

Service/Transition/Disability Pension 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 pension begins (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. Upon your death, your Lawful Spouse will receive 75% of your reduced monthly pension benefit for life. If your Lawful Spouse dies before you, your monthly pension benefit will be increased by the amount of the original reduction.

Following is an example of a Service/Transition/Disability Pension under the Joint and 75% Survivor Annuity payment method. This example assumes:

- You are age 56 when your pension begins,
- Your spouse is age 55 when your pension begins, and
- Your pension benefit is not reduced for early commencement.

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

Example:

Monthly pension benefit before reduction for Joint and 75% Survivor Annuity		$2,044.00
Less 8% reduction to cover cost of Joint and 75% Survivor Annuity ($2,044 x .08 (8%) = $163.52)	-	<u>$163.52</u>
Amount of your reduced monthly pension	=	$1,880.48
Lawful Spouse's lifetime benefit following your death (75% of your reduced monthly pension benefit)		$1,410.36

The reduction under this method is greater than the reduction under the Joint and 50% Survivor Annuity because it provides a greater survivor benefit for your spouse.

Service/Transition/Disability Pension 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 pension begins (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. Upon your death, your Lawful Spouse will receive 100% of your reduced monthly pension benefit for life. If your Lawful Spouse dies before you, your monthly pension benefit will be increased by the amount of the original reduction.

Following is an example of a Service/Transition/Disability Pension under the Joint and 100% Survivor Annuity payment method. This example assumes:

- You are age 56 when your pension begins,
- Your spouse is age 55 when your pension begins, and
- Your pension benefit is not reduced for early commencement.

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

Example:

Monthly pension benefit before reduction for Joint and 100% Survivor Annuity		$2,044.00
Less 11% reduction to cover cost of Joint and 100% Survivor Annuity ($2,044 x .11 (11%) = $224.84)	-	$224.84
Amount of your reduced monthly pension	=	$1,819.16
Lawful Spouse's lifetime benefit following your death (100% of your reduced monthly pension benefit)		$1,819.16

The reduction under this method is greater than the reduction under the Joint and 50% Survivor Annuity because it provides a greater survivor benefit for your spouse.

Service/Transition/Disability Pension Example: 10-Year Certain Annuity

The 10-Year Certain Annuity option is available to both single and married employees. However, if you are married when your pension begins, you must obtain the written, notarized consent of your Lawful Spouse to select this payment method.

Under the 10-Year Certain Annuity payment method, the amount of your monthly payment is reduced by a percentage based on your age when your pension begins. If you die before payments are made for the entire 10-year "certain" period, your designated beneficiary or estate will receive payments until the 10-year certain period is over. If you live beyond the 10-year certain period, you will continue to receive the same reduced benefit for life (see "Payment Methods For Pension Benefits") and all payments will stop after your death.

This example assumes:

- You are age 56 when your pension begins, and
- Your pension benefit is not reduced for early commencement.

The reduction for the cost of the 10-Year Certain Annuity (based on the age assumed) is 2%.

Example:

Monthly pension benefit before reduction for 10-Year Certain Annuity		$2,044.00
Less 2% reduction to cover the cost of guaranteed payments for 10 years ($2,044 x .02 (2%) = $40.88)	-	$40.88
Amount of your reduced monthly pension	=	$2,003.12

Deferred Vested Pension Example: Joint and 50% Survivor Annuity

If you are legally married on the day your Deferred Vested Pension begins, the normal form of payment is the Joint and 50% Survivor Annuity.

Under the Joint and 50% 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. Upon your death, your Lawful Spouse will receive 50% of your reduced monthly pension benefit for life. If your Lawful Spouse dies before you, your monthly pension benefit will be increased by the amount of the original reduction.

Following is an example of a Deferred Vested Pension under the Joint and 50% Survivor Annuity. This example assumes:

- You begin your pension payments at age 65, and
- Your spouse is age 64 when your pension begins.

The reduction for the cost of the Survivor Annuity (based on the ages assumed) is 9%.

Example:

Monthly pension benefit before reduction for Joint and 50% Survivor Annuity		$2,044.00
Less 9% reduction to cover cost of Joint and 50% Survivor Annuity ($2,044 x .09 (9%) = $183.96)	-	<u>$183.96</u>
Amount of your reduced monthly pension	=	$1,860.04
Lawful Spouse's lifetime benefit following your death (50% of your reduced monthly pension benefit)		$930.02

Deferred Vested Pension 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 pension begins (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. Upon your death, your Lawful Spouse will receive 75% of your reduced monthly pension benefit for life. If your Lawful Spouse dies before you, your monthly pension benefit will be increased by the amount of the original reduction.

Following is an example of a Deferred Vested Pension under the Joint and 75% Survivor Annuity payment method. This example assumes:

- You are age 65 when your pension begins,
- Your spouse is age 64 when your pension begins, and

The reduction for the cost of the Survivor Annuity (based on the ages assumed) is 13%.

Example:

Monthly pension benefit before reduction for Joint and 75% Survivor Annuity		$2,044.00
Less 13% reduction to cover cost of Joint and 75% Survivor Annuity ($2,044 x .13 (13%) = $265.72)	-	$265.72
Amount of your reduced monthly pension	=	$1,778.28
Lawful Spouse's lifetime benefit following your death (75% of your reduced monthly pension benefit)		$1,333.71

The reduction under this method is greater than the reduction under the Joint and 50% Survivor Annuity because it provides a greater survivor benefit for your spouse.

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 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. However, your Net Credited Service will be adjusted for the period of time of the leave of absence.

You will be credited with up to 30 days of Net Credited Service if you are reinstated at or before the end of the leave. The maximum amount of Net Credited Service you can receive in a 12-month period is 30 days. Therefore, if you were to take two or more leaves of absence within a 12-month period you would only receive up to 30 days of Net Credited Service upon your reinstatement at or before the end of the leave.

IF YOU TERMINATE YOUR EMPLOYMENT

If you (i) have three or more years of Vesting Service, (ii) are Vested as the result of a transfer of excess pension assets, (iii) are terminated as the result of the divestiture or sale of your workgroup, (iv) are terminated under a reduction in force, or (v) are employed by the Company or an Affiliate on December 31, 2009, you are eligible for a Deferred Vested Pension. You will receive information about the amount of your Deferred Vested Pension and payment options after you leave the Company. If you meet certain minimum age and Service requirements when you terminate employment, you are eligible for a Service Pension. You must request a Service Pension commencement package from the PSC.

If You Terminate Employment Due to a Permanent Disability

If you have *at least* 15 years of Net Credited Service, and you terminate employment after the expiration of 26 weeks of disability benefits under the Alcatel-Lucent Short Term Disability Plan, and you remain Totally Disabled, you may be eligible for a Disability Pension. If you also meet the Service Pension Eligibility Rule at the time of your separation from service, you will receive a Service Pension Due to disability, not a Disability Pension. If you terminate employment after the expiration of 26 weeks of disability benefits under the Alcatel-Lucent Short Term Disability Plan and you have *less than* 15 years of Net Credited Service, you may be eligible for a Deferred Vested Pension.

IF YOU LEAVE THE COMPANY AND ARE REHIRED

Effective December 31, 2009, benefit accruals under the Pension Plan ceased. If you were in the Service Based Program and are rehired, your service will be reviewed to determine if you are eligible for service bridging. If it is determined that you are eligible for service bridging, you will accrue additional service for eligibility purposes only. If it is determined that you are not eligible for service bridging, no additional service will be credited for any purpose.

If You Are Rehired After You Commence Your Pension Benefit

Your pension payments under this Pension Plan may be suspended if you return to work after beginning your pension benefits and you are employed by:

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

If your pension is suspended during your period of reemployment, 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), age 65. The following rules apply:

Return to Work for the Company

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

You Are:	**While you are on the active payroll, your pension from the Pension Plan is:**
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 benefit based on NCS recognized under the Pension Plan is:
Less than NRA *(regardless of whether or not your NCS from the Pension Plan is bridged)*	Suspended
NRA or older and your NCS from the Pension Plan *is not bridged*	Paid by the Pension Plan*
NRA or older and your NCS from the Pension Plan *is bridged*	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 Payment

If you received a Lump Sum payment of your pension benefit, and are rehired by a Participating Company into a position covered by the Service Based Program, you may be able to repay the Lump Sum with interest and restore your Net Credited Service for purposes of determining eligibility for a Service Pension or Transition Pension and any other applicable aspects of the Pension Plan. **Effective December 31, 2009, benefit accruals under the Pension Plan ceased.** The repayment must be made in a single payment. Different repayment rules apply, based on the present value of the Lump Sum you received and the date of the distribution. They are as follows:

- If you received a Lump Sum payment *before* January 1, 1999 with a present value of *$3,500 or less* or a Lump Sum payment *after* January 1, 1999 with a present value of *$5,000 or less*, you have until six months after your date of rehire or the end of the fifth Plan Year after the year in which you received the Lump Sum, whichever is later, to repay the Lump Sum with interest.

- If you received a Lump Sum payment *after* January 1, 1998 and *before* January 1, 1999 with a present value of *$3,500 or more* or a Lump Sum payment *after* January 1, 1999 with a present value of *$5,000 or more*, you have until six months after your date of rehire to repay the Lump Sum with interest.

If you repay the Lump Sum with interest within the required period, your prior Net Credited Service will apply, subject to applicable bridging rules, for the purpose of determining eligibility for a Service Pension or Transition Pension and any other applicable aspects of the Pension Plan, except that, **effective December 31, 2009, benefit accruals under the Pension Plan ceased.**

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 the following purposes:

- Eligibility to participate

- Eligibility for a Deferred Vested Pension
- Eligibility to retire with a Service Pension, Transition Pension or Disability Pension
- Attainment of the 15-year requirement for an immediately payable automatic survivor annuity
- Determination of the amount of any early commencement discount

IF YOU TRANSFER FROM THE SERVICE BASED PROGRAM OF THE PENSION PLAN TO OR FROM A POSITION COVERED BY THE LUCENT TECHNOLOGIES INC. RETIREMENT PLAN

Special rules apply to determine pension benefits for employees who transfer from the Service Based Program of the Pension Plan to positions covered by the Lucent Technologies Inc. Retirement Plan or from positions covered by the Lucent Technologies Inc. Retirement Plan to the Service Based Program of the Pension Plan. For more information, contact the Pension Service Center (see "Important Contacts").

IF YOU WORK BEYOND AGE 70½

If You Attain Age 70½ On or After January 1, 2000

If you attain age 70½ on or after January 1, 2000 and you continue to work beyond age 70½, you will not receive your pension payments while you are still working. Your pension payments will commence after your retirement or termination.

If You Attained Age 70½ Before January 1, 2000

If you attained age 70½ before January 1, 2000 and you continued to work beyond age 70½, you started receiving your pension, even though you were still working.

TERMS YOU SHOULD KNOW

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

Account Balance Program (ABP): a retirement program provided under this Pension Plan. 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. See the Account Balance Program summary plan description.

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).

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.

Benefit Service: means Net Credited Service (NCS) or Term of Employment.

Break in Net Credited Service (NCS): you incur a Break in NCS whenever you terminate employment with a Participating Company. If you are rehired by Alcatel-Lucent, your NCS before the break will not be included in your NCS until it is bridged. Because each individual's facts and circumstances are unique the service history must be reviewed to determine if and when prior NCS will be credited. The general bridging rules are as follows. This table does not constitute all factors that will be reviewed to determine prior NCS credit.

NCS Bridging Rule	When NCS Bridging Occurs
Six Month	Immediately, if you are rehired within six months.
Two Years	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	Immediately, if you are temporarily laid off for *six or fewer months* and are rehired on a permanent basis. You will receive NCS for the period of the layoff, up to six months. Immediately, if you are temporarily laid off for *more than six months but fewer than three years* and are rehired on a permanent basis. You will not receive any NCS for the period of layoff, including the first six months.

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 is employed by the Company or an Affiliate 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 cannot 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***, 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 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

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 a Participating Company, a Controlled Group Company or a Non-Participating Subsidiary 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.

Deferred Vested Pension: the pension to which you are entitled if you are Vested when you terminate employment but do not meet the Service Pension Eligibility Rule, the Transition Pension Eligibility Rule, or the eligibility requirements for a Disability Pension.

Disability Pension: the pension payable to you if you meet the eligibility requirements for a Disability Pension. You are eligible to retire with a Disability Pension if:

- You have completed at least 15 years of Net Credited Service, and
- You are Totally Disabled due to an illness or an injury (you are considered Totally Disabled if the Pension Plan determines that your disability prevents you from returning to work for the Company), and
- You are terminated from the payroll due to your continued Total Disability after the expiration of 26 weeks of disability benefits under the Alcatel-Lucent Short Term Disability Plan.

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.

Immediately Payable Benefit: the pension payable to you on your Benefit Commencement Date.

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, Participants in the Pension Plan may be covered by one Interchange Agreement: 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 (see "Appendix D: Special Rules and Agreements and Your Pension" for a list of Alcatel-Lucent USA Inc. subsidiaries covered by the MPA).

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, 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 eligible for a Service Pension, Disability Pension or a Deferred Vested Pension, 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 Service Pension, Disability Pension or Deferred Vested Pension is being paid under this option and your Lawful Spouse dies before you, 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 eligible for a Service Pension or Disability Pension, 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 Service Pension or Disability Pension is being paid under this option and your Lawful Spouse dies before you, 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).

Lump Sum or **Lump Sum Distribution:** payment of the present value of your pension after you terminate your employment with the Company; or payment of the present value of a survivor annuity to your Lawful Spouse, under certain conditions, if you die while actively employed or before commencing your 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): determines your eligibility for a Service Pension or Disability Pension. NCS is also referred to as your "Term of Employment." 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. NCS with a Participating Company before January 1, 2010 is used in calculating the amount of your pension benefit. 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 the Mandatory Portability Agreement
- Summary of the AGCS Interchange Agreement
- Service Recognition Under Certain Corporate Transactions

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.

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

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

Participant: generally, an individual must have been first hired by a Participating Company prior to January 1, 1999 and be classified as a salaried management employee (an employee paid at a monthly or annual rate whose position is not subject to automatic wage progression) to be a Participant in the Service Based Program of the Pension Plan. Special rules apply to individuals who have not continuously participated in the Service Based Program since January 1, 1999 (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 Service Based Program. Please contact the Pension Service Center (see "Important Contacts") with questions regarding Participant status in the Service Based Program.

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").

Pay Base Averaging Period: a specified time period during which your annual Pension Includable Compensation is averaged for your pension calculation. The current Pay Base Averaging Period under the Service Pension Formula is January 1, 1994 through December 31, 1998. Pensions are also calculated under the Service Pension Formula using the frozen January 1, 1993 through December 31, 1997 Pay Base Averaging Period to determine if use of that Pay Base Averaging Period produces a higher pension amount. There also are eight other prior Pay Base Averaging Periods that are applied to determine if your pension benefit computed under the Transition Pension Formula exceeds your benefit computed under the Service Pension Formula. For most Participants, the current Pay Base Averaging Period under the Service Pension Formula will produce the largest pension benefit.

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 will not be taken into account for purposes of determining benefits under the Pension Plan**.

The components of Pension Includable Compensation under the Service Based Program of the Pension Plan are determined by the Employee Benefits Committee and include the following payments made to Participants 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., Alcatel-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").

Preretirement Survivor Annuity: annuity coverage that provides your eligible Lawful Spouse with a survivor annuity benefit if you die after you leave the Company but before your pension begins.

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 two types of Service to determine benefits:

- Net Credited Service (NCS): determines your eligibility for a Service Pension, Transition Pension or Disability Pension. NCS with a Participating Company before January 1, 2010 is used in calculating the amount of your benefit. See the definition of Net Credited Service for more information.

- Vesting Service: determines your eligibility for a Deferred Vested Pension. Once you are Vested, you have a nonforfeitable right to certain pension benefits. See the definition of Vesting Service for more information.

Special rules apply if you worked for a Non-Participating Subsidiary Company. Service with the 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 Alcatel-Lucent may elect to commence their benefit under the Pension Plan; in such case Service after the Benefit Commencement Date will not be recognized for any purposes under the Pension Plan.

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.

Service Pension: the pension payable to you if you meet the Service Pension Eligibility Rule. If the Immediately Payable Benefit under the Transition Pension Formula produces a larger amount than the Immediately Payable Benefit under the Service Pension Formula, and you meet the Service Pension Eligibility Rule, the higher Transition Pension amount will be treated as your Service Pension. For most Participants, the current Service Pension Formula will produce the largest pension benefit.

Service Pension Due to Disability: the pension payable to you as a Service Pension if you also meet the requirements for a Disability Pension.

Service Pension Early Commencement Discount: if you meet the Service Pension Eligibility Rule and your pension benefit is determined under the Service Pension Formula, but the sum of your completed years and months of age and NCS is fewer than 75 years, the amount of your Service Pension will be reduced by an early commencement discount. In this case, the discount for early commencement will equal ¼% a month for each month or partial month (3% for each year) that the sum of your age and Service is less than 75 years. An early commencement discount will not apply if you meet the Service Pension Eligibility Rule and the sum of your completed years and months of age and NCS equals at least 75 years.

Service Pension Eligibility Rule: you are eligible to commence a Service Pension if you are at least age 50 with at least 15 years of NCS.

Service Pension Formula: the current formula under which all pension benefits are calculated. Your benefit under the Service Pension Formula equals the greater of your benefit calculated under the January 1, 1994 through December 31, 1998 Pay Base Averaging Period using the current formula, or your benefit calculated under the January 1, 1993 through December 31, 1997 Pay Base Averaging Period using the frozen formula.

Your annual benefit under the Service Pension Formula is calculated as follows if you use the current formula and the January 1, 1994 through December 31, 1998 Pay Base Averaging Period:

Your average annual Pension Includable Compensation for the Pay Base Averaging Period (January 1, 1994 through December 31, 1998)*	X	Your years of Net Credited Service through the end of the Pay Base Averaging Period (December 31, 1998)	X	1.4% (.014)

PLUS

Your total Pension Includable Compensation for Net Credited Service after the Pay Base Averaging Period through December 31, 2009 *	X	1.4% (.014)

*Note: **Compensation paid after December 31, 2009 will not be taken into account for purposes of determining benefits under the Pension Plan**. Also, any lump sum merit payments and team management incentive compensation plan awards you received and that were paid in December 1997 will count as compensation paid after the Pay Base Averaging Period. This means that such payments will be included as compensation paid after December 31, 1998.

Your annual benefit under the Service Pension Formula is calculated as follows under the January 1, 1993 through December 31, 1997 Pay Base Averaging Period with the frozen formula:

Your average annual Pension Includable Compensation for the Pay Base Averaging Period (January 1, 1993 through December 31, 1997)*	X	Your years of Net Credited Service through the end of the Pay Base Averaging Period (December 31, 1997)	X	1.4% (.014)

PLUS

Your total Pension Includable Compensation for Net Credited Service after the Pay Base Averaging Period through December 31, 1998*	X	1.4% (.014)

*Note: Any lump sum merit payments and team management incentive compensation plan awards you received and that were paid in December 1997 will count as compensation paid after the Pay Base Averaging Period. This means that such payments will be included as compensation paid after December 31, 1997.

Your benefit under the Service Pension Formula will be the greater of the amount calculated under the current formula or the frozen formula.

Single Life Annuity: this is 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.

Term of Employment: means Net Credited Service (NCS).

Totally Disabled/Total Disability: means that the Pension Plan has determined that, due to disability, a person cannot return to work.

Transition Leave of Absence (TLA): a TLA allows a Participant to meet the Service Pension Eligibility Rule (or the Transition Pension Eligibility Rule) under the Pension Plan by completing the time required to meet such rules on a TLA (see Appendix B).

Transition Pension: If you do not meet the Service Pension Eligibility Rule, and you became a Participant prior to January 1, 1998, you may qualify for a Transition Pension if you satisfy the Transition Pension Eligibility Rule. A Transition Pension is also referred to as an immediate Vested pension. A Transition Pension is an Immediately Payable Benefit which equals the greater of the amount calculated under (a) the Transition Pension Formula, reduced in accordance with the Transition Pension Early Commencement Discount if you commence pension payments before you reach age 55, or (b) the Service Pension Formula, actuarially reduced for early commencement.

Transition Pension Early Commencement Discount: If you meet the Service Pension Eligibility Rule and your highest Immediately Payable Benefit is determined under the Transition Pension Formula, or if you meet the Transition Pension Eligibility Rule, and your pension benefit calculated under the Transition Pension Formula commences before age 55, your pension benefit will be reduced for early commencement as follows:

- Fewer than 30 years of NCS, pension benefit reduced by ½% a month for each month and partial month (6% for each year) payments start before age 55.
- 30 or more years of NCS, pension benefit reduced by ¼% a month for each month and partial month (3% for each year) payments start before age 55.

Transition Pension Eligibility Rule: If you became a Participant prior to January 1, 1998, and you do not meet the Service Pension Eligibility Rule, you will be eligible for an immediately payable Transition Pension benefit if you meet the following rules:

Your age is at least	And	Your NCS is at least
Any age		30 years
50		25 years
55		20 years
65		10 years

An immediately payable Transition Pension will not entitle you to receive retiree health and other post-retirement ancillary benefits.

Transition Pension Formula: the pension amount determined by using one of eight earlier Pay Base Averaging Periods in conjunction with the formula in effect at that time. If one of the earlier frozen Pay Base Averaging Periods produces a higher immediately payable pension amount than the Immediately Payable Benefit under the Service Pension Formula, the higher Transition Pension Formula amount will be your pension amount. For most Participants, the current Service Pension Formula will produce the largest pension benefit.

If the January 1, 1991 through December 31, 1996 Pay Base Averaging Period produces an immediately payable annual Transition Pension amount which exceeds the immediately payable annual amount under the Service Pension Formula, your annual pension is calculated this way:

Your average annual Pension Includable Compensation for the Pay Base Averaging Period (January 1, 1991 through December 31, 1996)	X	Your years of Net Credited Service through the date your employment ends or December 31, 2000, whichever is earlier	X	1.6% (.016)

If one of the earlier Pay Base Averaging Periods and the associated formula produces an immediately payable annual Transition Pension amount which exceeds the immediately payable annual amount under the Service Pension Formula, your annual pension is calculated this way:

Your average annual Pension Includable Compensation for the Pay Base Averaging Period, multiplied by your years of Net Credited up to the end of the Pay Base Averaging Period	*plus*	Your total Pension Includable Compensation for all years of Net Credited Service after the Pay Base Averaging Period through December 31, 1997	X	1.6% (.016)

Your Transition Pension amount is reduced by the Transition Pension Early Commencement Discount if your benefit is payable before you reach age 55.

Vested: you are Vested in the Pension Plan:

- If you have completed 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 became 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 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
- You are terminated on or after January 1, 1999 as the result of the divestiture or sale of your workgroup, or
- You terminated under a reduction in force under a declaration made on or after February 15, 2001, or
- You are employed by the Company or an Affiliate on December 31, 2009.

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 or an Affiliate 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, Vesting 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.

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, or discharge. 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 expired 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 for occupational employees
- 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 Technologies Inc. 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" method, such as the Lucent Technologies Inc. Retirement Plan, to a plan using the "elapsed time" method (e.g., the Pension Plan).

10-Year Certain Annuity: this payment option is available under the Pension Plan if you are eligible for a Service, Transition, or Disability Pension, regardless of your marital status. However, if you are legally married when your pension begins, you must obtain the written, notarized consent of your Lawful Spouse to elect this payment option. This option provides you with monthly payments for life, with payments guaranteed for at least 10 years. These payments are reduced by a percentage based on your age when your pension begins. If you die before all guaranteed payments are made, your designated beneficiary or estate will receive payments for the rest of the 10-year "certain" period.

IMPORTANT CONTACTS

Here is a list of resources for the Pension Plan.

PENSION SERVICE CENTER (PSC)

The PSC is the official center for all pension and pension-related services for eligible management employees and provides the following services:

- Pension calculations
- Pension-affecting record changes
- Service bridging/adjusting
- Retirement processing
- Deferred Vested Pension administration
- 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 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
Benefit Claim and Appeal Committee (BCAC): Serves as the final review committee for Disability Pension appeals under the Pension Plan.	Benefit Claim and Appeal Committee Alcatel-Lucent Room 7C-415 600-700 Mountain Ave. 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. 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 receives 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.

With respect to claims for Disability Pensions, 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 reason(s) for the decision, within 45 days after the Pension Plan Administrator receives the claim. If the Pension Plan Administrator needs more than 45 days to make a decision, you will be notified in writing within the initial 45-day period explaining why more time is required. An additional 30 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 prior to the end of the first 30-day extension period the Pension Plan Administrator determines that more time is needed to render a decision, you will be notified in writing within the initial 30-day extension period of the circumstances requiring an additional 30-day extension and the date as of which the Pension Plan Administrator's decision will be sent. You will be provided at least 45 days within which to provide additional information in support of your claim in response to any notice of extension.

If your claim for a Disability Pension is denied in whole or in part, you will receive written notice of the Pension Plan Administrator's decision including the specific reason(s) for the decision, reference to the Pension Plan provisions on which the decision is based, a description of any additional information necessary to perfect the claim, a description of the Pension Plan's review procedures along with a statement of your rights under Section 502(a) of ERISA and (a) if an internal rule, guideline, protocol or other criteria was relied upon in making the decision, you will be so notified and entitled to request a copy of such rule, guideline or protocol free of charge or (b) if the decision is based on a medical necessity or experimental treatment or similar exclusion or limit, you will be so notified.

If you do not hear from the Pension Plan Administrator 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.

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 Alcatel-Lucent Employee Benefits Committee (EBC), Alcatel-Lucent, Room 7C-415 600-700 Mountain Avenue, Murray Hill, NJ 07974. If your claim for a Disability Pension is denied in whole or part, you or your authorized representative may appeal in writing to the BCAC within 180 days, at the address listed under "Important Contacts."

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 or BCAC 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, or in the case of a review of a Disability Pension claim by the BCAC, within 45 days.

If special circumstances cause the EBC to need more than 60 days to make a decision or the BCAC to need more than 45 days for a Disability Pension, a representative will notify you in writing within the initial 60-day period or 45-day period, as applicable, and explain why more time is required. An additional 60 more days, or 45 days for a Disability Pension – for a total of 120 days, or 90 days with respect to a Disability Pension – may be taken if the EBC or BCAC, as applicable, 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 your claim was for a Disability Pension, you will also receive an explanation of any internal rules, guidelines or protocols relied upon in making the determination or an explanation of any medical judgments that were made.

If the EBC does not respond within 60 (or 120) days, or the BCAC does not respond within 45 (or 90 days) for a Disability Pension claim, 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.

In addition to the foregoing, if your claim for a Disability Pension is denied in whole or in part, your claim will be reviewed by the BCAC in a manner that does not provide deference to the initial denial and that is conducted by an appropriate Plan fiduciary who is neither the person who initially denied the claim nor the subordinate of such individual. If the denial is based on a medical judgment, a health care professional shall be consulted to aid in the determination and you will be informed of the health care professional's identity (without regard to whether the advice was relied upon in making the benefit determination). The health care professional that is consulted on an appeal shall not be an individual who was consulted on the initial claim nor the subordinate of such individual.

The EBC or BCAC, as applicable, shall serve as the final review committee under the Pension Plan. Except as otherwise noted above with respect to a Disability Pension claim, the EBC or BCAC 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 eligibility to participate 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 or BCAC, as applicable, 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, the EBC or the BCAC, as applicable, 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 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 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 NW, 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 Service Based Program of the Pension Plan. There are separate summary plan descriptions which set forth the key features of (1) the Account Balance 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. 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 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 USA Inc. 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: • The Alcatel-Lucent Employee Benefits Committee at Alcatel-Lucent, Room 7C-415, 600-700 Mountain Avenue, Murray Hill, NJ 07974 • The trustee for the Pension Plan.
Pension Trust Fund	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.: Bank of NY Mellon 135 Santilli Hwy Everett, MA 02149
Source of Payments	Service Pensions, Transition Pensions, Disability Pensions and Deferred 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 SERVICE, TRANSITION, DISABILITY, AND DEFERRED VESTED PENSIONS

For factors that apply to any of the pension distribution methods listed below, contact the Pension Service Center (PSC). Domestic employees can call 1-866-429-5764. To call the PSC from international locations without access to toll-free numbers, call 1-904-791-2147 collect to speak with a service representative.

- Service/Transition/Disability/Deferred Vested Pension with Joint and 50% Survivor Annuity (be prepared to provide your age and your spouse's age in years)
- Service/Transition/Disability/Deferred Vested Pension with Joint and 75% Survivor Annuity (be prepared to provide your age and your spouse's age in years)
- Service/Transition/Disability Pension with Joint and 100% Survivor Annuity (be prepared to provide your age and your spouse's age in years)
- Service/Transition/Disability Pension with 10-Year Certain Annuity (be prepared to provide your age in years)

APPENDIX B: TRANSITION LEAVE OF ABSENCE

A Transition Leave of Absence (TLA) allows a Participant to meet the Service Pension Eligibility Rule (or the Transition Pension Eligibility Rule) under the Pension Plan by completing the time required to meet such rules on a TLA. The time on a TLA *is not* counted for any other purpose.

You are eligible for a TLA:

- If you terminate from the active payroll either voluntarily or involuntarily under the provisions of an Alcatel-Lucent USA Inc. reduction in force,

or

- If you are included in a group of employees employed by an entity in which the Company's ownership drops to 50% or less, provided no pension assets are transferred in connection with the corporate transaction and Service credit is not being provided under any pension arrangement of the new owner pursuant to the terms of the corporate transaction,

or

- If you are identified by the Company as associated with a workgroup that is the subject of an outsourcing and are employed by the new employer of the workgroup as a direct result of the outsourcing, provided no pension assets are transferred in connection with the outsourcing and Service credit is not being provided under any pension arrangement of the service provider pursuant to the terms of the outsourcing,

and

- You are within one year of the age and/or Service requirements for meeting the Service Pension Eligibility Rule or the Transition Pension Eligibility Rule as of your Company-specified separation date under an Alcatel-Lucent reduction in force or as of the date in which ownership drops to 50% or less or as of the date of outsourcing.

You are *not* eligible for a TLA if you satisfy the Service Pension Eligibility Rule (or the Transition Pension Eligibility Rule) under the terms of the Pension Plan.

If you are eligible for a TLA, the TLA will begin the day after your termination under an Alcatel-Lucent reduction in force or the day after the date in which ownership drops to 50% or less or as of the date of outsourcing and will end on the earliest of:

- The first calendar date anniversary of your termination date,
- The date you first meet the Service Pension Eligibility Rule (or the Transition Pension Eligibility Rule) (if you would meet both rules within the same year you may remain on a TLA to obtain the highest benefit you could qualify for during the year),
- The date of your death (in which case you will not meet the Service Pension Eligibility Rule or the Transition Pension Eligibility Rule),
- 12 months minus the number of months and days on short term disability benefits following your Company-specified separation date or the date in which ownership drops to 50% or less or as of the date of outsourcing provided you are eligible for benefits under the Short Term Disability Plan, or
- The date you are (re)hired by:
    - Alcatel-Lucent USA Inc.,
    - A Non-Participating Subsidiary Company,
    - Any entity within Alcatel-Lucent USA Inc.’s controlled group of corporations,
    - Any company that participates in Alcatel-Lucent USA Inc.'s pension plans,
    - Any company covered by the Mandatory Portability Agreement (MPA) and you are covered under that agreement and you do not elect to waive such coverage, or
    - Any other company with which there is an agreement for the interchange of benefit obligations and you are covered under the agreement.

Note: If you are rehired, your TLA will be canceled retroactive to your last day on the active payroll before the start of your TLA. In that case, Service credit will not be granted for the period of the TLA and you will not be treated as meeting the Service Pension Eligibility Rule or the Transition Pension Eligibility Rule. You will be subject to any applicable Service bridging rules for bridging of your prior Service (see “Terms You Should Know”).

The duration of your TLA will be added to your actual age and Service on your Company-specified separation date (i.e., your last day on the active payroll before the start of your TLA or the date in which ownership drops to 50% or less or as of the date of outsourcing) solely for purposes of determining eligibility for a Service Pension or Transition Pension under the Pension Plan. With a TLA, a pension benefit under the Pension Plan will be calculated based on your actual age and Service and the Pension Plan provisions in effect on your Company-specified separation date or the date in which ownership drops to 50% or less or as of the date of outsourcing. The period of the TLA will only be counted for purposes of meeting the eligibility rules and will not be considered as Net Credited Service in the calculation of your pension benefit. Any early commencement discount will be calculated based on your actual age and Service on your last day on active payroll before the start of your TLA.

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 at the time of its divestiture from AT&T according to these rules can never be included as Service under a Alcatel-Lucent USA Inc. 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. In addition to Alcatel-Lucent USA Inc., the Alcatel-Lucent USA Inc. subsidiaries covered by the MPA are:

- AG Communication Systems Corporation

- Lucent Technologies Asset Management Corp.
- Lucent Technologies Guardian Corp.
- Lucent Technologies GRL LLC
- Lucent Technologies Management Services Inc.
- Lucent Technologies World Services Inc.
- Lucent Technologies Caribbean and Latin American Sales Ltd.
- Nassau Metals Corporation

*Additional subsidiary Interchange Companies may be added from time to time. MPA rules are effective for employees hired on and after the date a company becomes an Interchange Company.

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 tests 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 the waiver of portability. If you meet the eligibility criteria described 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 your 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 Salaried Pension Plan was merged with this Pension Plan on December 31, 2004. If you were a participant in the AGCS Salaried Pension Plan on December 31, 2004, and you previously participated in the Service Based Program of the Pension Plan, you will be a Participant in the Service Based Program of the Pension Plan if you meet either of the following requirements:

- You were service pension eligible under the Service Based Program of this Pension Plan at the time of your prior termination, or
- At the time that the AGCS Salaried Pension Plan merged with this Pension Plan, you were eligible for an immediate bridge of your prior Service, which had a Continuous Service Date associated with it of December 31, 1998 or earlier.

If you are a Participant in the Service Based Program of the Pension Plan and were a participant in the AGCS Salaried Pension Plan on December 31, 2004, your benefit under the Pension Plan is equal to the sum of:

(i) Your Service Based Program benefit accrued under this Pension Plan for Service with a Participating Company earned during the following periods:

- Starting prior to January 1, 1999 and ending on your last day on the active payroll of a Participating Company prior to your date of hire by or transfer to AGCS, and
- 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

(ii) Your Frozen AGCS Benefit, which is the greater of your cash balance or, if applicable, your transition balance under the AGCS Salaried Pension Plan as of December 31, 2004, plus future Interest Credits on that account under the terms of the Account Balance Program of this Pension Plan (your “AGCS Pension”). (See Appendix D of the summary plan description for the Alcatel-Lucent Retirement Income Plan – Account Balance Program for information on the rules applicable to your Frozen AGCS Benefit.)