Alcatel-Lucent Retirement Income Plan

Radio Frequency Systems, Inc. Non-Union Hourly Pension Plan Provisions of the Alcatel USA, Inc. Consolidated Retirement Plan

Summary Plan Description

November 1, 2012

Alcatel·Lucent

DISCLAIMER

This is a summary of the benefits available to eligible employees under the Radio Frequency Systems, Inc. Non-Union Hourly Pension Plan (the "Non-Union Hourly Plan" or the "Plan") provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan as of March 31, 2007 (the "Pension Plan"). This SPD applies only to active employees covered by the Non-Union Hourly Plan provisions of the Pension Plan who retire, die, or terminate employment on or after November 1, 2012. Benefits for participants who retired, died, or terminated employment prior to November 1, 2012 are governed by the Non-Union Hourly Plan provisions in effect as of the date of their retirement, death, or termination of employment, unless a later amendment specifically grants other benefits to them. This summary is provided for informational purposes only and is intended to comply with Department of Labor requirements for Summary Plan Descriptions ("SPDs"). More detailed information about the Non-Union Hourly Plan provisions of the Pension Plan is provided in the official Pension Plan document, a copy of which can be obtained by writing to the Pension Plan Administrator (see "Important Contacts" and "Other Important Information").

This summary is based on Pension Plan provisions in effect on November 1, 2012 and replaces all previous SPDs and other descriptions of benefits provided under the Pension Plan or any predecessor plan. If there is any conflict between the information in this SPD and the Pension Plan document, the Pension Plan document will govern.

Pension Plan May Be Amended or Terminated

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

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

Alcatel-Lucent Retirement Income Plan-- Radio Frequency Systems, Inc. Non-Union Hourly Pension Plan Provisions of the Alcatel USA, Inc. Consolidated Retirement Plan

This SPD describes the Radio Frequency Systems, Inc. Non-Union Hourly Pension Plan provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan as of March 1, 2007, as applied to participants who retire, die or terminate employment on or after November 1, 2012. More detailed information is provided in the official Pension Plan documents which are controlling..

INTRODUCTION

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

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

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

THE PENSION PLAN - HIGHLIGHTS

Here is a summary of the key features of the Non-Union Hourly Plan provisions of the Pension Plan.

Pension Plan Provisions	Summary
Eligibility	Effective December 31, 2004, participation in the Non-Union Hourly Plan was frozen. Therefore, no new employees were eligible to participate in the Plan on and after that date.
Participation	You became a participant in the Non-Union Hourly Plan as soon as you had one year of Eligibility Service.
Cost	Alcatel-Lucent USA Inc. pays the entire cost of the Pension Plan. There is no cost to you.
Vesting	"Vesting" refers to earning a non-forfeitable right to your Pension Plan benefit. Generally, participants are Vested after completing five Years of Vesting Service. Effective as of December 31, 2004, benefit accruals under the Plan ceased, and all affected participants were fully vested in their Plan benefits earned up to that date. If you have any questions about vesting, please contact the Pension Plan Administrator.
Plan Benefits	You will receive a pension based on your years of Service and your Final Average Compensation accrued as of December 31, 2004 adjusted reflect contributions to Social Security. Your Normal Retirement Date is the last day of the month coinciding with or next following your 65th birthday or 5th anniversary of joining the Plan, if later. You can retire early if: • You are age 55 and have completed at least 10 years of Service or • You are age 50 and the sum of your age and years of Service equals at least 80 Your monthly Early Retirement Benefit will equal your 1/12th of your Accrued Benefit reduced by 5/12ths for each month your Early Retirement Date precedes your Normal Retirement Date.
Information About Your Pension Plan	Contact the HR Service Center at 1-888-582-3684 or via email at falcatel.pension@alcatel-lucent.com for information about the Radio Frequency Systems, Inc., Non-Union Hourly Plan provisions of the Pension Plan. You can also reach the Pension Plan Administrator by regular mail as follows: Pension Plan Administrator Alcatel-Lucent M/S BENF1 3400 W Plano Pkwy Plano, TX 75075

This SPD describes the Radio Frequency Systems, Inc. Non-Union Hourly Pension Plan provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan as of March 1, 2007, as applied to participants who retire, die or terminate employment on or after November 1, 2012. More detailed information is provided in the official Pension Plan documents which are controlling.

PLAN PARTICIPATION

WHO IS ELIGIBLE

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

Before participation in the Non-Union Hourly Plan was frozen, you were eligible to participate if you were (i) considered an hourly-rated employee under the employment classification practices of Radio Frequency Systems, Inc. for purposes of benefit plan coverage, and (ii) paid a regular and stated amount of compensation on a hourly basis from a payroll maintained in the continental United States. You were not eligible to participate if:

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

WHEN PARTICIPATION BEGAN

If you were a full-time employee eligible to participate in the Plan as described above, your participation in the Plan began when you completed 12 months of Service (as defined in the "Service" section below). Participation was automatic; you did not have to enroll in the Plan.

If you were a non-full-time employee eligible to participate in the Plan as described above, your participation in the Plan began when you completed 12 months of Service (as defined in the "Service" section below).

Effective December 31, 2004, participation in the Non-Union Hourly Plan was frozen, and no Eligible Employees can become Participants after this date.

SERVICE

Effective as of December 31, 2004, benefit accruals under the Non-Union Hourly Plan ceased. Accordingly, your accrued Plan benefit is based on your earnings and years of Service (as described below) earned as of that date. After December 31, 2004, your Service will only count for the limited purpose of eligibility for Early Retirement (discussed further below).

SERVICE FOR FULL-TIME EMPLOYEES

Generally, "Service" includes (i) employment with RFS, or an affiliate of RFS, prior to January 1, 2012, and (ii) employment with Alcatel-Lucent USA Inc. ("Alcatel-Lucent"), or an affiliate of Alcatel-Lucent, on or after January 1, 2012. Since eligibility to participate in the Plan was frozen as of December 31, 2004, you will no longer receive Service credit for purposes of eligibility to participate in the plan after December 31, 2004. Furthermore, benefit accruals under the Plan ceased effective as of December 31, 2004. As a result, all affected participants were fully vested in their Plan benefits earned up to that date, and thus there is no longer a need to calculate your Service for vesting purposes under the Plan. However, your Service as of December 31, 2004 is important in determining your accrued Plan benefit, and your Service after December 31, 2004 is important in determining your eligibility for an Early Retirement Benefit under the Plan.

The Plan uses the elapsed time method for determining your Service, which generally credits your total period of employment between date of hire and Date of Separation (as defined below).

For purposes of eligibility to participate in the Plan, you normally completed one year of Service when you had been employed with RFS (or an affiliated company) for 12 consecutive months. If you were a part-time employee, see "Special Service Rules for Part-Time Employees" below.

DATE OF SEPARATION

Generally, you stop earning Service when you have a Date of Separation. This will happen on the earlier of:

- the date you retire, resign, die or are discharged; or
- one year from the date you have been continuously absent from work for any other reason (including vacation, holiday, disability, leave of absence, or layoff).

BENEFIT SERVICE

Effective as of December 31, 2004, benefit accruals under the Non-Union Hourly Plan ceased. Accordingly, your accrued Plan benefit is based on your Service as of that date.

If you have any questions about any aspect of Service for benefit accrual purposes please contact the Pension Plan Administrator.

APPROVED ABSENCES

Certain absences approved by RFS (prior to January 1, 2012) or Alcatel-Lucent (on or after January 1, 2012) do not interrupt or terminate your service for Plan purposes. Also, special rules apply to maternity or paternity leaves, which are described in the "Breaks in Service" section below.

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

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

BREAKS IN SERVICE

Generally, you may have a "break in service" after your employment terminates or after you are absent from work without your employer's approval. You will not be considered to have a break in service under the Plan, however, if your employment is interrupted, and you return to work within 12 months after your Date of Separation. In this case, the period between your Date of Separation and your re-employment date will generally be recognized as Service (for determining your eligibility for an Early Retirement Benefit under the Plan). If you do have a break in service and return to work, you will retain or restore credit for the employment you had before your Date of Separation as soon as you "bridge" your break in service. For more information on how to "bridge" a break in service or to learn more about the effects a "break in service" may have on your Plan benefits, contact the Pension Plan Administrator.

SPECIAL SERVICE RULES FOR NON-FULL-TIME EMPLOYEES

Special rules apply in calculating Service for non-full-time employees, but only for determining Service for eligibility to participate purposes.

If you were a non-full-time employee, instead of using the elapsed time method described above under "Service for Full-Time Employees," your Service for eligibility to participate purposes was determined by the number of hours you work during the year. You had one year of Service if you complete 1,000 hours of service during the 12 consecutive months after you began employment with RFS (or an affiliated company) or in any 12 consecutive months beginning with the anniversary date of your date of hire.

Remember, these rules apply only in determining a non-full-time employee's Service for eligibility to participate purposes. For all other purposes – that is, Service for vesting and benefit accrual purposes – Service for non-full-time employees is determined under the elapsed time method described above.

You should refer any questions about your Service to the Pension Plan Administrator.

RETIREMENT AGES

NORMAL RETIREMENT

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

EARLY RETIREMENT

You may retire as early as age 55 if you have completed at least ten years of Service, or if you have attained at least age 50 and the sum of your age and years of Service equals at least 80. Your Early Retirement Date is the last day of the month (prior to the Normal Retirement Date) coinciding with or following the date on which you (i) attain age 55 and have completed at least 10 years of Service, or (ii) attain at least age 50 and the sum of your age and years of Service equal at least 80 ("Rule of 80"). Under the early retirement provision, a reduced pension is payable if benefits begin between ages 50 and 65.

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

DEFERRED RETIREMENT

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

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

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

CALCULATING YOUR PLAN BENEFIT

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

BENEFIT FORMULA

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

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

A. Basic Benefit:	1.6% of your Final Average Compensation multiplied by your years of Benefit Service
	less
B. The Social Security Adjustment:	.55% of the lesser of your Final Three-Year Average Compensation or your Covered Compensation, multiplied by your years of Benefit Service up to 35 years. In no event shall this adjustment exceed one-half of the basic benefit.

The terms referred to in the Plan's benefit formula have special meanings which are important for you to remember. They are defined in this section.

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

- reimbursements or other expense allowances
- moving expenses

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

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

For the year 2004, no more than $205,000 (indexed for cost-of-living increases) is considered as Compensation in calculating your benefit under the Plan. In addition, only your Compensation received while in a benefit-eligible position at RFS is included.

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

Final Three-Year Average Compensation means the average compensation of the most recently completed three consecutive calendar years of Service —preceding the earlier of your termination of employment or December 31, 2004. For this purpose, only your Compensation up to the Social Security taxable wage base is included.

Service means your period of employment which is recognized under the Plan to calculate the amount of your retirement income (i.e., your Service for benefit accrual purposes described above). In general, you were credited with one year of Service for each year of active, uninterrupted employment rendered as an employee of RFS (or an affiliated company, provided you were a participant in the Plan during your time of employment with the affiliated company). If you had less than a full year of active employment during any 12-month period, you received partial credit for that year. Effective as of December 31, 2004, benefit accruals under the Non-Union Hourly Plan ceased. Accordingly, your Plan benefit is based on your Service as of December 31, 2004 (or earlier if you terminated employment or retired before December 31, 2004).

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

Social Security Adjustment is equal to .55% of the lesser of your Final 3-Year Average Compensation or Covered Compensation multiplied by your total years of Benefit

Service (up to a maximum of 35 years). The Social Security Adjustment is used in computing all benefits payable under the Plan without regard to when you elect to have your Social Security payments begin. Later in this summary, you will see how the Social Security Adjustment is applied in calculating the amount of your retirement pension or your vested benefit under the Plan.

Remember, even though the Social Security Adjustment is applied to your Plan benefit to take into account the fact that RFS shared with you the substantial cost of Social Security, you will always be entitled to receive your full Social Security benefits. This means that, in addition to your benefits from the Plan, your combined retirement income will be comprised of your Social Security benefits as determined by the Social Security Administration plus any Social Security dependent benefits that are payable to your spouse or children and any Social Security increases granted after you stop working.

Remember, Social Security payments do not start automatically. You have to apply for them.

NORMAL RETIREMENT BENEFITS

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

Step 1

First, a basic benefit amount is computed based on the benefit formula percentage (1.6%), your Final Average Compensation, and your years of Benefit Service. See "Calculating Your Plan Benefit" for details about the Plan's formula and what these terms mean.

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

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

Step 2

In the second step, the basic benefit amount (such as those shown in the table above) is reduced by the adjustment for Social Security, that is, computed based on the Social Security Adjustment percentage (.55%), the lesser of your Covered Compensation or Final Three-Year Average Compensation, and your years of Benefit Service under the Plan.

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

Example:
Let's assume you retire at age 65, your *monthly* Final Average Compensation (determined as of December 31, 2004) is $2,500, and your Benefit Service (as of December 31, 2004) is 30 years. Suppose also that your Covered Compensation (as of December 31, 2004) is $2,442 a month, your Final 3-Year Average Compensation (as of December 31, 2004) is $2,600, and your Social Security benefit is $900 a month at age 65. This is what you would receive in monthly total retirement income from the Plan and Social Security if payments are for your lifetime only:

Basic Benefit Amount (1.6% x $2,500 x 30 years)		$1,200/month
	less	
Social Security Adjustment (.55% x $2,442 x 30 years)		- 403/month
Pension Benefit from the Plan		$ 797/month
plus		
Estimated Social Security Benefit		+ 900/month
Total Retirement Income		$1,697/month

Remember, this example assumes that payment will continue during your lifetime only. If you wish payments to continue to a beneficiary after your death, the net benefit from the Plan is adjusted to take this into account. If you are married, your Plan benefit will automatically be adjusted to provide a 50% Joint and Survivor Annuity (the normal form of payment for married participants) unless another form of payment is elected with notarized spousal consent.

EARLY RETIREMENT BENEFITS

You may retire early under the Plan, if you leave active employment before age 65 but after meeting one of the following provisions:

- attainment of age 55 and completion of at least ten years of Service

  or

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

If you retire early, you are eligible to receive your retirement benefits beginning at age 65 with no reduction. Otherwise, you may elect to have your retirement income start before age 65. However, if you elect to have your payments start before age 65, your payments will be reduced because you will receive them for a longer period of time.

If you elect to start receiving payments any time before age 65, your retirement benefits will be reduced by 5% for each year that the starting date of your payments precedes your Normal Retirement Date, with adjustments for portions of a whole year.

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

Age When Payments Start		% of Pension Payable
65	If you have 10 years of Service	100%
64		95%
63		90%
62		85%
61		80%
60		75%
59		70%
58		65%
57		60%
56		55%
55		50%
54	If you meet Rule-of-80	45%
53		40%
52		35%
51		30%
50		25%

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

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

Example:
Let's assume you retire at age 60 with 20 years of Benefit Service and you elect to start receiving benefit payments immediately upon retirement. Let's assume further that your Final Average Monthly Compensation (determined as of December 31, 2004) is $2,500 a month, that your Covered Compensation (as of December 31, 2004) is $3,155 a month, your Final Three-Year Average Compensation (as of December 31, 2004) is $2,600 a month, and your reduced Social Security benefit at age 62 will be $720 a month. Remember, Early Retirement benefits are reduced 5% for each year payment begins before age 65. Since payment begins five years early in this case, your benefit will be reduced by 25% and you would get 75% of your age 65 retirement benefit. Pension payments for your lifetime only will be computed as shown in the following:

Basic Benefit (1.6% x $2,500 x 20 years)	$800/month
less	
Adjustment for Social Security (.55% x $2,600 x 20 years)	- 286/month
Pension Benefits from the Plan at age 65	$514/month
times	
Percentage of Age 65 Benefit Payable Starting at Age 60	x 75%
Pension Benefit from the Plan Beginning at Age 60	$ 386/month
plus	
Estimated Social Security Benefit Beginning at Age 62	+ 720/month
Total Retirement Income Beginning at Age 62	$1,106/month

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

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

DEFERRED RETIREMENT

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

SUSPENSION OF BENEFITS

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

VESTED BENEFIT AT TERMINATION OF EMPLOYMENT

If you were employed by RFS (or an affiliated company) on December 31, 2004, your Plan benefits, if any, were fully vested on that date because benefit accruals under the Plan ceased on that date. If your employment with RFS (or an affiliated company) terminated prior to December 31, 2004, you were entitled to a vested benefit if you left before qualifying for early retirement but after completing five years of Service. You were also fully vested in your benefit upon becoming totally and permanently disabled, which is discussed further below, or if your employment with RFS (or an affiliated company) terminated due to a job elimination, job-layoff or certain other circumstances. For more information on whether you were entitled to a vested benefit due to job elimination, job lay-off or certain other circumstances, contact the Pension Plan Administrator. Generally, your vested benefit is payable to you at age 65.

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

Moreover, your vested benefit will be determined by the provisions of the Plan in effect when you terminated.

You may elect to receive your vested benefit as early as age 55 if at the time of termination you had completed ten years of Service. If you had completed less than ten years of Service, you will receive your vested benefit at age 65. However, if you do elect to start receiving your vested benefit before age 65, it will be reduced by 5% for each year that the starting date of your payments precedes your Normal Retirement Date, with adjustments for portions of a whole year.

If you are married, your vested benefit automatically includes pre-retirement protection for your surviving spouse, before your benefit payments begin. If you are not married when you become vested, you will automatically have this protection if you marry in the future. See “Pre-Retirement Surviving Spouse Benefits” for more information.

For more information about the Joint and Survivor Benefit, which applies when your vested benefits begin, see “Joint and Survivor Annuity Option.” If you and your spouse waive the Joint and Survivor Benefit, you may elect to have your vested benefit paid in other forms as described under “Retirement Benefit Payment Options.”

DISABILITY

Total and permanent disability means you qualify for Social Security disability benefits. If you can no longer work because of a total and permanent disability, you will continue to be a full participant of the Plan. You also fully vest in your benefits (if you are not already fully vested) upon becoming totally and permanently disabled. Prior to benefit accruals ceasing under the Plan, you would have continued to receive Service under the Plan so long as you continued to receive Social Security disability benefits. However, since benefit accruals and eligibility to participate under the Plan ceased effective as of December 31, 2004, your Service will only count for the limited purpose of eligibility for Early Retirement after that date.

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

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

PRE-RETIREMENT SURVIVING SPOUSE BENEFITS

If you are married and are entitled to a vested benefit, your spouse will automatically be protected by the Pre-Retirement Surviving Spouse Benefit. This means, if you die while actively employed, or if you leave Alcatel-Lucent (or an affiliated company) with a vested benefit and die before you begin to collect your retirement benefit, your surviving spouse will receive a lifetime benefit. The amount of this benefit varies depending on the amount of your vested benefit, your age, your spouse's age, and how old you would have been when payments begin to your surviving spouse. (See "Vested Benefit At Termination Of Employment" for an explanation of how your vested benefit is calculated.) Your spouse's benefit will be one-half of the reduced vested benefit (the benefit is reduced to reflect payment to your surviving spouse for his or her lifetime) you earned as of the earlier of your date of death or December 31, 2004, and that you would have received at age 65.

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

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

Payment of any benefit to your surviving spouse begins when you would have reached your Normal Retirement Date. However, your surviving spouse can elect to start receiving payments as soon as you would have reached age 55 (if you had ten years of Service). In this case, early payment calls for an additional reduction. If your surviving spouse dies, there will be no payment made to anyone else.

RETIREMENT BENEFIT PAYMENT OPTIONS

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

LIFE ANNUITY OPTION

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

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

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

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

JOINT AND SURVIVOR ANNUITY OPTION

This option can provide a retirement income to a spouse, sister, brother, child, or someone else upon your death. The Joint and Survivor Annuity is the designated normal form of payment for married Participants under the Plan.

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

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

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

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

If you elect the 50% arrangement:

- you receive, for your life, 89% of your accrued Plan benefit *plus* 9/20% for each year by which you are younger than your beneficiary (up to a maximum of 20 years) or *minus* 9/20% for each year by which you are older than your beneficiary (up to a maximum of 20 years), and
- your beneficiary receives 50% of that amount for life after your death.

If you elect the 75% arrangement:

- you receive, for your life, 85% of your accrued Plan benefit *plus* 6/10% for each year by which you are younger than your beneficiary (up to a maximum of 20 years) or *minus* 6/10% for each year by which you are older than your beneficiary (up to a maximum of 20 years), and
- your beneficiary receives 75% of that amount for life after your death.

If you elect the 100% arrangement:

- you receive, for your life, 81% of your accrued Plan benefit *plus* 3/4% for each year by which you are younger than your beneficiary (up to a maximum of 20 years) or *minus* 3/4% for each year by which you are older than your beneficiary (up to a maximum of 20 years); and
- your beneficiary receives 100% of that amount for life after your death.

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

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

If you die, your beneficiary will receive 50%, 75%, or 100% of the amount you're receiving, depending on the option you choose.

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

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

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

INCOME TAX WITHHOLDING

IRS regulations require that **periodic monthly** payments you receive from the Plan be subject to Federal income tax withholding **unless you elect not** to have withholding apply. Before benefit payments are made under the Plan, you or your beneficiary will be given a form on which you must indicate whether or not you want Federal income tax withheld from your benefit payment. If you do not complete and return this form, the Company is required by law to withhold the applicable amount of Federal income tax from your payment. It is important to remember that, if you elect not to have income tax withholding apply to your payment or if the amount withheld plus any other payments of estimated tax are insufficient to satisfy your overall tax liability, you may incur penalties under the IRS estimated tax rules.

LUMP SUM PAYMENTS AND RELATED INCOME TAX RULES

The Company believes that income from retirement plans is intended to be paid over the lifetime of eligible recipients. Therefore, benefit payments under this Plan have been designed to provide a continuing ongoing income for your life or your beneficiary's life after you stop working. However, under certain circumstances, a Plan benefit may be paid in one lump sum equivalent payment. If your vested benefit is $1,000 or less, it will be paid to you in a lump sum as soon as practicable following your separation from service; provided, however, that if you separate from service by reason of disability, your vested benefit of $1,000 or less will not be distributed until your long term disability payments cease under a Company-sponsored long term disability plan, if any. This amount can only be determined when benefits are actually calculated and takes into account such factors as your age, your beneficiary's age (if applicable), and specific actuarial factors and interest rates adopted under the Plan for such calculations. If you or your beneficiary receives such a lump sum payment, no further payments or benefits will be paid from the Plan.

A lump sum payment is taxable to you in the year of payment. However, you may be eligible to defer your tax by "rolling over" the distribution from the Plan into an Individual Retirement Account (IRA) or into a qualified plan of a new employer. This "roll-over" must occur within 60 days of receipt of payment. You should consult your tax advisor or the IRS on the tax rules governing a lump sum distribution from a tax-qualified plan such as this Plan.

IRS regulations require that **lump sum** payments you receive from the Plan be subject to mandatory 20% Federal income tax withholding **unless you elect** to have your distribution transferred directly to an IRA or another qualified plan and avoid current withholding. Before benefit payments are made under the Plan, you or your beneficiary will be given a form on which you must indicate your election. If you do not complete and return this form, the Company is required by law to withhold the applicable amount of Federal income tax from your payment.

Lump sum payments that are made before age 59½ that are not "rolled over" are subject to a 10% penalty tax as well as income taxes at the ordinary rates applicable to your other income. Some of the exceptions to the 10% penalty tax include:

- a distribution to your beneficiary following your death
- a distribution after your separation from service after age 55, and
- a distribution not in excess of the amount of deductible medical expenses. (Note that Medical expenses must be substantial to qualify for a deduction.)

Federal tax rules applicable to benefit payments made by the Plan are described in information documents which are available from your local IRS office.

OTHER IMPORTANT INFORMATION

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

CLAIM PROCEDURES

Employees, retired employees, their beneficiaries (if applicable) and former employees eligible for a benefit under this Pension Plan, or any individual duly authorized by them have the right under ERISA and the Pension Plan to file a written claim for payment for benefits. A claim may also be filed if it is believed that years of Vesting Service has not been computed correctly. Send all written claims for pension matters to the Pension Plan Administrator. See "Important Contacts."

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

The procedure for filing claims is:

- If the claim is denied in whole or in part, you will receive written notice of the Pension Plan Administrator's decision including the specific reasons for the decision(s), reference to the Pension Plan provisions on which the decision is based, a description of any additional information necessary to perfect the claim and a description of the Pension Plan's review procedures along with a statement of your rights under Section 502(a) of ERISA, within 90 days after the Pension Plan Administrator received the claim.

- If the Pension Plan Administrator needs more than 90 days to make a decision, a representative will notify you in writing within the initial 90-day period explaining why more time is required. An additional 90 days may be taken if the Pension Plan Administrator sends this notice. The extension notice will show the date by which the Pension Plan Administrator's decision will be sent.

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

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

APPEAL PROCEDURES

If your claim for pension benefits or years of Vesting Service is denied in whole or in part, or if you or your beneficiaries or authorized representative believe that benefits under the Pension Plan to which you are entitled have not been provided, an appeal process is available to you. You or your authorized representative may appeal in writing within 60 days after the denial is received. Send the appeal directly to the Alcatel-Lucent Employee Benefits Committee (EBC). See “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 a written statement of the issues and any other documents in support of the claim for benefits or other matter under review.

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

If special circumstances cause the EBC to need more than 60 days to make a decision, a representative will notify you in writing within the initial 60-day period and explain why more time is required. An additional 60 days -- for a total of 120 days -- may be taken if the EBC sends this notice.

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

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

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

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

RIGHTS OF A PLAN PARTICIPANT OR BENEFICIARY UNDER ERISA

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

- You can examine, without charge, at the Pension Plan Administrator's office, and at other specified locations, all documents governing the Pension Plan, and a copy of the latest annual report (Form 5500 Series) filed by the Pension Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- You can obtain copies of documents governing the operation of the Pension Plan, and copies of the latest annual report (Form 5500 Series) and an updated summary plan description upon written request to the Pension Plan Administrator (see "Important Contacts"). You will be charged a reasonable fee for copies of the documents requested unless federal law requires that they be furnished without charge.

- You are entitled to receive a summary of the Pension Plan's annual financial report, a copy of which is furnished to each Pension Plan participant once a year.

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

PRUDENT ACTIONS BY PLAN FIDUCIARIES

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

ENFORCE YOUR RIGHTS

If your claim for benefits is denied or ignored in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you submit a written request to the Pension Plan Administrator for a copy of the Pension Plan documents and you do not receive them within 30 days, you may file suit in a federal court. In such cases, the court may require the Pension Plan Administrator (see "Pension Plan Identification") to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent for reasons beyond the control of the Pension Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Pension Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

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

ASSISTANCE WITH YOUR QUESTIONS

For answers to questions about the Pension Plan, contact the Pension Plan Administrator (see "Important Contacts"). If you have any questions about this statement of your rights, or about your rights under ERISA, or if you need assistance in obtaining documents from the Pension Plan Administrator, contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

PENSION PLAN DOCUMENTS

This summary plan description summarizes the key features of Radio Frequency Systems, Inc. Non-Union Hourly Pension Plan provisions of the Alcatel USA, Inc. Consolidated Retirement Plan, which was merged into the Alcatel-Lucent Retirement Income Plan as of March 31, 2007. There are separate summary plan descriptions which set forth the key features of the other provisions of the Pension Plan. You can find complete details in the official Pension Plan documents that legally govern the operation of the Pension Plan. All statements made in this summary plan description are subject to the provisions and terms of those documents. Pension Plan documents include the official Pension Plan text, the trust agreement, the annual report and other documents and reports maintained by the Pension Plan or filed with a federal government agency. Pension Plan participants and beneficiaries of deceased participants can review copies of those documents any time during normal business hours at the offices of the Pension Plan Administrator (see "Important Contacts"). If you are unable to examine these documents there, you should write to the Pension Plan Administrator, specifying the documents you wish to review and at which Company work location. Copies of the requested documents will be made available for examination within ten days after your request is submitted.

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

PLAN TERMINATION

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

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

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

The Pension Plan and federal law specify the general manner and order that the assets of the pension trust fund will be allocated, for purposes of paying benefits computed as of the date of termination, to participants and beneficiaries. Essentially, in the event of a pension plan termination, the assets of the pension trust fund would first be allocated to pay benefits to participants and beneficiaries who are already receiving benefits under the Pension Plan at the time of termination or who had the right to immediately receive such benefits if they had retired before the termination. There are certain limitations on the amount of assets that can be allocated to this highest priority category. After benefits are provided to participants and beneficiaries in this highest priority, remaining assets would be allocated to other participants and beneficiaries in certain other priority categories relating to an employee's Service, and would depend on whether or not an employee's benefit was Vested before the termination, and the amount of the employee's computed pension to the date of the termination.

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

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

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

NON-ASSIGNMENT OF BENEFITS

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

TOP HEAVY RULES

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

MAXIMUM LIMITATIONS

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

Additionally, federal regulations under Internal Revenue Code Section 401(a)(17) limit the annual amount of Compensation used in computing the amount of benefit payable under the Pension Plan. In any event, any amounts to which you may be entitled that are in excess of these limits are paid from Company operating expenses.

PENSION BENEFIT GUARANTY CORPORATION

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

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

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

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

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

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

PAYMENTS UNDER LAW

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

UNCLAIMED BENEFITS

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

PENSION PLAN ADMINISTRATOR

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

PENSION PLAN IDENTIFICATION

Plan Name	The official Plan Name is the Alcatel-Lucent Retirement Income Plan.
Plan Sponsor	The Plan Sponsor is Alcatel-Lucent USA Inc.
Plan Administrator	The Pension Plan is administered by the Alcatel-Lucent Employee Benefits Committee.
Agent for Service of Legal Process	You can direct any service of legal process related to the Pension Plan to: • The Employee Benefits Committee at Alcatel-Lucent Room 2B-410, 600-700 Mountain Avenue, Murray Hill, NJ 07974, or • The trustee of the Pension Plan (see "Pension Trust Fund").
Pension Trust Fund	Contributions to the pension trust fund are actuarially determined and paid by Alcatel-Lucent USA Inc. into a trust established exclusively for designated Pension Plan purposes. The trust fund is held by the following trustee which has signed a trust agreement with Alcatel-Lucent USA Inc.: BNY Mellon 135 Santilli Highway Everett, MA 02149
Source of Payments	Vested pensions are paid from the pension trust fund.
Plan Records and Plan Year	The Pension Plan and all its records are maintained on a plan year basis. The Plan Year is the calendar year, beginning on January 1st and ending on December 31st of each year.
Type of Plan	The Pension Plan is a "defined benefit pension plan" under ERISA.
Plan Number	The Plan Number is 001.
Employer Identification Number	The Employer Identification Number assigned by the IRS is 22-3408857.