

# Alcatel-Lucent Savings Plan **Summary Plan Description**

January 2014



## Disclaimer

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This is a summary of the benefits offered to active, non-represented, employees under the Alcatel-Lucent Savings Plan (the "ALSP" or the "Plan"). This also serves as a summary of benefits provided to participants in the Plan who are terminated employees or beneficiaries. In this summary, not all descriptions of benefits will apply to all participants. It is provided for informational purposes and is intended to comply with Department of Labor requirements for summary plan descriptions (SPDs). More detailed information is provided in the official Plan document.

This summary is based on Plan provisions in effect as of January 1, 2014 and replaces all previous SPDs for the Plan. The formal Plan document, as amended from time to time, will govern if there is a conflict between the description of the Plan contained in this SPD and the Plan document. In all instances, the Plan document will control and govern the operation of the ALSP. In addition, if there is any conflict between the information in the SPD or the Plan document and the applicable law, the law will govern.

### **ALSP MAY BE AMENDED OR TERMINATED**

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

Questions regarding your benefits should be addressed to the Savings Plan Administrator. Because of the many detailed provisions of the Plan, no one other than the Savings Plan Administrator and its delegated representatives is authorized to advise you as to your benefits. For this reason, 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 Plan document, the Plan document will govern.

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January 1, 2014

This information is intended for Alcatel-Lucent Savings Plan participants. More detailed information is provided in the official Plan document which is controlling.

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## Alcatel-Lucent Savings Plan (ALSP) — Highlights

The following is a summary of the key features of the ALSP. Certain words and phrases have a specific meaning under the ALSP. These terms are capitalized whenever they appear to let you know that they are defined in the Section titled "Terms Your Should Know."

| <b>ALSP Feature</b>           | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Eligibility and Participation | You are eligible to participate in the ALSP if you are an Eligible Employee. Participation is not automatic. You must enroll in the ALSP in order to make contributions. You will remain a Participant in the ALSP until your Plan account is fully distributed.                                                                                                                                                                                          |
| Your Contributions            | Each pay period, if you are an Eligible Employee, you may contribute between 1% and 25% of your Eligible Compensation, with either pre-tax and/or after-tax dollars, subject to limits under the Code. You may change your contribution percentage daily in accordance with the procedures prescribed by the Savings Plan Administrator.                                                                                                                  |
| Catch-up Contributions        | If you are an Eligible Employee and you are currently age 50 or older or will turn 50 during the calendar year, you may elect to make additional pre-tax contributions, called Catch-up Contributions. Catch-up contributions can be in increments of 1% of your base pay (up to 75%) to a maximum, as allowed by law, which for 2014 is \$5,500. Your Catch-up Contributions begin when you reach the regular pre-tax limit, which is \$17,500 for 2014. |
| Vesting                       | If you are employed by a Participating Company on or after January 1, 2010, you are 100% vested in all ALSP contributions.                                                                                                                                                                                                                                                                                                                                |
| Investment Options            | You will be able to invest your Plan account in any one or more of the ALSP's investment choices. You may change your investment elections for future contributions daily, and transfer existing balances between funds on any Business Day. Some restrictions on trading may apply.                                                                                                                                                                      |
| Tax Advantages                | Pre-tax Contributions to your account are <i>not</i> taxed as current income to you. Investment earnings generated by your account also accumulate on a tax-deferred basis. You are taxed when money is distributed from your account, other than distributions of After-tax Contributions.                                                                                                                                                               |

| <b>ALSP Feature</b>                           | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loans and In-Service Withdrawals              | At any time, you may take up to two Loans from your Plan account — up to the lesser of 50% of your balance, or \$50,000 less your highest outstanding Loan balance in the previous 12 months. Also, in certain cases, you may withdraw money from your Plan account. However, you may have to pay taxes, including a penalty tax for early withdrawal. There are fewer restrictions and tax consequences on an In-Service Withdrawal of your After-tax Contributions.                                                                                                                                                                                                                                                     |
| Distributions                                 | You are eligible to receive a full or partial distribution of your Plan account when you retire attain age 70½, or incur a Severance from Employment. You may request a distribution from the ALSP after the date on which you retire or incur a Severance from Employment.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Beneficiary                                   | If you die, your Plan account will be paid to your Designated Beneficiary(ies).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Information About Your Plan account           | You can contact the Alcatel-Lucent Benefits Center at 1-888-232-4111 or log on to Your Benefits Resources™ for information about your Plan account, to manage your investments and initiate other Plan transactions. Alcatel-Lucent Benefits Center representatives are available any Business Day from 9:00 a.m. to 5:00 p.m., Eastern Time. Your Benefits Resources™ and the Voice Response System (VRS) are available 24 hours a day, 7 days a week.                                                                                                                                                                                                                                                                   |
| Investment Advice and Professional Management | Through Aon Hewitt Financial Advisors, LLC, in partnership with Financial Engines Advisors LLC, you can take advantage of the Online Advice Service. The cost of this service is paid by Plan assets unless paid by the Company. The Professional Management program, available through Aon Hewitt Financial Advisors, LLC using Financial Engines as sub-advisor, provides professional ongoing management of your Plan account. This program is available to you for an annual fee, which is charged to your account quarterly. For more information, log onto your Plan account from Your Benefits Resources™ ( <a href="http://resources.hewitt.com/alcatel-lucent">http://resources.hewitt.com/alcatel-lucent</a> ). |

## Enrolling in the Alcatel-Lucent Savings Plan

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### Who Is Eligible

To make contributions to the ALSP, you must be an Eligible Employee and affirmatively enroll in the Plan. If you are rehired, you must re-enroll.

### How to Enroll

You may enroll by logging on to Your Benefits Resources™ or calling the Alcatel-Lucent Benefits Center at 1-888-232-4111. Here is the contact information for enrolling in the ALSP:

| U.S.-BASED EMPLOYEES                                                                                                                                                                                                            | INTERNATIONAL ASSIGNEES                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Log on to Your Benefits Resources™ at <a href="http://resources.hewitt.com/alcatel-lucent">http://resources.hewitt.com/alcatel-lucent</a> anytime                                                                               |                                                                                                                                        |
| Call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to speak with a Benefits Center representative.<br><br>To speak to a Benefits Center representative, call any Business Day from 9:00 a.m. to 5:00 p.m., Eastern Time. | Call 1-212-444-0994 collect on Business Days from 9:00 a.m. to 5:00 p.m., Eastern Time to speak with a Benefits Center representative. |

When you enroll in the ALSP, you will need to do the following:

- Provide the percentage that you wish to contribute as Pre-tax Contributions and/or After-tax Contributions,
- Make a Catch-up Election (if eligible),
- Make a Spillover Election,
- Make your investment election(s), and
- Designate a Beneficiary (see "Beneficiary Designation").

If you do not make an investment election, your contributions will be invested in the Plan's Qualified Default Investment Alternative.

## Your Plan Account

Your Plan account is valued daily to reflect the current market value of the funds in which it is invested. Records for your account under the ALSP are kept separately for the following types of contributions:

- Your Pre-tax Contributions (including any catch-up contributions, if applicable),
- Your After-tax Contributions,
- Company Matching Contributions, and
- Roll-In Contributions.

You can get up-to-date information about your Plan account, investment information and more by:

- Accessing Your Benefits Resources™ at <http://resources.hewitt.com/alcatel-lucent>, or
- Calling the Alcatel-Lucent Benefits Center at 1-888-232-4111.

## Beneficiary Designation

Log on to Your Benefits Resources™ (YBR) and follow the links to input/change/confirm your beneficiary designation online. You may also call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to designate or change your Beneficiary(ies).

**Note:** If you want to designate your primary Beneficiary to someone other than your Lawful Spouse, you will need to complete and return the Beneficiary Designation Authorization form that will be mailed to you after your online or phone designation request is made. Your Lawful Spouse must sign and return the notarized Authorization form indicating that he or she agrees to the designation. In addition, if you are single, you will be sent a Beneficiary Designation Authorization form after your online or phone designation request is made. You will need to sign the Authorization form verifying your status as single. Keep a copy of the form for your records.

Your beneficiary designation will be effective immediately with the exception of the scenarios described in the note above. In those cases, your beneficiary designation will be effective when the Beneficiary Designation Authorization form is returned and deemed in good order by the Alcatel-Lucent Benefits Center. In all events, for your Beneficiary designation to be effective, it must be on file with the Alcatel-Lucent Benefits Center.

If you get divorced, you may designate someone other than your former Lawful Spouse as your primary Beneficiary unless there is QDRO requiring that your former Lawful Spouse be designated as your Beneficiary as to all, or a portion of your account under the ALSP. The Company has established guidelines for processing a QDRO. The guidelines are available to you upon request at no charge. Your Plan account will be charged a \$500 processing fee when the order is received by the QDRO team. If there is a QDRO associated with your divorce, contact QDRO/QMCSO Administration (see "Important Contacts").

## Contributing to the ALSP

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If you are an Eligible Employee, the ALSP provides you with a convenient way to save and invest through payroll deductions.

### Your Contributions

If you are an Eligible Employee, you may contribute between 1% and 25% of your Eligible Compensation using any combination of pre-tax dollars and after-tax dollars. You must contribute in whole percentages, in 1% increments (1%, 2%, 3% and so on). If you make both Pre-tax Contributions and After-tax Contributions, the minimum amount you can contribute is 1% of each contribution type, with a maximum combined total of 25%. If you are age 50 or older, you may also make Catch-up Contributions (see "Catch-up Contributions").

Your contributions (Pre-tax, Catch-up, and/or After-tax) will be deposited in your Plan account as soon as practicable after each payroll period.

### Pre-tax Contributions

You receive an immediate tax advantage by making Pre-tax Contributions to the ALSP. Each pre-tax dollar you contribute lowers your current taxable income, so you end up reducing the current federal income tax that you pay. In most cases, you will also pay lower state and local income taxes. (However, you will still have to pay Social Security taxes on your Pre-tax Contributions.)

The following is an example of how contributing pre-tax dollars reduces your current taxable income. Assume your Eligible Compensation is \$80,000 and you elect to save 6% on a pre-tax basis:

| Pre-tax Savings Example                                                                                                                                                                                                                                                                              |                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>Eligible Compensation:</b>                                                                                                                                                                                                                                                                        | \$80,000        |
| <b>Pre-tax Contributions (6%):</b>                                                                                                                                                                                                                                                                   | <u>- 4,800</u>  |
| <b>Taxable income:</b>                                                                                                                                                                                                                                                                               | <b>\$75,200</b> |
| Assuming an effective federal tax rate of 20%, you would save \$960 (\$4,800 x 20%) in federal taxes for the year. In addition, you might also save on state and local taxes, depending on where you live. You will see tax savings in every paycheck because your tax withholdings will be reduced. |                 |

Remember, by making Pre-tax Contributions, you are not avoiding taxes, just postponing them. Taxes will be due when you take a distribution. However, because you may be in a lower tax bracket when you retire, you might end up paying taxes at a lower rate.

If your Pre-Tax Contributions reach the annual IRS limit for Pre-Tax Contributions (See: "IRS Contribution Limits" section) during the year, you may elect prior to reaching the annual IRS Pre-Tax limit to automatically treat any additional contributions in excess of the IRS Pre-Tax limit as After-Tax Contributions. This election is also referred to as a "spillover election." If you do not elect to treat additional contributions as After-Tax Contributions then Pre-Tax contributions to your Plan account will stop upon reaching the annual IRS limit for Pre-Tax Contributions. If after a spillover election becomes effective you wish to change the amount of your elected contribution percentage (all of which will be treated as After-Tax Contributions once you have reached the IRS Pre-Tax limit), then you must do so in the same manner, and applicable to the same guidelines, as you would have done prior to your contributions reaching the annual IRS Pre-Tax limit. Note, however, if you have elected to make Catch-up Contributions, a higher annual IRS limit is applicable, which means that your Catch-up Contribution election will be implemented before the implementation of any spillover election effective upon reaching the annual IRS Pre-Tax limit.

If you have made Pre-tax contributions or Catch-up contributions during the Plan Year to another employer's tax-qualified plan, you will need to keep track of those contributions to make sure that those contributions, together with your contributions to the ALSP do not exceed your Pre-tax Contribution limit and/or Catch-up Contribution limit for the year.

### **Catch-up Contributions**

If you are age 50 or older at any time during the Plan Year (January 1 — December 31), you may make additional Pre-tax Contributions to your account beyond certain limits imposed by the IRS, such as the maximum pre-tax deferral limit (for 2014 \$17,500) or the limit resulting from operation of the nondiscrimination test on Highly Compensated Employees' Pre-Tax Contributions, or beyond any limit imposed by the ALSP, such as the 25% limit on Eligible Compensation that can be contributed each payroll period, or the limit on Eligible Compensation that can be taken into account for Pre-Tax Contributions (for 2014 \$260,000). These additional Pre-tax Contributions are called Catch-up Contributions.

If you wish to make a Catch-up Contribution, you must make an affirmative election to make such Catch-up Contribution. By making such election, you will be able to contribute between 1% and 75% of your eligible compensation for each payroll period. However, please note that the IRS limits the amount of Catch-up Contributions that you can make each year. For 2014, this annual limit is \$5,500. The IRS will periodically adjust this limit for cost of living increases.

You may contribute less than the annual Catch-up Contribution limit by changing or canceling your election during the year. Unless you make an election not to make Catch-up Contributions, they will automatically restart in the following calendar year.

To make Catch-up Contributions, log on to Your Benefits Resources™ or call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

### **After-tax Contributions**

If you make After-tax Contributions to the ALSP, you pay income taxes on that money before your contributions are withheld from your Eligible Compensation. Although After-tax Contributions do not offer the same immediate tax advantages as Pre-tax Contributions, the investment earnings on After-tax Contributions grow on a tax-deferred basis until they are distributed. So, you pay no additional taxes on After-tax Contributions when they are paid out of the ALSP, but you do pay taxes on the investment earnings.

### **Comparing Pre-tax and After-tax Contributions**

Before you choose to contribute with pre-tax or after-tax dollars, or with some of both, it may be helpful to compare these types of contributions. The following chart can help you understand the differences, as well as the advantages of each type of contribution.

| <b>Key Features</b>                                                                                                  | <b>Pre-tax Dollars</b> | <b>After-tax Dollars</b> |
|----------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|
| Your contributions lower your current taxable income for federal income tax                                          | YES                    | NO                       |
| Your contributions may lower your current taxable income for state and local tax                                     | YES                    | NO                       |
| Your contributions may lower your current tax bracket                                                                | YES                    | NO                       |
| Your contributions are subject to income tax before being deducted from your paycheck                                | NO                     | YES                      |
| Your contributions are subject to FICA taxes (Social Security and Medicare) before being deducted from your paycheck | YES                    | YES                      |
| Your investment earnings are tax-deferred as long as they remain in the ALSP                                         | YES                    | YES                      |
| Your investment earnings are taxable when paid from the ALSP                                                         | YES                    | YES                      |
| Your contributions are subject to income tax when paid from the ALSP                                                 | YES                    | NO                       |
| Your contributions are limited by the IRS and the ALSP                                                               | YES                    | YES                      |

## **Monitor Your Contribution Elections**

After you make your initial contribution elections, you may find it helpful to review them periodically. You should re-evaluate whether the amounts you are saving on a pre-tax and/or after-tax basis are appropriate for your current level of income and long-term savings objectives, or if a change makes sense.

You can check the amount of your contribution elections per pay period by reviewing your pay statement, which identifies your contributions by category. Also, information on your contribution elections is available on Your Benefits Resources™ or from the Alcatel-Lucent Benefits Center.

## **Changing Contribution Elections**

You may change your contribution elections daily. You may:

- Increase or decrease the percentage of your Pre-tax Contributions and/or After-tax Contributions,
- Start or stop your election for Catch-up Contributions (if you are eligible to make Catch-up Contributions) and/or spillover,
- Stop your contributions,
- Resume your contributions, and
- Change from Pre-tax Contributions to After-tax Contributions and vice versa.

To change your contribution elections, go online to Your Benefits Resources™, or call the Alcatel-Lucent Benefits Center at 1-888-232-4111. Generally, the change will be effective in the first paycheck practicable following your transaction. It is a good idea to check your pay stub to make sure your requested change is made.

## **When Contributions Stop**

Your contributions stop if you elect to discontinue them. Contributions also stop if any of the following situations occur:

- Your contributions reach the IRS dollar limit on Pre-tax Contributions and you did not elect spillover into After-tax contributions and had not elected a separate After-Tax Contribution;
- You elected Catch-up Contributions and you reach the IRS dollar limit on Catch-up Contributions and had not elected a separate After-Tax Contribution;
- Your contributions reach the annual IRS limit for Pre-Tax and After-Tax contributions (See "IRS Contribution Limit" section);
- Your employment status changes from management to occupational, such that you are no longer eligible to participate in the ALSP;

- You take an unpaid leave of absence;
- Your Eligible Compensation does not cover your elected contributions;
- You are receiving Workers' Compensation payments;
- You are suspended from contributing to the ALSP because you have taken a Hardship Withdrawal;
- You transfer to or become employed by a non-participating company;
- You are laid off; or
- You terminate employment for any reason.

### **Company Matching Contributions**

Effective as of December 31, 2013 at 11:59 p.m. Eastern Standard Time, the Company stopped providing Company Matching Contributions under the Plan. However, previous Company Matching Contributions that were made to Participants will continue to be kept separately as discussed in the "Your Plan Account" section.

### **IRS Contribution Limits**

The IRS has established certain rules that govern the amount that can be contributed to plans such as the ALSP. It is important for you to understand these rules because they may limit the amount that you can contribute to the ALSP.

The IRS places an annual dollar limit on the amount of Pre-tax Contributions you can make to the ALSP during any Plan Year. In 2014, you can contribute up to \$17,500 as Pre-tax Contributions to the ALSP. The IRS also places an annual dollar limit on the amount of Catch-up Contributions you can make to the ALSP during any Plan Year. In 2014, you can contribute up to \$5,500 as Catch-up Contributions to the ALSP. These limits will be periodically adjusted by the IRS for cost of living increases.

The IRS also limits the amount of compensation that can be used to determine contributions to the ALSP. The limit on Eligible Compensation for 2014 is \$260,000. Annual compensation is tracked on a calendar-year basis, beginning January 1 of each year, rather than on the date a Participant's contributions to the ALSP begin. Consequently, in 2014, at the point in the calendar year that your Eligible Compensation has reached \$260,000, your contributions will stop (except for Catch-up Contributions), even if the Pre-tax Contribution limit (\$17,500 in 2014) has not been reached. This limit will be periodically adjusted by the IRS for cost of living increases.

In addition to the limit on Pre-tax Contributions and Eligible Compensation, the IRS limits the amount of all contributions that can be made to the ALSP on your behalf (Pre-tax Contributions and After-tax Contributions). For 2014, the limit is the lesser of 100%

of compensation or \$52,000. This limit may be periodically adjusted by the IRS for cost of living increases. Catch-up Contributions are not taken into account for this limit.

If you exceed these limits solely within this Plan in any Plan Year, you will be notified and the excess contributions and earnings will be returned to you as soon as practicable after the Plan Year ends. If you exceed these limits in a Plan Year because of contributions made both to this Plan and another 401(k) plan, 403(b) plan or 457 plan, you must notify either the Alcatel-Lucent Benefits Center or the Plan Administrator in writing no later than March 31st of the calendar year following the year in which you exceeded the limits in order to correct your failure to abide by the IRS limits. The IRS further requires that employees at all levels of the Company have the same opportunity to take advantage of saving through the ALSP. To ensure this happens, the ALSP must pass certain nondiscrimination tests. If the ALSP fails these tests and you are a Highly Compensated Employee, the amount you can contribute to the ALSP may be limited or excess contributions may be returned to you. You will be notified if these limits apply to you.

## **Roll-In Contributions**

If you receive a distribution from an Eligible Employer Plan (including, if you are no longer employed by Alcatel-Lucent, from an Alcatel-Lucent pension plan), you may be able to roll that distribution into the ALSP and continue deferring income taxes on that money. You may also roll in most distributions from Traditional IRAs, and amounts you receive from a qualified plan as the surviving spouse of a participant in that plan.

To make a Roll-In Contribution log on to Your Benefits Resources and request a Rollover Contribution Form or call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

Your contributions will be invested based on your current investment choice on file. If you don't have any investment choices on file, your rollover will be invested in the Plan's qualified default investment alternative ("QDIA") which is a premixed portfolio based on your age at the time of the default investment.

For a Direct Roll-In, send the Alcatel-Lucent Benefits Center:

- Your completed Rollover Contribution Form;
- A Letter of Determination from your previous plan or a copy of the prior plans' Summary Plan Descriptions stating it is a qualified Plan.
- A statement from your previous plan or IRA institution that includes
  - The name of the plan or IRA institution,
  - The total amount of the distribution, and
  - The taxable amount of the distribution.

- A check from the other plan or IRA made payable to "Alcatel-Lucent Savings Plan, FBO (for benefit of): (your name)."

To make a Roll-In Contribution of your distribution from the Alcatel-Lucent Retirement Income Plan, follow the directions provided in your Alcatel-Lucent pension distribution package.

For a 60-day Roll-In, call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to learn the correct procedures for making the Roll-In Contribution.

Call the Alcatel-Lucent Savings Plan Service Center at 1-888-232-4111 to obtain more detailed information about Roll-In Contributions.

# Investing Your Plan Account

## Your Investment Funds

The Plan offers you a choice of investment funds with varying levels of risk and potential for return. You may invest in one or more of the available investment funds in increments of 1%.

Detailed information about the Plan's investment funds is available on Your Benefits Resources™ (<http://resources.hewitt.com/alcatel-lucent>) or by calling the Alcatel-Lucent Benefits Center at 1-888-232-4111 (select the "Retirement and Investments" option).

Investment funds available through the Plan, including the Money Market Fund, are not insured or guaranteed by the FDIC or any other government agency and it is possible to lose money by investing in any of the Plan's investment funds.

Stock markets, especially foreign markets, are volatile and can decline in response to adverse issuer, political, regulatory, market, or economic developments. The stocks of less well-known, small- and mid-sized companies can be more volatile than those of larger companies. Foreign securities and currencies are subject to interest rate, currency exchange rate, economic, and political risks.

In general, the bond market is volatile, and fixed income securities carry interest-rate risk, which means that when interest rates in the market rise there is generally a corresponding decline in the market values of bonds (and vice versa). This effect is generally more pronounced for longer-term bonds. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Credit risk is the risk that the issuer of a bond will not be able to make principal and interest payments when they are due.

## Important Note About Investment Decisions

In general, all contributions allocated to your Plan account will be invested in one or more of those investment funds in accordance with your investment instructions. You control the investment of your Plan account balance among a broad range of investment funds, and therefore the Plan is intended to be covered by Section 404(c) of ERISA and related Department of Labor regulations. After you make your initial investment elections, you may find it helpful to review them periodically. Because the Plan is a "Section 404(c) plan," the Plan's fiduciaries are relieved of liability for any losses that are the direct and necessary result of investment instructions given by you.

## Default Investment Funds

If you do not make an investment election, contributions that you make to the Plan will be invested in one of the investment funds designated as the Plan's Qualified Default Investment Alternatives ("QDIAs"). The Plan's QDIAs constitute the Plan's "qualified default investment alternatives" within the meaning of Section 404(c) (5) of ERISA and regulations thereunder. For information on the Plan's QDIAs, see the Qualified Default Investment Alternatives Notice, distributed annually to you. A copy is also available at <http://resources.hewitt.com/alcatel-lucent> or by contacting the Alcatel-Lucent Benefits Center at 1-888-232-4111.

## Investment Advice and Professional Management Services

The Company cannot give investment advice or manage your Plan account, so the Company has contracted with Aon Hewitt Financial Advisors, LLC ("AFA") to provide personalized, objective investment advice or investment management services for your Plan account. The Plan offers two different services through AFA (in partnership with Financial Engines), which you may choose to use:

- **Online Advice.** If you are confident making investment decisions and you actively adjust your portfolio to stay on track, then Online Advice may be right for you. The Online Advice service takes into account your specific retirement goals to offer you personalized recommendations about how much to save, which funds to choose, and how much to invest in each fund. The cost of this service is already included in the Plan's expenses, so there is no additional cost to you when you use it.
- **Professional Management.** If you want help getting on track and staying there with the option of being highly involved or just occasionally checking in, then Professional Management may be right for you. AFA will provide ongoing monitoring and care of your account—from analyzing your fund choices to selecting a personalized investment mix. Plus, AFA will create your personalized retirement plan, handle the transactions, and update your account to help you stay on track. As part of this service, you'll be able to speak with investment advisors who can answer your questions. There is an additional fee for this service if you enroll. Participants with an address on record outside the United States, its territories or Army Post Office Code AA, AE or AP are not eligible for Professional Management.

For more information, including the applicable fee schedule for Professional Management, contact the Alcatel-Lucent Benefits Center at 1-888-232-4111 and select the "Retirement and Investments" option then the "Investment Advice" option.

## Self-Directed Brokerage Account

In addition to being able to select from the Plan's investment funds, the Plan also offers a self-directed brokerage account offered through Hewitt Financial Services LLC, member FINRA/SIPC.

Please note that you are unable to directly contribute money into a self-directed brokerage account established under the Plan. Instead, you must first contribute money to one or more of the Plan's investment funds and then transfer money out of the investment fund(s) into your self-directed brokerage account.

Also, please be aware that if you transfer money out of one of the Plan's investment funds (other than the Money Market Fund) you will not be able to make a transfer back into that same investment fund for a period of 30 calendar days (see "Frequent Trading Policy").

In addition, if you have a self-directed brokerage account established under the Plan, you must keep a minimum balance of \$500 invested in either one or a combination of the Plan's investment funds.

A self-directed brokerage account may entail greater risk and is not appropriate for everyone. A self-directed brokerage account may be appropriate for you if you are willing to be exposed to additional risk and if you are prepared to take on the additional responsibility of more closely managing and monitoring this portion of your Plan account. Investments available through the self-directed brokerage account are neither reviewed nor monitored by Alcatel-Lucent or the Plan, nor can you receive the Online Advice or Professional Management services offered by the Plan through Aon Hewitt Financial Advisors, LLC with respect to a self-directed brokerage account.

### **Accounting for Your Investments**

Your Plan account statement reflects your ownership in investment funds in "units." Unitization allows the underlying investments to be purchased, exchanged and redeemed on a daily basis with flexibility.

All investment funds in the Plan are valued daily. The price of an investment fund's unit is calculated each day by dividing the value of the investment fund by the number of units outstanding.

The market value of your Plan account is equal to the sum of all the contributions and distributions in your Plan account plus or minus any investment gains or losses. Stated another way, the market value of your Plan account is equal to the number of units of an investment fund(s) that you own times the respective unit price(s).

### **Investment Fund Change for Future Contribution**

You may change your investment elections for future contributions among one or more of the Plan's investment funds on any day. All allocations to investment funds must be in 1% increments.

The change does not affect your existing Plan account balance. To change your investment elections for future contributions:

- Access Your Benefits Resources™, or
- Call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

After you complete your transaction you can view a confirmation of your transaction online at <http://resources.hewitt.com/alcatel-lucent>.

## **Investment Fund Transfer**

You may transfer all or part of your existing Plan account balance between one or more of the Plan's investment funds, or you may transfer a part of your Plan account balance held in the Plan's investment fund(s) to an existing self-directed brokerage account (see "Self-Directed Brokerage Account, which in part provides that at least \$500 must remain invested in one or a combination of the Plan's investment funds), on any Business Day, subject to the frequent trading policy (see "Frequent Trading Policy"). Transfers may be in 1% increments or for a specific dollar amount.

When you make a fund transfer for your existing Plan account balance, it does not affect your investment elections for future contributions to your Plan account.

To transfer existing balances between the Plan's investment funds or your self-directed brokerage account under the Plan:

- Access Your Benefits Resources™, or
- Call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

After you complete your transaction you can view a confirmation of your transaction online at <http://resources.hewitt.com/alcatel-lucent>.

## **Frequent Trading Policy**

The Plan's investment funds are intended for long-term investment purposes and are not managed or intended to serve as short-term trading vehicles. Accordingly, the Plan has safeguards in place to protect participants from the effects of frequent trading. Frequent trading occurs when participants rapidly move their balances into and out of investment funds for short-term gain or to avoid short-term loss. Frequent trading increases the cost of operating an investment fund, which in turn reduces the return to all the fund's participants.

Please note that if you transfer money out of one of the Plan's investment funds, you will be restricted from making a transfer back into that same investment fund for a period of 30 calendar days. This restriction does not apply to transfers out of or back into the Money Market Fund.

Please note that the frequent trading rules, as described above, do not affect your ability to make Loan Repayments, transact In-Service Withdrawals, or continue to allocate employee/employer contributions to any investment fund that you have traded out of within the past 30 days. In other words, your right to redeem is not affected by the frequent trading policy.

If you have any questions regarding the Frequent Trading Policy, go to Your Benefits Resources™, or call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

### **Short-Term Trading Fees**

If you make a fund transfer that results in a sale of units in certain of the Plan's investment funds, a short-term trading fee of 2% of the value of the units redeemed will be assessed on units that were held for less than 31 days. Short-term trading fees are paid to the investment fund to help protect long-term shareholders of the fund from the effects of short-term trading, and to discourage market-timing activity.

Visit the Fund Fact Sheets at: <http://www.benefitanswersplus.com/401kFactSheet.pdf> to identify the specific investment funds that are subject to a short-term trading fee.

### **Possible Suspension Transactions**

Each of the investment fund's investment managers maintain a cash balance (i.e., liquidity) in the investment fund intended to satisfy: 1) daily trading activity of the investment fund, and 2) net Participant fund transfers, loans, in-service withdrawals, and distributions. If, due to unusual Participant or market activity, an investment fund has insufficient liquidity to satisfy 1) or 2) above, fund transfers, loans, in-service withdrawals, and/or distributions may be temporarily suspended.

## Receiving Your ALSP Money

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You are entitled to get money out of the ALSP in a number of ways. If you are an active employee of any Alcatel-Lucent company, you can get your money (1) as a Loan (enabling you to pay the money back into the Plan over time), or (2) as an In-Service Withdrawal (with no ability to pay the money back into the Plan). If you are no longer an active employee of any Alcatel Lucent company, you can get your money (1) as a Loan (enabling you to pay the money back into the Plan over time), or (2) as a Distribution (with no ability to get the money back into the Plan).

There are different tax consequences for taking a Loan, a Withdrawal or a Distribution. You should consider these consequences, among other factors, before deciding how, and when, to get your money out of the Plan.

Lastly, if you die before receiving your entire account, your Beneficiary will receive it.

### Loans

Although the ALSP is designed to help you save money for retirement, you may access the money in your account through the Plan's Loan feature. You may take a Loan if you are an active, terminated or retired employee with a balance in the ALSP. However, you may have no more than one outstanding general Loan and one outstanding home Loan at any one time.

A Loan is not considered a taxable distribution because you repay the borrowed amount, plus interest, to your account under the ALSP on an after-tax basis. However, if you default on your Loan, the outstanding balance is reported to the IRS as taxable income and is subject to taxes. Also, remember that you pay interest on a Loan rather than earning investment return on that money. The potential lost earnings can make a big difference in your account.

Loans are made only in cash. You may elect to receive your Loan as a check or have it deposited directly into your checking account via Electronic Funds Transfer (EFT).

### How Much You Can Borrow

The minimum amount of a Loan is \$1,000. The maximum Loan amount is the lesser of:

- 50% of your Plan account balance, or
- \$50,000 minus your highest outstanding Loan balance during the previous 12 months.

Log on to Your Benefit Resources™ or call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to find out the actual dollar amount you may borrow (see “Important Contacts”).

### **Types of Loans**

There are two types of Loans available under the ALSP — General Loans and Primary Residence Loans. You are permitted to take one General Loan and a Primary Residence Loan at the same time.

### **Applying for a Loan**

To apply for a Loan, you may log on to Your Benefits Resources™ or call the Alcatel-Lucent Benefits Center at 1-888-232-4111. You can apply for a Loan at any time.

When you call or log on, you can model and review various Loan scenarios based on your desired:

- Loan amount,
- Term of your Loan
  - General Loans may be for at least 12 months and up to a maximum of 56 months
  - Primary Residence Loans may be for up to 175 months

### **Receiving a Loan Through Your Benefits Resources™**

When you apply for a Loan online, you have the option to have your Loan directly deposited into your checking account via Electronic Fund Transfer (EFT). Before an EFT can be made, you will need to review and accept the terms of your loan. You will receive a copy of the Federal Truth in Lending Statement via your elected delivery method. Contact the Alcatel-Lucent Benefits Center 1-888-232-4111 if any of the information in these documents is incorrect.

### **Receiving a Loan through the Alcatel-Lucent Benefits Center**

When you decide on the terms of your Loan, the service representative can:

- Confirm your Loan request,
- Verify your available account balance,
- Provide the current Loan interest rate, and
- Process your Loan.

Transactions confirmed before 4:00 p.m. Eastern Time on a Business Day are processed using that day's closing fund prices. If your Loan is confirmed at or after 4:00 p.m. Eastern Time, or on a holiday or weekend, it is processed using the next Business Day's closing fund prices.

Within three to five Business Days after your Loan is processed, the Alcatel-Lucent Benefits Center sends the following to your address of record:

- The check for your Loan, and
- The promissory note and Federal Truth In Lending Statement.

Carefully review the promissory note and the Federal Truth in Lending Disclosure before you sign the check. It is important to do this because when you endorse the check you agree to all the terms of those documents.

If any information on the Federal Truth in Lending Statement is incorrect, call the Alcatel-Lucent Benefits Center at 1-888-232-4111 immediately to report the discrepancy.

Loan amounts are withdrawn from your investments in the order designated by the Savings Plan Administrator at the time the Loan is made. Amounts held in a self-directed brokerage account must be first transferred to another Investment Option before such funds will be available to satisfy a loan request.

### **Interest on Your Loan**

The interest rate on your Loan is determined by the Savings Plan Administrator and is equal to the prime rate as published in *The Wall Street Journal* Eastern Edition in effect as of the 15th day of the month before the month in which the Loan is initiated. The interest rate on your Loan remains fixed throughout the term of your Loan.

### **Repaying a Loan**

If you are an Eligible Employee, you repay your Loan in equal installments over the term of the Loan through after-tax payroll deductions. Based on the terms of your loan, you may take from 12 months to 56 months to repay a General Loan and up to 175 months to repay a Primary Residence Loan. You can pre-pay the full amount of your Loan at any time without penalty. Partial pre-payments are not permitted.

If you are on a non-military unpaid leave of absence, you may continue to repay your Loan via an electronic debit from your bank account or by coupon. Alternatively, Loan payments may be suspended for up to 12 months. Interest will accrue during a leave of absence. If you suspend payments during a leave, upon your return, the term of the Loan will be extended by the length of the leave and the Loan will be re-amortized to include the accrued interest. The full Loan amount must be repaid within five years from the date of the Loan. You will be notified in writing of your new payment amount.

If you are on a military leave of absence, you can continue to repay your Loan via an electronic debit from your bank account or by coupon. During the period you receive differential pay on account of a military leave of absence, Loan repayments will continue to be made from differential pay. Alternatively, Loan payments may be suspended for the full length of a military leave. Interest will accrue during a leave of absence. If you suspend payments during a leave, upon your return, the term of the Loan will be extended by the lesser of (i) the remaining term of the Loan at the time your military leave began, or (ii) the length of your military leave. Your Loan will be re-amortized to include the interest that accrued during your military leave. You will be notified in writing of your new payment amount.

If you are not an Eligible Employee (i.e., you employed by an Alcatel-Lucent company that is not a Participating Company or you are not employed by any Alcatel-Lucent company), you may repay your Loan (or continue to repay your Loan) via an electronic debit from your bank account or by coupon.

If you are an Eligible Employee, the following guidelines apply to Loan repayments:

- Repayments will begin as soon as practicable in the month following the date your Loan check is mailed to you or electronically transferred to your checking account.
- Loan repayments are deducted from your pay each pay period.
- Loan repayments are taken from your pay after federal, state and local taxes are withheld.
- If there are pay periods in which you receive no pay, or your pay is insufficient for your repayment amount, you will be notified in writing of the past-due balance and directed to send payment to the Alcatel-Lucent Benefits Center. If payment is not received within 90 days of the end of the month in which the past-due balance occurred, your Loan will be declared in default.
- Each repayment is applied first as interest on the unpaid principal. The remainder is applied to reduce the unpaid principal.
- All Loan repayments — plus the interest you pay on your Loan — will be credited to your account according to your latest investment elections on file in reverse contribution-type order. If you do not have any elections on file, repayments are invested in the Plan's qualified default investment alternative.

### **Repaying Your Loan Early**

You may repay your Loan in full at any time without penalty. The pre-payment amount must include the outstanding full principal amount and any accrued interest. Partial pre-payments are not permitted.

Your current status determines how your pre-payment is handled:

- If you are an active employee, your pre-payment will be your outstanding Loan balance less the amount of one regular payment, because the final payment will be taken through payroll deduction.
- If you are on a leave of absence, terminated or retired, your pre-payment will be your full outstanding Loan balance.

If you want to pre-pay your Loan:

- Call the Alcatel-Lucent Benefits Center at 1-888-232-4111 or log on to Your Benefits Resources™ to find out the pre-payment amount,
- Return the Early Loan Payoff invoice, along with a certified check, cashier's check or money order made payable to "Alcatel-Lucent Savings Plan", and
- Send it to the Alcatel-Lucent Benefits Center (see "Important Contacts" for the mailing address).

You will be notified via the regular quarterly statement that your Loan has been paid in full.

### **Repaying by Coupon/EFT (Electronic Fund Transfer)**

Generally, you repay a Loan by payroll deductions. However, you may make monthly payments by coupon or through automatic EFT from your checking account if you are:

- On an unpaid leave of absence,
- Receiving Workers' Compensation,
- Terminated,
- Retired, or
- Separated from service with a Participating Company due to an assignment to a non-participating company, or an entity that is not a Company affiliate.

Information on how to continue to make monthly Loan repayments, including electronic Loan repayment information, will be provided to you by the Alcatel-Lucent Benefits Center within three weeks of your change in status. If you do not elect the electronic

repayment option, the Alcatel-Lucent Benefits Center will send you a Loan coupon book with instructions. Coupon repayments must be made by certified check, cashier's check or money order each month and must be accompanied by the appropriate Loan coupon. Failure to include the coupon with your Loan payment may result in the default of your loan.

### **One-time Electronic Loan Repayment Option**

Participants who incur a Severance from Employment may pay off their Loan in a lump sum either by writing a check for the full amount or by using electronic funds transfer. Contact the Alcatel-Lucent Benefits Center at 1-888-232-4111 for more information.

### **Renegotiating Your Loan**

Generally, if you are employed by the Company, you may renegotiate or change the initial terms of your Loan after you receive the money *only* if your compensation is reduced due to a:

- demotion, or
- Short term disability.

To renegotiate your Loan, call the Alcatel-Lucent Benefits Center at 1-888-232-4111. An Alcatel-Lucent Benefits Center representative will verify the circumstances for your renegotiation and contact you with details about your renegotiated Loan. You cannot renegotiate an outstanding Loan more than once a year.

The maximum term of your renegotiated Loan cannot exceed 56 months from your original Loan date for a general Loan or 175 months from your original Loan date for a home Loan.

### **Defaulting on Your Loan**

Your Loan will be considered delinquent if you fail to make a monthly payment, unless you are on a military leave of absence or approved unpaid leave of absence that lasts less than 12 months (see "Employment Status and Other changes and Their Effect on ALSP Participation"/ "If You Take a Leave of Absence"). You will receive written notification that your Loan will be defaulted unless payment is made within 90 days.

Your Loan will also go into default if:

- You do not make payments for three months or more (full repayment of your outstanding balance must be received by the scheduled default date ),
- You do not repay your Loan within the lesser of your loan term, or 56 months from the original Loan date for a general Loan or 175 months from your original Loan date for a home Loan.

If your Loan is in threat of default, the Alcatel-Lucent Benefits Center will notify you of the outstanding Loan amount due, the date by which it must be paid and where to send the payment. If you default on a Loan, the unpaid balance plus the interest accrued through the date of the default will be reported to the IRS as a distribution from the Plan and will be subject to taxes. Also, if you are under age 59½, you may have to pay a 10% penalty tax on the taxable portion, in addition to federal income tax.

### **In-Service Withdrawals (Withdrawals During Employment)**

The ALSP allows the following types of In-Service Withdrawals while you are employed by the Company to help you meet immediate financial needs:

- Age 59½ In-Service Withdrawals;
- Non-hardship, In-Service Withdrawals, less than age 59½ ; and
- Hardship withdrawals.

The amount you may withdraw from your Plan account is subject to Plan and IRS rules as described below. All In-Service Withdrawals are made on a pro-rata basis on the investment funds that your account is invested in. If you intend to take an in-service withdrawal from funds held in your self-directed brokerage account, you will need to liquidate that portion of your self-directed brokerage account in order to effectuate the withdrawal.

### **If You Are Age 59½**

#### **In-Service Withdrawals**

- If you are at least age 59½, you may withdraw either a portion of your account balance or your entire account balance.
- You may take an unlimited number of withdrawals in a Plan Year.
- The minimum In-Service Withdrawal amount allowed by the Plan or the amount of your account balance available for In-Service Withdrawal, whichever is less.

Your contributions continue unless you elect to stop them.

### **If You Are Under Age 59½**

#### **Non-hardship In-Service Withdrawals**

- If you are under age 59½, you may take a non-hardship In-Service Withdrawal.
- You may take an unlimited number of non-hardship, In-Service Withdrawals in a Plan Year.
- The minimum dollar amount of any In-Service Withdrawal is dependent upon both the types of contribution that you have made to the Plan, e.g., pre-tax

contributions, after-tax contributions and amounts rolled into the Plan, and your total account balance. Please note that your account balance available for an in-service withdrawal in many cases will be less than your total account balance as not all types of contributions will necessarily be available for withdrawal at a given time. For example, Pre-tax contributions are not eligible for an In-Service withdrawal. Also, After-tax contributions that were subject to a Matching Contribution (prior to the stoppage of Matching Contributions) are not eligible for an In-Service withdrawal until those contributions are at least 24 months old.

- Your non-hardship In-Service Withdrawal will be made from your account.

Notwithstanding anything above, a Participant who takes an in-service distribution while on Qualified Military Service shall be suspended from making any additional deferrals to the Plan, either from Military Differential Pay or Regular Pay for a period of six (6) months from the date of the in-service distribution. After the completion of the six (6) month suspension the Participant must affirmatively restart their deferrals in the manner proscribed by the Plan.

### **Hardship Withdrawals**

If you are under age 59½ years and have not incurred a Severance from Employment, you may withdraw Pre-tax Contributions, pre-1989 earnings on such contributions and Catch-up Contributions *only* under the following circumstances:

- You or if applicable, your designated Beneficiary must have an immediate and heavy financial need that cannot be met by other financial resources, including a Loan or a non-hardship In-Service Withdrawal, (you must exhaust these other resources before you can take a hardship withdrawal), and
- Your immediate and heavy financial need is to:
  - Pay expenses for medical care that would be deductible under Section 213(d) of the Code (without regard to whether the expenses exceed the 7.5% adjusted gross income), for you, your Lawful Spouse, your children or your dependents (as defined in Section 152 of the Code), or to pay such medical expenses for your designated Beneficiary,
  - Construct your principal residence
  - Purchase your principal residence (not including mortgage payments),
  - Pay tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-secondary education for you, your Lawful Spouse, your children or your dependents (as defined in Section 152 of the Code), or to pay such expenses for your designated Beneficiary,
  - Prevent foreclosure on, or eviction from, your principal residence,

- Repair damage to your principal residence that would qualify for a casualty loss deduction under Section 165 of the Code (without regard to whether the loss exceed 10% of adjusted gross income),
  - Pay extraordinary legal expenses, or
  - Pay for funeral expenses for your Lawful Spouse, parent, child or dependent (as defined in Section 152 of the Code), or to pay for funeral expenses for your designated Beneficiary.
- You cannot withdraw your Pre-tax Contributions that exceed the amount of your hardship need plus the amount for applicable income tax withholding.
  - You must withdraw only in cash.
  - Your self-directed brokerage account may be liquidated to effectuate such withdrawal.
  - Your contributions are suspended for at least six (6) months when you make a hardship withdrawal. After the completion of the six (6) month suspension, your contributions will resume automatically, at the same percentage you elected prior to your hardship withdrawal. Payroll deductions will be restarted as soon as administratively possible on a going forward basis only.

Your hardship withdrawal will be made from the Pre-tax contributions in your account.

### **Requesting an In-Service Withdrawal**

Before you request any type of In-Service Withdrawal from your Plan account and regardless of your age, consider the tax consequences. Since tax laws are complex, you also may want to consult a professional tax advisor before you make an In-Service Withdrawal. If you decide to request the In-Service Withdrawal, you may log on to Your Benefits Resources™ or call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

### **In-Service Withdrawal Requests**

Log on to Your Benefits Resources™ or call the Alcatel-Lucent Benefits Center to determine the amount available for a non-hardship Withdrawal. Generally, within seven Business Days after your request is approved and processed, the Alcatel-Lucent Benefits Center sends you:

- Your In-Service Withdrawal check (If you elect EFT, the Alcatel-Lucent Benefits Center will process the automatic deposit into your checking, or savings account.), and
- A distribution statement

## **Hardship Withdrawal Request**

To request a hardship withdrawal, log onto Your Benefits Resources or call the Alcatel-Lucent Benefits Center at 1-888-232-4111 and speak with a service representative. The representative will ask you:

- The specific reason for your hardship withdrawal, and
- The dollar amount you would like to withdraw.

If the representative determines your request meets the general requirements for a hardship withdrawal, he or she will mail you a Hardship Withdrawal Application to complete. You will also be required to submit:

- Proof of the hardship event, such as doctor or hospital bills, a home purchase contract or tuition bills, and
- Documentation of the amount necessary to satisfy the hardship.

You must send your completed application, proof of the hardship event and documentation of the amount needed to the Alcatel-Lucent Benefits Center within 30 days of your initial request for the hardship withdrawal. If the Alcatel-Lucent Benefits Center does not receive your paperwork within the required time frame, your request will be canceled and you will need to initiate the process again.

The Alcatel-Lucent Benefits Center reviews all applications for hardship withdrawals.

- If your application is approved, the Alcatel-Lucent Benefits Center will send you your check within five to seven Business Days after the approval date.
- If your request is denied, you will be notified in writing. However, you may appeal the decision as described under "Claim and Appeal Procedures."

## **Taxes on Your In-Service Withdrawal**

You will have to pay ordinary income tax on the taxable portion of any withdrawal. Also, you may have to pay an additional 10% penalty tax on your entire taxable withdrawal if it occurs before you reach age 59½ (see "Tax Information").

## **Distribution of Your Account after a Severance from Employment**

### **How You May Receive Your Distribution**

If you incur a Severance from Employment and your account balance is \$1,000 or less, your account balance will be automatically distributed to you in a lump sum if you do not elect a direct Rollover.

If you incur a Severance from Employment and your account balance is greater than \$1,000 but \$5,000 or less, your account balance will be automatically rolled over for you

into an individual retirement account designated by the Savings Plan Administrator, unless you elect a direct Rollover or request a distribution.

If you incur a Severance from Employment and your account balance is more than \$5,000, you may elect:

- A lump sum payment of the full value of your Plan account, or,
- Discretionary partial distributions, which allows you to request an unlimited number of partial distributions from your account balance in the minimum amount for partial distributions allowed by the Plan or your remaining balance, whichever is less.
- If you choose a partial distribution, your funds will be withdrawn pro rata from each investment option.

Payment may be made to you, or you may elect to have all or part of your Eligible Rollover Distribution paid as a direct Rollover to a Traditional IRA or an Eligible Employer Plan that accepts rollovers.

Please note that a rollover as described in the above section cannot be performed if you have a foreign address on file.

### **Requesting a Distribution After a Severance from Employment**

You can request your distribution after the date on which you incur a Severance from Employment.

If you are entitled to receive a distribution, the Alcatel-Lucent Benefits Center will send you a distribution package.

The distribution package includes a copy of:

- A notice that describes the payment options available to you, and
- A "Payment Rights Notice," which includes a special federal tax notice regarding Plan payments).

It is important that you familiarize yourself with the Payment Rights Notice found on Your Benefits Resources, or by calling the Alcatel-Lucent Benefits Center at 1-888-232-4111 so that you fully understand your distribution options and the impact they may have on your finances and taxes. Since tax laws are complex, you also may want to consult a professional tax advisor before requesting a distribution.

When you are ready to request a distribution, log on to Your Benefits Resources or call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to speak with a service representative.

### **Deferring a Distribution**

If your account balance is more than \$5,000, you may defer distribution of your Plan account. However, you must begin receiving it when you reach age 70½. If you defer distribution, your account will remain invested in the investment funds you had selected as an active Participant until you elect to make fund transfers. You may continue to transfer your account balance among the Plan's investment funds the same as when you were an active employee.

### **When Payments Must Begin**

As long as you are an active employee, you can receive payment of your account as provided under the Plan's Loan and In-Service Withdrawal provisions. However, you must start receiving annual distributions, known as required minimum distributions (RMDs) from the ALSP by April 1 of the calendar year following the calendar year in which you reach age 70½ or terminate, whichever is later.

If you die before RMD payments have begun, benefits must generally be paid in full to your Beneficiary within five years. However, if your Beneficiary is your Lawful Spouse, distribution may be deferred until the later of:

- December 31 of the year following your date of death, or
- December 31 of the year in which you would have reached age 70½.

If you die after age 70½ and RMD payments have begun, benefits must be paid to your Beneficiary (or Beneficiaries) at least as rapidly as benefits were being paid to you.

Your RMD amount will be calculated by dividing the market value of your account as of December 31 of the previous year by the applicable life expectancy factors taken from tables provided by the IRS.

IRS regulations require that any distribution taken in a year for which a required minimum distribution is necessary must be treated as an RMD, until the required amount has been received.

Prior to the date your initial RMD payment is required to be paid, you will receive a letter from Aon Hewitt describing the RMD process. Enclosed will be information about the calculated amount of your RMD as well as the data used to calculate the amount.

## Tax Information

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A major advantage of the ALSP is that you will defer income taxes on your Pre-tax Contributions, Catch-up Contributions, Roll-In Contributions and all investment earnings while that money is in the ALSP. However, you must pay taxes on that money when you receive an In-Service Withdrawal or distribution from the ALSP.

Remember, you will not owe any taxes on your After-tax Contributions since you already paid taxes on them before they were contributed to the ALSP. However, you will owe taxes on the investment earnings on your After-tax Contributions.

If the distribution qualifies as a Lump Sum Distribution, it may be eligible for special tax treatment (see "Special Tax Treatment for Lump Sum Distributions").

Depending on where you live, you also may owe state and local taxes on your distribution.

Tax laws are complex and change from time to time. You may wish to consult a tax professional for specific advice about your personal financial situation before you withdraw money from the ALSP or take a distribution. The information in this section provides only general tax information. The Company cannot give tax advice.

Also, before you request an In-Service Withdrawal or distribution from the ALSP, you should review the Payment Rights Notice that can be found on Your Benefits Resources. Copies also are available on request from the Alcatel-Lucent Benefits Center. Additional tax information can be found in IRS publications (see "IRS Publications").

### **Mandatory Withholding**

The Plan is required by law to withhold 20% of the taxable portion of your rollover-eligible distribution, unless you elect a direct Rollover to a Traditional IRA or an Eligible Employer Plan. The 20% withholding from your distribution is sent to the IRS as federal income tax withholding to be credited against your taxes.

Please see "Rollovers" for information about how you can avoid the 20% withholding.

A 10% mandatory tax may be withheld for other distributions (i.e., Hardship, Required Minimum Distributions, etc.)

## **Additional 10% Tax if You are Under Age 59½**

If you receive a distribution from the ALSP before you reach age 59½ you may have to pay an additional 10% tax on the taxable portion of your payment. This tax is in addition to any other federal, state or local taxes you may owe on your distribution, and is not offset by the mandatory 20% federal income tax withholding.

The additional 10% tax does not apply if the distribution is:

- Paid to you after you attain age 59½,
- Rolled over into a Traditional IRA or an Eligible Employer Plan,
- Paid to you because you terminated employment with a Participating Company during or after the year you reach age 55,
- Paid to you in equal (or almost equal) payments over your life or life expectancy,
- Used to pay certain medical expenses,
- Paid to your Beneficiary or estate after your death,
- Paid to an Alternate Payee pursuant to a QDRO,
- Paid to you because you retire due to disability, or
- Paid to you after being called to active military duty.

Please see "Rollovers" for information about how you can avoid the 20% withholding and additional 10% tax and continue to defer income taxes.

## **Special Tax Treatment for Lump Sum Distributions**

A Lump Sum Distribution is a payment of your entire Plan account balance after you incur a Severance from Employment.

## **Rollover Distributions from the ALSP**

You can avoid the mandatory 20% federal income tax withholding and, if you are under age 59½, the additional 10% tax, if you elect to make a direct Rollover to a Traditional IRA or an Eligible Employer Plan. Taxes are deferred on the portion you roll over until you receive a payment from the Traditional IRA or other Eligible Employer Plan. The Plan does not permit rollovers to Roth IRAs.

If you do not elect to have your distribution directly rolled over to an Eligible Employer Plan or to a Traditional IRA, you may roll over all or part of an Eligible Rollover Distribution that is paid to you if you do so within 60 days after you receive the

payment. However, there may be tax consequences associated with the rollover if payment is made to you first.

### **Amount Eligible for Rollover**

Generally, a complete or partial distribution from the ALSP qualifies as an Eligible Rollover Distribution unless it is:

- Part of a series of equal or almost equal payments that are made at least once a year and that will last for your lifetime or your life expectancy, or for your lifetime and your Beneficiary's life expectancy (or a period measured by your joint life expectancies), or a period of ten years or more,
- A minimum required distribution,
- A hardship distribution,
- A Loan treated as a distribution because of a default, or
- A corrective distribution.

### **Direct Rollover**

With a direct Rollover, the funds are transferred directly from the ALSP to a Traditional IRA or an Eligible Employer Plan that accepts rollovers. The amount you roll over is not taxed in the current year and no federal income tax is withheld. In addition, you continue to defer taxes on the rolled over amount until you take the money out of the other Eligible Employer Plan or Traditional IRA.

To request a direct Rollover, log on to Your Benefits Resources™ or call the Alcatel-Lucent Benefits Center at 1-888-232-4111 and speak with a service representative.

### **Rollover of Funds Paid to You**

If the distribution from the ALSP is payable to you, you still may roll over all or part of an Eligible Rollover Distribution to a Traditional IRA or an Eligible Employer Plan that accepts rollovers. You must do so within 60 days of receiving the payment. However, when payment is made to you first, the taxable portion that is an Eligible Rollover Distribution is subject to mandatory 20% federal income tax withholding, which is taken at the time of distribution.

If you want to roll over 100% of the taxable portion of the Eligible Rollover Distribution, you must find other money to replace the 20% tax that was withheld at distribution. If you only roll over the 80% of the taxable portion you actually received, the other 20% will be treated as a taxable distribution in the year you receive it.

The amount you roll over will not be taxed until you take it out of the other Eligible Employer Plan or Traditional IRA.

## Employment Status and Other Changes and Their Effect on ALSP Participation

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There are a number of life- and work-related events that may have an impact on your participation in the ALSP. This section describes how these different events are treated under the ALSP.

### **If You Change Your Employment Status**

If you are no longer an Eligible Employee due to an employment status change, your contributions stop on the date your status change occurs. If you become eligible to participate in the LTSSP due to your status change, you can enroll in that plan. To do so, log on to Your Benefits Resources or call the Alcatel-Lucent Benefits Center at 1-888-232-4111. Your balance in the ALSP will be transferred to the LTSSP in accordance with procedures for transfer effective at the time of the transfer.

### **If You Transfer to the ALSP from the LTSSP**

If as a result of a status change you become an Eligible Employee and are no longer eligible to participate in the LTSSP, you can elect to make contributions to the ALSP. Your balance in LTSSP will be transferred to the ALSP in accordance with procedures for transfer effective at the time of the transfer.

### **If Your Employment Terminates**

You are eligible to receive a distribution from your Plan account if you retire, incur a Severance from Employment or die. You or your Beneficiary will receive the full value of your account. Alternatively, if your account balance is \$5,000 or more, you or your Beneficiary may elect to keep your money in the ALSP until you are required to take a RMD. Each year, an annual review of accounts is conducted. If at the time of the review your vested account balance is equal to or less than \$1,000, it will automatically be distributed to you. If at the time of the review your balance is greater than \$1,000 but less than \$5,000, and you have not elected a distribution, your account will automatically be rolled into an Individual Retirement Account (IRA) selected by the Savings Plan Administrator. Your distribution options and the effect that your termination or death has on your outstanding Loan are described above.

Please note that a rollover as described in the above section cannot be performed if you have a foreign address on file.

## **If You Transfer**

If you transfer to another Participating Company, it will not affect your participation in the ALSP.

If you transfer to an affiliated company that is not a Participating Company, your contributions will stop. However, you are still considered an active employee and you may not take a distribution from your account. You may continue to make changes in your investment choices, request a Loan and perform all other transactions available to active Participants through Your Benefits Resources or the Alcatel-Lucent Benefits Center at 1-888-232-4111.

## **If You Become Disabled**

Your ALSP participation may be affected if you:

- Are absent due to a disability, or
- Separate from service due to a Permanent Disability.

If you are absent due to a disability, your contributions continue while you are receiving benefits under the Company's Short Term Disability Benefits Plan.

You may stop, start or change the amount or investment of your contributions at any time while receiving disability benefits or when you return to work.

No contributions will be withheld from amounts paid to you as Workers' Compensation.

## **If You Take a Leave of Absence**

During an unpaid, approved leave of absence (other than a military leave of absence):

- Your contributions are suspended (see subsection entitled "Resuming Contributions upon Return to Active Employment").
- You cannot take a Loan from your Plan account. However, you may make all other transactions available to active Participants.
- If you have an outstanding Loan, you can continue to repay your Loan via an electronic debit from your bank account or by coupon. Alternatively, Loan payments can be suspended for up to 12 months. If you are scheduled to be on a leave of absence for more than 12 months and fail to make a required payment on your Loan, you must repay the missed amount within 90 days of the original due date. You will be notified in writing of your past due balance and directed to send payments to the Alcatel-Lucent Benefits Center. If payment is not received by the due date, the Loan will be declared in default.
- When a Loan is declared in default, the outstanding principal balance, plus the interest accrued through the date of default, will be treated as a distribution from

the ALSP. Therefore, if you default on a Loan, the unpaid Loan balance will be considered a taxable event in the year of default and will be reported to the IRS.

- If your loan repayments are suspended for 12 months or less during your leave of absence, upon your return from the leave of absence, the term of the Loan will be extended by the length of the leave (up to a maximum of five years from the original start date) and the Loan will be re-amortized to include the accrued interest. You will be notified in writing of your new payment amount.

### **Resuming Contributions upon Return to Active Employment**

Payroll deductions will not be automatically restarted upon your return from an unpaid leave of absence.

If you would like your ALSP contributions to restart, you will need log on to Your Benefits Resources or call the Alcatel-Lucent Benefits Center at 1-888-232-4111 and change your contribution election. Deductions will be restarted as soon as administratively possible on a going forward basis only.

### **Upon Return from a Military Leave of Absence**

To be eligible for make-up contributions, you must apply for re-employment with a Participating Company within the period specified below.

| <b>If Military Service is:</b> | <b>Then the Employee Must:</b>                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 - 30 days                    | Report to work by the beginning of the first regularly scheduled workday after completing military service and an 8-hour rest period following arrival at home.<br><br>Example: The military releases an employee at 5 P.M. on a Sunday. The employee arrives home at 8 A.M. on Monday. The employee's regular schedule is 8 A.M. to 5 P.M. In this case, the employee would report to work at 8 A.M. on Tuesday. |
| 31 – 180 days                  | Apply for re-employment within 14 days after the date your military service ends                                                                                                                                                                                                                                                                                                                                  |
| More than 180 days             | Apply for re-employment within 90 days after the date your military service ends                                                                                                                                                                                                                                                                                                                                  |

- If you are a Participant in the ALSP when you start U.S. military service, including service in the National Guard, you may apply to be re-employed by a Participating Company within specific time limits after your military service ends (see above).

Upon your reemployment, you will be able to make contributions to the ALSP for the period of your military service. These are called "make-up contributions".

- Any make-up contributions you make may not exceed the amount you otherwise would have been allowed to make to the ALSP, assuming you were continuously employed by the Company during your military service. Any make-up contributions must be made within five years after the date of your reemployment with a Participating Company. However, if your military service lasted less than 1<sup>2/3</sup> years, make-up contributions must be made within a period equaling three times the length of your military service, starting on your date of reemployment with a Participating Company.

You generally will not be eligible for make-up contributions if your military service lasts for more than five years. See "Important Contacts" for details on whom to contact for more information.

## **If You Die**

If you die, your Beneficiary(ies) may receive your total account balance or leave it in the ALSP until it is required to be distributed. Your Beneficiary(ies) must contact the Alcatel-Lucent Benefits Center at 1-888-232-4111 to notify the Company of your death. Your Beneficiary(ies) will be contacted by and requested to provide certain legal documentation. Once complete documentation has been received, the Alcatel-Lucent Benefits Center will open an account for your beneficiary(ies). If your death occurs before RMD payments have begun, benefits generally must be paid in full to your Beneficiary within five years. However, if your Beneficiary is your Lawful Spouse, distribution can be deferred until the later of:

- December 31 of the year after your date of death
- December 31 of the year in which you would have reached age 70½.

Your surviving Lawful Spouse can elect a direct Rollover of a Lump Sum Distribution to a Traditional IRA or an Eligible Employer Plan. A Beneficiary other than your Lawful Spouse may elect a direct Rollover of a Lump Sum Distribution to a Traditional IRA only.

If you die after RMD payments (see "RMD Rules") have begun, benefits must be paid to your Beneficiary (or Beneficiaries) at least as rapidly as benefits were being paid to you.

Tax considerations may apply to distributions to Beneficiaries. You should consider speaking with a professional tax advisor regarding your individual situation. Also see "Special Federal Tax Notice Regarding Plan Payments" for important tax information regarding these distributions.

## Terms You Should Know

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There are several words and phrases that have specific meanings under the ALSP. This section explains those terms so you can better understand your benefits. These terms are capitalized when they appear in this SPD.

**After-tax Contributions:** contributions you make to the ALSP after applicable federal, state and local income taxes are withheld from your pay.

**Alcatel-Lucent Benefits Center:** the contact for information about the ALSP, to enroll and to initiate transactions for your account. To reach the Alcatel-Lucent Benefits Center call 1-888-232-4111 from inside the United States. To reach a Benefits Center representative from outside of the United States, call 1-212-444-0994. Alcatel-Lucent Benefits Center representatives are available any Business Day from 9:00 a.m. to 5:00 p.m., Eastern Time. Your Benefits Resources™ (<http://resources.hewitt.com/alcatel-lucent>) and the VRS are available 24 hours a day, 7 days a week except when the system is down for maintenance.

**Alcatel-Lucent 401(k) Committee:** the committee appointed by the Company to oversee the administration of the Plan.

**Alcatel RSP:** the Alcatel USA, Inc. Retirement Savings Plan, which was merged into the ALSP as of January 1, 2008.

**Alternate Payee:** a spouse or former spouse, child, or other dependent of a Participant who is recognized by a Qualified Domestic Relations Order (QDRO) as entitled to ALSP benefits.

**Beneficiary:** a person, persons or organization(s) designated by you to receive your remaining account balance after your death.

**Business Day(s):** any day the New York Stock Exchange is open for business.

**Catch-up Contributions:** the additional Pre-tax Contributions that Participants age 50 and older may make each year greater any limits imposed by the IRS or by the ALSP; provided, however, that the Catch-up Contributions do not exceed the maximum amount allowed by law.

**Code:** the Internal Revenue Code of 1986, as amended.

**Company:** Alcatel-Lucent USA Inc.

**Company Matching Contributions:** Effective as of December 31, 2013 at 11:59 p.m. Eastern Standard Time, the Company stopped providing Company Matching Contributions under the Plan. However, previous Company Matching Contributions that were made to Participants will continue to be kept separately as discussed in the "Your Plan Account" section. Immediately prior to December 31, 2013 at 11:59 P.M. Eastern Standard time, "Company Matching Contributions" were defined as contributions the Company made to your account based on your Matched Contributions. The amount the Company contributed on your behalf based on your Matched Contributions is \$1 for every \$1 of your Matched Contributions, up to the first 6% of your Eligible Compensation.

**Differential Pay:** The term "differential pay" means any payment the employer makes to an individual who is on active duty in the uniformed services of the United States of America (as defined in chapter 43 of title 38, United States Code) for more than 30 days that represents the difference between their military pay and the wages the individual would have received had he/she not been on active duty with the military.

**Direct Roll-In:** an amount you have transferred to the ALSP from an Eligible Employer Plan or from a Traditional individual retirement account (IRA). With a Direct Roll-In, no tax withholding is required from your distribution from that plan or Traditional IRA.

**Eligible Compensation:** your base salary (prior to reductions of pay for contributions to the ALSP and to the Company's cafeteria plan for welfare benefit coverage). Eligible Compensation also includes differential pay on account of a military leave.

**Eligible Employee:** an active employee of a Participating Company. The following individuals are not treated as employees eligible to participate in the ALSP: (1) employees covered by a collective bargaining agreement, which does not provide for participation in the Plan, (2) employees who are not paid from the U.S. payroll of a Participating Company, (3) employees who are employed by an independent company (such as an employment agency), (4) employees whose services are rendered pursuant to a written agreement excluding participation in benefit plans, (5) employees who are Leased Employees, (6) interns or (7) co-op participants.

**Eligible Employer Plan:** a plan qualified under section 401(a) of the Code, including a 401(k) plan, a profit-sharing plan, a defined benefit plan, a stock bonus plan, and a money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

**Eligible Rollover Distribution:** the portion of an ALSP payment that can be rolled over into a Traditional IRA or Eligible Employer Plan that accepts rollovers. A partial distribution or full distribution of your Plan account after Severance from Employment

generally qualifies as an Eligible Rollover Distribution unless it is part of a series of equal or almost equal payments that are made at least once a year and that will last for:

- Your lifetime or your life expectancy, or your lifetime and your Beneficiary's lifetime, or
- A period of 10 years or more.

Hardship withdrawals are not Eligible Rollover Distributions. In addition, After-tax Contributions may not be rolled over into a governmental 457 plan or any other plan that refuses to accept them.

**ERISA:** the Employee Retirement Income Security Act of 1974, as amended.

**Highly Compensated Employee:** generally, an employee whose earnings exceed a specific dollar amount established by the IRS and who was among the "top-paid" group of employees for the preceding year. This dollar amount is adjusted periodically for cost of living increases. In 2014, you are considered to be a Highly Compensated Employee if you earned more than \$115,000 in 2013. The "top-paid" group is the top 20% of employees, ranked by compensation.

**In-Service Withdrawal:** a distribution, other than a Loan, of less than your entire Plan account while you are actively employed by a Participating Company.

**IRA (Individual Retirement Account) or Traditional IRA:** an IRA as described in Section 408(a) of the Code or an Individual Retirement Annuity as described in Section 408(b) of the Code. It does not mean a Roth IRA as described in Section 408A of the Code.

**IRS:** Internal Revenue Service.

**Lawful Spouse:** the person to whom you are lawfully married. Your Lawful Spouse can be a person of the same sex if you and such other person were lawfully married in a jurisdiction that recognizes same-sex marriage (even if you or your spouse reside in a state or other jurisdiction that does not recognize such same-sex marriages). Note: The term Lawful Spouse does not include individuals (whether of the same or opposite sex) who have entered into a registered domestic partnership, a civil union, or other similar formal relationship recognized under state or other law that is not denominated as a "marriage."

**Loan:** an amount you borrow from your Plan account.

**LTSSP or Lucent Technologies Inc. Long Term Savings and Security Plan:** a defined contribution retirement plan for certain eligible employees, as defined in the LTSSP.

**Lump Sum Distribution:** a distribution of your entire Plan account balance made after you incur a Severance from Employment, or made to your Beneficiary after you die.

**Matched Contributions:** effective as of December 31, 2013 at 11:59 p.m. Eastern Standard Time, the Company stopped providing Company Matching Contributions under the Plan and, consequently, Matched Contributions also ceased at such time. However, previous Matched Contributions that were made to Participants will continue to be kept separately as discussed in the "Your Plan Account" section. Immediately prior to December 31, 2013 at 11:59 P.M., "Matched Contributions" were defined as After-tax Contributions, Pre-tax Contributions or Catch-up Contributions up to the first 6% of your Eligible Compensation.

**Participant:** an Eligible Employee who has enrolled in the ALSP.

**Participating Company:** the Company, Alcatel-Lucent Investment Management Corporation, LGS Innovations LLC ("LGS"), and LGS Innovations International Inc. Note: Upon the closing of the sale of LGS to Madison Dearborn Partners/CoVant, each of LGS and LGS Innovations LLC will no longer be a Participating Company.

**Pension Service Center (PSC):** the contact for information and transactions for the Company's pension plans. Call 1-866-429-5764 to speak with a service representative. International employees can call 904-791-2147 collect to speak with a service representative.

**Period of Service:** the period of time beginning with the date you start work and ending on the date you quit, retire, are discharged or die, or the first anniversary of the date of your absence for any other reason. If you are reemployed within 12 consecutive months after you quit, retire, or were discharged, the period you were gone will be included as part of your Period of Service. If you were participant in the Alcatel RSP on December 31, 2007, all your service completed as a participant in the Alcatel RSP will count as completed service under the ALSP. Special service-crediting rules may apply. Contact the Alcatel-Lucent Benefits Center for more information.

**Permanent Disability:** a state of physical or mental incapacity of a Participant such that, in the opinion of the 401(k) Committee or its delegate, based upon a medical certificate from a physician or physicians satisfactory to the committee or its delegate, such Participant, by reason of injury, illness, or disease, is unable to fulfill the requirements of his or her last position with the Company or its Affiliates and such inability will be permanent and continuous during the remainder of his or her life.

**Plan Year:** the calendar year.

**Pre-tax Contributions:** contributions you make to the ALSP that are withheld from your Eligible Compensation before federal income taxes, and in some cases, state and local income taxes are applied. Social Security taxes are deducted from your total amount of Eligible Compensation, including the portion of which you elect to defer to the ALSP as Pre-tax Contributions.

**Qualified Default Investment Alternative (QDIA):** the investment funds designated under the Plan for investment of contributions made by you or on your behalf to the Plan for which you have not provided investment direction. For information on the Plan's QDIA, see the Qualified Default Investment Alternatives Notice, distributed annually to you. A copy is also available at <http://resources.hewitt.com/alcatel-lucent> or by contacting the Alcatel-Lucent Benefits Center at 1-888-232-4111.

**Qualified Domestic Relations Order (QDRO):** a decree, judgment or court order, usually in connection with a divorce or legal settlement, that has been determined by the Savings Plan Administrator to be qualified under the Code and that requires part or all of your Plan account balance to be paid to meet a property settlement agreement, alimony, or child or dependent support payments.

**Qualified Military Service:** any service in the uniformed services of the United States of America (as defined in chapter 43 of title 38, United States Code) by any individual if such individual is entitled to reemployment rights upon their return after the completion of such service.

**RMD:** the annual minimum required distributions of your account that must be made to you by April 1 of the calendar year following the calendar year in which you reach age 70½ or terminate, whichever is later.

**Roll-In Contributions:** a distribution that you deposited in the ALSP, which you received from an Eligible Employer Plan or Traditional IRA, or as the surviving Lawful Spouse of a participant in an Eligible Employer Plan or Traditional IRA.

**Rollover:** a payment of all or part of your Eligible Rollover Distribution from the ALSP to a Traditional IRA or an Eligible Employer Plan that accepts rollovers.

**Savings Plan Administrator:** the Company. The Company may delegate its responsibilities for the administration of the ALSP to others and employ others to carry out or render advice with respect to its responsibilities under the ALSP, including discretionary authority to interpret and construe the terms of the ALSP, to direct disbursements and to determine eligibility for ALSP benefits.

**Severance from Employment:** your cessation of employment with the Company and each entity under "common control" with the Company (generally, all Company affiliates).

**60-Day Roll-In:** an amount you have received from a qualified retirement plan or from a Conduit IRA that you contribute to the ALSP. You must roll in the money within 60 days of receiving the payment.

**Traditional IRA:** an individual retirement account that is not a Roth IRA, a simple IRA or a Coverdell Education Savings Account (formerly known as an education IRA). A Traditional IRA may also include a "conduit" IRA, established to hold rollovers from other employer's qualified plans.

**Trustee:** the independent bank retained by the Plan to hold custody of the underlying investments in each investment option.

**Unmatched Contributions:** Effective as of December 31, 2013 at 11:59 p.m. Eastern Standard Time the Company stopped providing Company Matching Contributions under the Plan and, consequently, contributions referred to as "Unmatched Contributions" also ceased at such time. However, previous Unmatched Contributions that were made to Participants will continue to be kept separately as discussed in the "Your Plan Account" section. Immediately prior to December 31, 2013 at 11:59 P.M., "Unmatched Contributions" were defined as those contributions in excess of the first 6% of your Eligible Compensation.

**Vested:** your ownership of your Plan account.

**VRS:** Voice Response System. (See "Alcatel-Lucent Benefits Center").

**Your Benefits Resources™ or YBR:** a website that provides you with the information about your Plan account. The URL for Your Benefits Resources™ is <http://resources.hewitt.com/alcatel-lucent>.

## Other Important Information

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### **Vesting and Forfeitures**

Vesting refers to your ownership of the funds in your Plan account. You are always fully vested in your Pre-tax Contributions, Catch-up Contributions and After-tax Contributions.

If you are an active employee of a Participating Company on or after January 1, 2010, you are always 100% Vested in your entire Plan account balance.

If you participated in the ALSP before January 1, 2010 and terminated employment from a participating company before that date, certain vesting rules might apply to amounts credited to your Company Matching Contribution Account before you terminated employment. Additionally certain prior plans that were merged into the ALSP (or a predecessor plan) might have imposed special vesting rules on amounts contributed to those plans. Contact the Alcatel-Lucent Benefits Center at 1-888-232-4111 if you think either of the following applies to you:

- You terminated employment with a Participating Company (or prior participating company) prior to January 1, 2010, or
- You were a participant in a prior plan that was subject to special vesting requirements.

### **Benefits Cannot Be Assigned**

Generally, your benefit under the ALSP may not be assigned, borrowed against or alienated. However, an exception applies to benefits that are subject to a QDRO. A QDRO is a court-issued order, judgment or decree pursuant to a state domestic relations law that recognizes, or gives a spouse the right to receive benefits that the participant earned under a pension plan. These orders must meet certain standards mandated by the IRS before any payment can be made. You may obtain a copy of the Plan's QDRO procedures, free of charge, by contacting the QDRO Administrator (see "Important Contacts").

### **Top Heavy Rules**

The IRS has certain rules intended to ensure that tax-qualified plans, like the ALSP, are nondiscriminatory. A plan that primarily favors "key employees" — that is, owners, officers and certain higher paid Employees — is considered by the IRS to be a "top-heavy" plan. When a plan becomes top-heavy, special minimum benefit rules become applicable. In the event that the ALSP becomes top-heavy, you will be notified.

**Not a Contract of Employment**

Under no circumstances does the maintenance of the ALSP constitute a contract of employment or affect the terms of your employment.

**Benefits Not Guaranteed by PBGC**

The ALSP is a defined contribution plan. Therefore, benefits under the Plan are not insured or guaranteed by the Pension Benefit Guaranty Corporation (PBGC).

**Plan Costs**

Information regarding Plan administrative costs and service-specific fees is set forth in the Plan's Annual Fee and Expense Disclosure document, distributed annually to you. A copy is also available on Your Benefits Resources™, at [www.benefitanswersplus.com](http://www.benefitanswersplus.com) or by contacting the HR Service Center at 1-888-582-3684.

**Loss or Denial of Benefits**

There are no specific provisions under the ALSP that provide for a disqualification of your status as a Participant under the Plan or for denial or loss of benefits. You could, however, lose your benefit from the ALSP under certain circumstances. If the Company is unable to locate you or your Beneficiary after taking reasonable steps to locate you or your Beneficiary after your account becomes payable, the Company may treat the balance in your account as a forfeiture after 3 years following the date your account becomes payable. However, if a claim for benefits is subsequently presented by you or your Beneficiary who is entitled to a payment, the forfeited amount will be reinstated to your account upon verification of the claim. Therefore, it is very important that you keep the Savings Plan Administrator and the Company apprised of your mailing address even after you have terminated employment.

**Plan Funding and Payment of Benefits**

Your contributions and Company Matching Contributions to the ALSP are held in a trust managed under the terms of a trust agreement by the Trustee. The Trustee pays all benefits under the ALSP from the available funds in the trust.

**Plan Document Governs**

This SPD is designed to describe the ALSP in easy-to-understand terms. It is less technical than the official ALSP document. In the case of any conflict between the terms and provisions of this SPD and the terms and provisions of the official ALSP document, or in the case of the omission from this SPD of an ALSP term or provision, the terms and provisions of the official ALSP document will control.

**Plan May Be Amended or Terminated**

The Company expects to continue the ALSP indefinitely, but reserves the right to amend or terminate the ALSP at any time by the resolution of the Board of Directors or its properly authorized designee. If the ALSP is terminated, distribution will be made as soon as practicable after termination. In addition, the Company does not guarantee the continuation of any ALSP benefits during employment or at or during retirement, nor does it guarantee any specific level of benefits or contributions.

**Plan Sponsor and Administrator**

The Company is the Plan Sponsor and the Savings Plan Administrator. The Savings Plan Administrator may delegate its responsibilities for the administration of the ALSP to others and employ others to carry out or render advice with respect to its responsibilities under the ALSP, including discretionary authority to interpret and construe the terms of the ALSP, to direct disbursements and to determine eligibility for ALSP benefits.

The Alcatel-Lucent 401(k) Committee and the Savings Plan Administrator have been delegated authority to administer the ALSP, including the authority to determine eligibility for ALSP benefits, to interpret and construe the terms and provisions of the ALSP, to determine questions of fact and law, to direct disbursements and to adopt rules for the administration of the ALSP as they may deem appropriate in accordance with the terms of the ALSP and all applicable laws.

## Claim and Appeal Procedures and ERISA Rights

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### Claim and Appeal Procedures

#### Claim Procedures

Eligible Employees, Participants, and Beneficiaries (if applicable), and any individual duly authorized by them, have the right to file a claim for benefits due under the terms of the Plan, to enforce their rights under the terms of the Plan, or to clarify their rights to future benefits under the terms of the Plan. Send your claim submission to the Savings Plan Administrator (see "Important Contacts"). All claims for benefits under the ALSP must be brought within one year of the date upon which the claim occurred.

You will receive a written notice of the Savings Plan Administrator's decision, within 90 days. If your claim is denied in whole or in part, 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 to bring a civil action after a denial of an appeal, within 90 days after the Savings Plan Administrator receives the claim.

If the Savings Plan Administrator needs more than 90 days to make a decision, a representative will notify you in writing within the initial 90-day period and explain why more time is required. An additional 90 days (for a total of 180 days) may be taken if the Savings Plan Administrator sends this notice. The extension notice will show the date by which the Savings Plan Administrator's decision will be sent.

#### 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 60 days after the denial is received. Send the appeal directly to the Alcatel-Lucent USA Inc. Alcatel-Lucent 401(k) Committee, Room 2B-410, 600-700 Mountain Avenue, Murray Hill, NJ 07974.

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

- Review pertinent ALSP documents relevant to your claim, which you can obtain free of charge, and

- Send to the Alcatel-Lucent 401(k) Committee a written statement of the issues and any other documents in support of the claim for benefits or other matter under review.

The Alcatel-Lucent 401(k) Committee meets quarterly and will conduct a review and make a final decision no later than the date of the meeting that next follows the Committee's receipt of a request for review (unless the request for review is received less than 30 days before the date of the next meeting, in which case the Committee will conduct its review and make a decision no later than the date of the second meeting that next follows receipt of the request for review).

If special circumstances cause the Alcatel-Lucent 401(k) Committee to need additional time to make a decision, a representative of the Committee will notify you in writing (before the decision deadline as described above) of the need for such additional time, in which case the Committee will conduct a review and make a final decision no later than the date of the third meeting that next follows receipt of the request for review. The notification will explain the special circumstances requiring the extension and will also indicate the date as of which the final decision will be made.

Alcatel-Lucent 401(k) Committee will conduct a review and make a final decision within 60 days after receiving the written request for review.

If special circumstances cause the Alcatel-Lucent 401(k) Committee to need more than 60 days to make a decision, a representative will notify you in writing within the initial 60-day period and explain why more time is required. An additional 60 days, for a total of 120 days, may be taken if the Alcatel-Lucent 401(k) Committee sends this notice.

The decision will be in writing and will include the specific reasons for the decision, reference to specific ALSP 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 a civil action under Section 502(a) of ERISA.

The Alcatel-Lucent 401(k) Committee shall serve as the final review committee under the ALSP. Decisions by the Alcatel-Lucent 401(k) Committee shall be conclusive and binding on all parties and not subject to further review.

Also, please note that the ALSP and ERISA 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 Savings Plan Administrator or the Alcatel-Lucent 401(k) Committee within any of the appropriate time frames, as described above, you will be considered to have exhausted your administrative remedies under the ALSP and you will be entitled to bring a civil action against the ALSP in federal court under Section 502(a) of ERISA.

## **ERISA Rights**

As a Participant in the ALSP, you are entitled to certain rights and protections under ERISA. ERISA provides that all Participants will be entitled to:

- Examine, without charge, at the Savings Plan Administrator's office and at other specified locations such as worksites and union halls, all documents governing the ALSP, and a copy of the latest annual report (Form 5500 Series) filed by the ALSP 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 Savings Plan Administrator, copies of all ALSP documents and other ALSP information, including copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Savings Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the ALSP's annual financial report. The Savings Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the ALSP. The people who operate the ALSP, called "fiduciaries" of the ALSP, have a duty to do so prudently and in the interest of you and other Participants and Beneficiaries. No one, including the Company, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

If your claim for a benefit under the ALSP is denied or ignored, in whole or in part, you have a right to know the reasons for the denial, 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 Savings Plan Administrator 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 Savings 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 Savings 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 ALSP's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that ALSP 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.

If you have any questions about the ALSP, you should contact the Savings Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Savings Plan Administrator, you should contact the nearest 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 going to [www.dol.gov/EBSA](http://www.dol.gov/EBSA) or calling the publications hotline of the Employee Benefits Security Administration at (866) 444-EBSA (3272).

## Important Contacts

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### Alcatel-Lucent Benefits Center

Aside from this summary, your primary source for information about the ALSP is the Alcatel-Lucent Benefits Center at Aon Hewitt. This resource handles most transactions and information about the ALSP.

#### Online

You can access the Alcatel-Lucent Benefits Center online at Your Benefits Resources™.

You will need to establish a password on Your Benefits Resources™ before you can start using Your Benefits Resources™. Go to the website (<http://resources.hewitt.com/alcatel-lucent>) to create a password if you do not already have one. If you have previously established a password on Your Benefits Resources™ in order to access information about other Company benefits, then that same password is used when you are logging on for purposes of accessing ALSP information.

To access Your Benefits Resources™, you also need an Internet browser compatible with U.S. security. When you call, the Alcatel-Lucent Benefits Center can tell you what software is required to access Your Benefits Resources™.

#### By Phone

You can reach the Alcatel-Lucent Benefits Center by phone, as follows:

| U.S.-BASED EMPLOYEES                                                                                                                                                                                                                                                                                               | INTERNATIONAL ASSIGNEES                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Call the Alcatel-Lucent Benefits Center at 1-888-232-4111 to speak with a Benefits Center representative.</p> <p>You may access the VRS from any phone 24 hours a day, 7 days a week.</p> <p>To speak to a Benefits Center representative, call any Business Day from 9:00 a.m. to 5:00 p.m., Eastern Time.</p> | <p>Call 1-212-444-0994 collect on Business Days from 9:00 a.m. to 5:00 p.m., Eastern Time to speak with a Benefits Center representative.</p> |

### By Mail

You may send forms, applications, and other written correspondence to the Alcatel-Lucent Benefits Center by regular mail or overnight mail, as follows:

| REGULAR MAIL                                                                | OVERNIGHT MAIL                                                                                      |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Alcatel-Lucent Benefits Center<br>P.O. Box 785029<br>Orlando, FL 32878-5029 | Alcatel-Lucent Benefits Center<br>2300 Discovery Drive<br>P.O. Box 785029<br>Orlando, FL 32878-5029 |

However, for security purposes, all Plan transactions must be conducted by phone or via the Internet.

### Confirmations

You will receive a confirmation from the Alcatel-Lucent Benefits Center when it is legally required, or upon requesting certain transactions over a mobile device.

If you do not receive a confirmation for your transaction, call the Alcatel-Lucent Benefits Center at 1-888-232-4111.

Carefully review all confirmations immediately to make sure they agree with your records. You should report any discrepancies to the Alcatel-Lucent Benefits Center at 1-888-232-4111 within 30 days of the date of the confirmation or statement. It's important to report discrepancies immediately, so that, if appropriate, any necessary corrections or adjustments to your Plan account can be made in a timely and accurate manner. You might be asked to complete a Claim Initiation Form (CIF). The CIF should include a description of the discrepancy(ies) and include:

- The confirmation number assigned (if provided) to the transaction when you initiated it, and
- All supporting documentation including:
  - Your applicable Plan account confirmation,
  - Pay stubs (if applicable),
  - Description of the discrepancy, and
  - A telephone number where you can be reached during business hours.

If the discrepancy is related to unpaid wages, contact your Payroll Office.

## Other Resources

The following parties have specific responsibilities, as explained below:

| CONTACT/SERVICE PROVIDED                                                                                                                                                                                                          | CONTACT INFORMATION                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| <b>QDRO/QMCSO Administrator</b><br>Handles matters relating to QDROs and QMSCOs. Will provide information about the procedures for processing QDROs and QMSCOs at no charge.                                                      | Alcatel-Lucent QDRO/QMCSO Center<br>P.O. Box 1433<br>Lincolnshire, IL 60069<br>Phone number: 1-888-232-4111               |
| <b>Alcatel-Lucent USA Inc. Payroll Office</b><br>Handles contribution problems.                                                                                                                                                   | Phone number: 1-888-582-3684 (HR Service Center) or Payroll Client Support Case Management Tool on the Intranet/Internet. |
| <b>Savings Plan Administrator</b><br>Adjudicates claims for benefits. Contact to request ALSP documents.                                                                                                                          | Alcatel-Lucent<br>Savings Plan Administrator<br>600 Mountain Avenue, Room 2B-410<br>Murray Hill, NJ 07974                 |
| <b>Alcatel-Lucent 401(k) Committee</b><br>Decides appeals of denied claims and interprets ALSP provisions.                                                                                                                        | Alcatel-Lucent USA Inc.<br>Alcatel-Lucent 401(k) Committee<br>600 Mountain Avenue, Room 2B-410<br>Murray Hill, NJ 07974   |
| <b>Plan Trustee</b><br>The bank that holds the assets of the Plan in a trust fund for participants and also calculates the Plan investment funds' unit prices and performance, and processes and settles securities transactions. | Bank of New York Mellon<br>135 Santilli Highway<br>Everett, MA 02149                                                      |
| <b>Service of Subpoenas</b><br>Subpoenas regarding the ALSP should be served directly to:                                                                                                                                         | Jackson Lewis (Attn.: V.A. Cino, Esq.)<br>220 Headquarters Plaza<br>East Tower, 7th Floor<br>Morristown, NJ 07960         |

|                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Online Advice</b><br><b>or</b><br><b>Aon Hewitt Financial Advisors, LLC</b><br><b>Professional Management</b><br>Provides personalized, objective investment advice or investment management services for your Plan account. | Visit Your Benefits Resources™ at <a href="http://resources.hewitt.com/alcatel-lucent">http://resources.hewitt.com/alcatel-lucent</a> and select "Use Retirement Advice Tools"<br>or<br>Call the Alcatel-Lucent Benefits Center at 1-888-232-4111 and select the "Retirement and Investments" option and then "Investment Advice" |
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## Administrative Information

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|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Plan Name</b>                                                         | The official name of the Plan is the Alcatel-Lucent Savings Plan. The Plan is also referred to as the ALSP or one of the Alcatel-Lucent Savings/401(k) Plans.                                                                                             |
| <b>Plan Sponsor</b>                                                      | The Plan Sponsor is Alcatel-Lucent USA Inc.                                                                                                                                                                                                               |
| <b>Type of Administration</b>                                            | The Plan is administered by Alcatel-Lucent USA Inc.                                                                                                                                                                                                       |
| <b>Savings Plan Administrator and Agent for Service of Legal Process</b> | <p>The Savings Plan Administrator is the agent for service of legal process. The address of the Savings Plan Administrator is:</p> <p>Alcatel-Lucent<br/>Savings Plan Administrator<br/>Room 2B-410<br/>600 Mountain Avenue<br/>Murray Hill, NJ 07974</p> |
| <b>Plan Records and Plan Year</b>                                        | The ALSP and all its records are maintained on a calendar year basis, beginning on January 1 and ending on December 31 of each year.                                                                                                                      |
| <b>Type of Plan</b>                                                      | The ALSP is considered an "employee pension benefit plan," a "defined contribution plan" and an "individual account plan" under ERISA.                                                                                                                    |
| <b>Employer Identification Number</b>                                    | The Employer Identification Number assigned by the IRS to this Plan is 22-3408857.                                                                                                                                                                        |
| <b>Plan Number</b>                                                       | The Plan Number assigned by the Plan Sponsor to the ALSP is 003.                                                                                                                                                                                          |
| <b>Plan Trustee</b>                                                      | <p>Bank of New York Mellon<br/>135 Santilli Highway<br/>Everett, MA 02149</p>                                                                                                                                                                             |