

Alcatel-Lucent Short Term Disability Plan Summary Plan Description-- Management Employees

January 2012



Disclaimer

This is a summary of the benefits offered under the “management” plan design of the Alcatel-Lucent USA Inc. Short Term Disability Plan (the “Short Term Disability Plan” or the “Plan”). 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 Short Term Disability Benefit Plan document, a copy of which can be obtained by writing to the Plan Administrator (see Administrative Information).

This summary is based on the Short Term Disability Plan provisions effective January 1, 2012 and replaces all previous SPDs and other descriptions of benefits provided under the Plan. If there is any conflict between the information in this SPD and the Short Term Disability Plan document, the Short Term Disability Benefit Plan document will govern.

Plan May Be Amended or Terminated

The Company expects to continue the Short Term Disability Plan but reserves the right to amend or terminate the Short Term Disability Plan, in whole or in part, at any time by the resolution of the Board of Directors or its properly authorized designee. In addition, the Company does not guarantee the continuation of any short term disability benefits during employment nor does it guarantee any specific level of benefits or contributions.

Questions regarding your benefits should be addressed as indicated in this SPD (see **Important Contacts**). Because of the many detailed provisions of the Short Term Disability 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 Alcatel-Lucent nor the 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 Short Term Disability Plan document, the Short Term Disability Plan document will govern.

Please note: Participation in the Short Term Disability Plan is neither an offer of nor a guarantee of continued benefits during retirement.

ALCATEL-LUCENT SHORT TERM DISABILITY PLAN

TABLE OF CONTENTS	PAGE
SECTION A. INTRODUCTION.....	1
SECTION B. THE STD PLAN — HIGHLIGHTS.....	2
SECTION C. PARTICIPATING IN THE PLAN.....	3
ELIGIBILITY	3
SECTION D. SHORT TERM DISABILITY COVERAGE	4
WHO IS ELIGIBLE AND WHEN	4
BENEFIT PERIOD	5
IF YOU BECOME DISABLED AGAIN	5
IF YOU REMAIN DISABLED AFTER YOUR STD BENEFITS EXPIRE	6
REQUIREMENTS FOR STD PAYMENT	6
SECTION E. MISCELLANEOUS COVERAGE INFORMATION	7
BENEFIT LIMITS.....	7
SOCIAL SECURITY.....	7
FAMILY AND MEDICAL LEAVE ACT (FMLA).....	7
COMPANY-PROVIDED BENEFITS	8
VACATION	8
SECTION F. EMPLOYMENT-RELATED EVENTS	9
IF YOUR REQUEST FOR STD IS NOT APPROVED	9
IF YOU RETURN TO WORK	9
IF YOU TERMINATE EMPLOYMENT	10
IF YOU LEAVE THE COMPANY AND RETURN	10
IF YOU TRANSFER	10
SECTION G. TERMS YOU SHOULD KNOW	11
SECTION H. IMPORTANT CONTACTS	12
SECTION I. OTHER IMPORTANT INFORMATION	13
CLAIM REVIEW AND APPEAL PROCEDURES	13
APPEAL PROCEDURES	14
BENEFITS CANNOT BE ASSIGNED	15
STD PLAN FUNDING AND PAYMENT OF BENEFITS.....	15
STD PLAN DOCUMENT GOVERNS.....	15
STD PLAN MAY BE AMENDED OR TERMINATED	15
STD PLAN ADMINISTRATOR	15
SECTION J. ADMINISTRATIVE INFORMATION.....	16
SECTION K. YOUR RIGHTS UNDER ERISA.....	17

Section A. Introduction

Here's your summary of the key features of the Alcatel-Lucent Short Term Disability Plan (STD Plan or the Plan).

The STD Plan is designed to minimize financial hardship by providing income if an eligible employee becomes disabled while actively employed by a Participating Company. Disabilities must be certified by the Claims Administrator for benefits to be payable.

Once you are eligible, coverage is provided automatically by the company at no cost to you.

Section B. The STD Plan – Highlights

Here's a summary of the key features of the STD Plan.

STD Plan Feature	Summary
Eligibility	Management/Non-Represented Employees are eligible for coverage as of the first day of active employment with a Participating Company.
Your Contributions	Coverage under the STD Plan is provided automatically by the company at no cost to you.
Amount of Coverage	The benefit amount you receive is based on your Annual Base Salary in effect on your First Day of Absence (FDA).
When STD Benefit Begins	Once you are certified as disabled by the Claims Administrator, STD benefits begin on the eighth consecutive calendar day of absence due to disability.

Section C. Participating in the Plan

Coverage under the STD Plan is provided automatically as of your date of hire by a Participating Company. Coverage is provided at no cost to you and there is no need to enroll.

Eligibility

To be eligible for STD benefits, employees must work for a Participating Company.

Note: Individuals who are not paid from the U.S. payroll of a Participating Company, who are employed by an independent company (such as an employment agency) or whose services are rendered pursuant to an agreement excluding participation in benefit plans, are not eligible to participate in the STD Plan.

Elimination Period

The first seven consecutive calendar days of absence, which is the elimination period, are considered a sickness absence and should be recorded by your manager using the appropriate time reporting systems and practices. (Refer to the Sick Time Policy and/or your manager for more information.) On the eighth consecutive calendar day, STD benefits begin provided you have been certified as disabled by the Claims Administrator.

Holiday Pay During Elimination Period and While on Disability

Holidays which occur during the seven day elimination period are counted towards the elimination period and are paid according to the guidelines of the holiday pay policy. Holidays which occur during your certified disability will be paid at the disability rate of pay.

Section D. Short Term Disability Coverage

Who Is Eligible and When

Employees are eligible to receive STD benefits beginning on the eighth consecutive calendar day of absence due to a certified disability. The amount of pay you receive for the first seven days of your absence is outlined in the Sick Time Policy.

Requirements for Certified Disability and STD Payment(s)

To be certified as disabled and receive STD benefits, you must:

- Report your claim immediately to your manager/supervisor;
- Be under a qualified health care provider's care and follow the recommended treatment plan;
- Provide information from your qualified health care provider, as requested by, submitted to and satisfactory to the Claims Administrator certifying your disability including the nature and frequency of your treatment;
- Have a medical examination by a qualified health care provider designated by the Claims Administrator and/or provide any additional information when requested;
- Be certified as disabled by the Claims Administrator;
- Respond immediately, to all inquiries made by the Claims Administrator;
- Contact the Claims Administrator to obtain written permission if you intend to travel during your STD. To receive STD payments during your time away from home you must continue to furnish satisfactory proof of your disability, ability to safely travel and evidence of proper care while you are away from home.

The Claims Administrator will supply all the forms you need to complete for STD benefits.

You should review your paycheck to ensure that your STD payments are in effect and accurate. You should report any discrepancies in STD payments to the Claims Administrator.

Benefit Period

Short-term disability benefits begin on the eighth consecutive calendar day of an absence due to a certified disability, in accordance with the requirements specified in this Section D, for a maximum of 26 weeks on the following schedule. Benefits are based on the employee's years of service as of the first day of absence. Benefits will not change if you experience a Service anniversary while out on disability. For Certified Disabilities, the short-term disability benefits are as follows:

Less than 15 years of Service	13 weeks at 90% of Annual Base Salary only Remaining 13 weeks at 70% of Annual Base Salary only
Equal to or greater than 15 years of Service	26 weeks at 90% of Annual Base Salary only

If You Become Disabled Again

The following chart outlines how benefits are paid if you become disabled again, whether due to the same or a different cause as your previous disability.

If You Return to Work And Have A Subsequent Disability That Occurs:	Your STD Benefits Resume on:	Your STD Benefits Are Based on Your Annual Base Salary on:	In Determining the Amount of Your STD Benefits:
Less than or equal to two weeks (14 calendar days) after your return	The first day of your subsequent absence due to disability	The first day of your subsequent absence due to disability	The previous absence will be counted toward the 26 week maximum STD benefit
At least two weeks, but less than 13 weeks after your return	The eighth consecutive calendar day of your subsequent absence due to disability	The first day of your subsequent absence due to disability	The previous absence will be counted toward the 26 week maximum STD benefit
At least 13 weeks after your return	The eighth calendar day of your subsequent absence due to disability	The first day of your subsequent absence due to disability	The previous absence will not be counted. You will be eligible for another 26 weeks of STD benefits.

If you return to work for less than 13 weeks between disabilities, the benefits paid during your previous absence will be counted when determining the amount of STD benefits you will receive during your next period of absence.

For example, if you had less than 15 years of Service and collected benefits for 6 weeks during your first disability, and were actively at work for more than two but less than 13 weeks between disabilities, you would then be eligible for your second disability for up to 7 additional weeks at 90 percent of Annual Base Salary and 13 weeks at 70 percent of Annual Base Salary for a total combined 26 weeks maximum STD benefit.

If You Remain Disabled After Your STD Benefits Expire

If you continue to be disabled after you have received 26 weeks of STD benefits, you may be eligible for benefits under the Alcatel-Lucent Long Term Disability Plan.

In addition, if you have at least 15 years of Service and are a participant under the Alcatel-Lucent Retirement Income Plan, you may be eligible to receive a disability pension.

Section E. Miscellaneous Coverage Information

Benefit Limits

There are benefit limits under the STD Plan. For example, if you receive STD benefits from another source (for example, State Disability Income (SDI) or Workers' Compensation (WC)) similar to those provided under the STD Plan, the amount you receive from Alcatel-Lucent is reduced by the amounts you receive from those other sources. However, STD benefit payments are not reduced for disability benefits you receive for military service or under Social Security.

If you are living in a jurisdiction that provides SDI (CA, HI, NJ, NY, RI or PR), you are responsible for applying for the SDI benefits directly through the government agency, with the exception of employees in New Jersey. New Jersey employees should contact the Claims Administrator regarding their SDI.

Note: If you are approved for STD along with SDI or WC, the STD benefits will be coordinated with the state plan or WC payments for a total combined benefit not to exceed the maximum benefits provided under the STD plan whether or not you apply for such SDI benefits.

If you become disabled because of a work-related accident, you may be eligible for Workers' Compensation (WC) benefits.

Social Security

Social Security may also provide disability benefits to employees who qualify. Social Security benefits are paid in addition to benefits paid under the STD Plan.

In order to receive Social Security benefits, you must apply for them. For more information, contact your local Social Security office.

Family and Medical Leave Act (FMLA)

Alcatel-Lucent plans/programs may provide qualified employees more generous benefits than the FMLA. These plans/programs run concurrently with an employee's eligibility under FMLA. Refer to the U.S. Family and Medical Leave Policy for more information.

Company-Provided Benefits

Your employee benefits continue while you are on a certified STD. For more detailed information, refer to the specific plan SPD. Taxes and regular deductions continue to be taken from any pay you receive while on STD. Direct deposits also continue if applicable.

Vacation

In cases where STD does not meet the eligibility criteria for FMLA, employees will only accrue vacation during the first 30 days while on STD. Refer to the applicable Vacation Policy for more information.

Section F. Employment-Related Events

If Your Request for STD Certification is Denied (Non-Certified)

If your request for STD certification is denied, you will be notified of such denial in writing. You may be eligible for FMLA if your absence meets FMLA criteria. See the FMLA Policy for more details.

If You Return to Work

To return to work, you or your health care provider must provide the Claims Administrator with a medical release in advance of your return to work. The medical release must include any work restrictions from the treating health care provider. Employees without a release from the treating health care provider will not be allowed to return to work until such release is provided to the Claims Administrator.

If an employee returning from STD is a qualified individual under the Americans with Disabilities Act (ADA), who requires a reasonable accommodation to perform the essential functions of his/her job, the employee should request such accommodation. Alcatel-Lucent complies with all applicable federal, state and local laws.

A reasonable effort will be made to reinstate you to your previous position upon return from STD. However, there is no guarantee of a position being available upon return from STD, except as provided by federal and state regulations. If upon your return from STD no position is available for you to fill due to job elimination, your employment will be terminated. You may be eligible to receive the benefits provided under the applicable severance plan. See the U.S. Management Severance Plan Policy.

If You Are Unable To Return To Work

Prior to your return to work, the medical release given to the Claims Administrator must include any work restrictions from the treating health care provider. If the Company is unable to place you in a job because it is unable to accommodate work restrictions outlined in the medical release, you may be returned to STD status if medically appropriate and if you have not exhausted your 26 weeks of paid benefits.

If you are not medically able to return to work or your work restrictions cannot be accommodated by your manager and you are within 90 days of exhausting your benefits, Alcatel-Lucent will send you information on how to apply for Social Security Disability Insurance (SSDI) and Long Term Disability (LTD) benefits for which you may be eligible. Alcatel-Lucent encourages you to apply for these benefits even if you think you may be returning to work prior to exhausting your STD benefits. If upon the expiration of your 26 week STD benefit period you are medically unable to return to work, Alcatel-Lucent will terminate your employment.

If You Terminate Employment

If your employment is terminated, you are no longer covered under the STD Plan.

If You Leave the Company and Return

If you leave the company and then return after a break in service, your coverage will resume at the coverage level based on your years of service in accordance with the policy for service bridging.

If You Transfer

If you transfer to another Participating Company, your participation in the STD Plan will not be affected. If you transfer to a non-Participating Company, you will no longer have coverage under the STD Plan.

Section G. Terms You Should Know

There are several words and phrases that have a specific meaning under the STD Plan. This Section explains these terms so that you can better understand your benefits. These terms are capitalized throughout the SPD to let you know they're defined here.

Annual Base Salary is the Eligible Employee's full-time or part-time, as applicable, straight-time earnings, excluding overtime, bonuses, incentives, commissions, premiums, allowances, and any other discretionary or non-discretionary compensation, unless required by law.

Certified Disability is a disability that has been recognized by the Claims Administrator as having met the Short-Term Disability requirements, including reporting your claim in a timely manner, being under treatment by and adhering to the treatment plan of a qualified health care provider, providing regular reports and updates to the Claims Administrator that support the disability and treatment plan and your compliance with such treatment plan and traveling only as permitted by the Claims Administrator.

Eligible Employee(s): a regular, full-time or part-time employee who works for a Participating Company and is not covered under a collective bargaining agreement. Employees shall not include interns, co-op participants, leased or temporary employees

Participating Company: one of the companies that participate in the STD Plan, as listed below.

As of January 1, 2012, Participating Companies are:

Alcatel-Lucent Investment Management Corporation
Alcatel-Lucent Managed Solutions LLC
Alcatel-Lucent Management Services Inc.
Alcatel-Lucent USA Inc.
LGS Innovations International Inc.
LGS Innovations LLC
Lucent Technologies GRL LLC

Years of Service: is based on your hire date subject to any adjustments for breaks in service.

Section H. Important Contacts

Contact/Service Provided	Address/Telephone Number
<i>Claims Administrator</i> Certify or non-certify claims.	Disability & Leave Administration team (Contact by calling the Human Resources Customer Center) 1-888-582-3684
<i>Plan Administrator</i> Administers the STD Plan provisions.	Alcatel-Lucent USA Inc. Rm 1B-435 600 Mountain Ave. Murray Hill, NJ 07974
<i>Benefits Claim and Appeals Committee (BCAC)</i> Appeals for Short Term Disability claims	Alcatel-Lucent USA Inc. Rm 1B-435 600 Mountain Ave. Murray Hill, NJ 07974

Section I. Other Important Information

This Section contains other important information about the STD Plan and other details required under the terms of a federal law, the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Claim Review and Appeal Procedures

Claim Review Procedures

Employees and their beneficiaries (if applicable) eligible for a benefit under the STD Plan or any individual duly authorized by them, have the right under ERISA and the Plan to file a claim for benefits. Send all claims for Plan matters to the Claims Administrator (see Administrative Information). All claims for benefits under the Plan must be brought within one year of the date on which such claim accrued. All claims brought after the one-year period will be time-barred.

The procedure for filing a claim is described below.

If a claim is denied, in whole or in part, you will receive a written notice of the Claims Administrator's decision, including the specific reason(s) for the decision, reference to the Plan provisions on which the decision is based, a description of any additional information necessary to perfect the claim and a description of the Plan's review procedures, along with a statement of your rights under Section 502(a) of ERISA, within 45 days after the Claims Administrator receives the claim.

If the Claims Administrator needs more than 45 days to make a decision, a representative will notify you in writing within the initial 45-day period and explain why more time is required. An additional 30 days (for a total of 75 days) may be taken if the Claims Administrator sends this notice. The extension notice will show the date by which the Claims Administrator's decision will be sent.

If, prior to the end of the first 30-day extension period, the Claims Administrator determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for rendering a decision may be extended for up to an additional 30 days (for a total review period of 105 days), provided that the Claims Administrator notifies you, prior to the expiration of the first 30-day extension period, of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision.

If you do not hear from the Claims Administrator within any of the appropriate time frames as described above, your claim will be deemed to have been denied.

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

Appeal Procedures

If your claim for benefits is denied, in whole or in part, an appeal process is available to you. You or your authorized representative may appeal in writing within 180 days after the denial is received. Send the appeal directly to the Alcatel-Lucent Benefits Claim and Appeals Committee (BCAC), Alcatel-Lucent, Room 1B-435, 600-700 Mountain Avenue, Murray Hill, NJ 07974.

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

- Review pertinent Plan documents, which you can obtain free of charge; and
- Send to the BCAC a written statement of the issues and any other documents in support of the claim for benefits or other matter under review.

The BCAC will conduct a review and make a final decision within 45 days after receiving the written request for review.

If special circumstances cause the BCAC to need more than 45 days to make a decision, a representative will notify you in writing within the initial 45-day period and explain why more time is required. An additional 45 days, for a total of 90 days, may be taken if the BCAC sends this notice.

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

If the BCAC does not respond within 45 (or 90) days, your claim will be deemed to have been denied, and you will be considered to have exhausted your administrative remedies under the Plan and will be entitled to pursue a remedy under Section 502(a) of ERISA.

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

Benefits Cannot Be Assigned

You cannot assign or transfer benefits received under the STD Plan. However, the STD Plan is required to comply with qualified federal tax levies.

STD Plan Funding and Payment of Benefits

Benefits provided by the STD Plan are unfunded and are paid directly by the company.

STD Plan Document Governs

This SPD was designed to describe the Alcatel-Lucent STD Plan in easy-to-understand terms. It is shorter and less technical than the legal STD Plan document. However, it is the STD Plan document that determines your rights and the rights of your beneficiaries under the STD Plan. In all instances, the STD Plan document will govern.

STD Plan May Be Amended or Terminated

The company expects to continue the STD Plan indefinitely, but reserves the right to amend or terminate the STD Plan at any time by the resolution of the Board of Directors or properly authorized designee. In addition, the company does not guarantee the continuation of any STD benefits during employment, nor does it guarantee any specific level of benefits or contributions.

STD Plan Administrator

The Plan Administrator has full discretionary authority and power to control and manage all aspects of the STD Plan, to determine eligibility for STD Plan benefits, to interpret and construe the terms and provisions of the STD Plan, to allocate or delegate its responsibilities for the administration of the STD Plan to others by which to carry out or render advice with respect to its responsibilities under the STD Plan, to determine questions of fact and law, to direct disbursements, and to adopt rules for the administration of the STD Plan as they may deem appropriate in accordance with the terms of the STD Plan and all applicable laws.

Section J. Administrative Information

Plan Name	The official Plan Name is the Alcatel-Lucent Short Term Disability Plan.
Plan Sponsor	The Plan Sponsor is Alcatel-Lucent USA Inc.
Plan Administrator	Alcatel-Lucent Attn: STD Plan Administrator 600-700 Mountain Ave. , Room 1B-435 Murray Hill, NJ 07974
Benefits Claim and Appeals Committee (BCAC)	Alcatel-Lucent USA Inc. Attn: Benefits Claim and Appeals Committee (BCAC) Rm 1B-435 600 Mountain Ave. Murray Hill, NJ 07974
Claims Administrator	Alcatel-Lucent Attn: Disability & Leave Administration Team 600-700 Mountain Ave. , Room 1B-411 Murray Hill, NJ 07974
Agent for Service of Legal Process	Direct any service of legal process regarding a claim for benefits to the Claims Administrator. All other legal actions should be directed to Alcatel-Lucent USA Inc.
Type of Plan	The STD Plan is considered a "welfare benefit plan" under the Employee Retirement Income Security Act of 1974, as amended (ERISA).
Plan Number	The Plan Number for the Short Term Disability Plan is 532.
Employer Identification Number	The Employer Identification Number is 22-3408857.

Section K. Your Rights Under ERISA

As a participant in the Alcatel-Lucent STD Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). These rights are described in this Section.

ERISA provides that all Plan participants are entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all Plan documents and, if applicable, insurance contracts, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and updated SPD. The administrator may make a reasonable charge for the copies.

In addition to establishing rights for Plan participants, ERISA imposes certain duties on the people responsible for the operation of a Plan. The people who operate your Plan, called "fiduciaries," have a duty to do so prudently and in the interest of all participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to keep you from obtaining a welfare benefit or exercising your ERISA rights.

If your claim for a benefit is denied, 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 request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the 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. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should 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 these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, United States Department of Labor, listed in your telephone directory, or write to:

Division of Technical Assistance and Inquiries
Employee Benefits Security Administration
United States Department of Labor
200 Constitution Avenue N.W.
Washington, D.C. 20210

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272.