Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▸ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▸ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
ALCATEL-LUCENT RETIREMENT INCOME PLAN

1b Three-digit plan number (PN) ▸ 001

1c Effective date of plan
10/01/1996

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

ALCATEL-LUCENT USA INC.

600 MOUNTAIN AVENUE, ROOM 2B-410
MURRAY HILL, NJ 07974

2b Employer Identification Number (EIN)
22-3408857

2c Sponsor's telephone number
908-582-7140

2d Business code (see instructions)
334200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2013	SUSAN LEAR
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b** EIN	
a Sponsor's name	**4c** PN	
5 Total number of participants at the beginning of the plan year	**5**	107948
6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a Active participants	**6a**	9455
b Retired or separated participants receiving benefits	**6b**	52725
c Other retired or separated participants entitled to future benefits	**6c**	20418
d Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	82598
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	17663
f Total. Add lines **6d** and **6e**	**6f**	100261
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
1A 1C 1E 1G 3F 3H 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)	**9b** Plan benefit arrangement (check all that apply)
(1) [ ] Insurance	**(1)** [ ] Insurance
(2) [ ] Code section 412(e)(3) insurance contracts	**(2)** [ ] Code section 412(e)(3) insurance contracts
(3) [X] Trust	**(3)** [X] Trust
(4) [ ] General assets of the sponsor	**(4)** [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules	**b General Schedules**
(1) [X] **R** (Retirement Plan Information)	**(1)** [X] **H** (Financial Information)
(2) [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	**(2)** [ ] **I** (Financial Information – Small Plan)
	(3) [ ] ___ **A** (Insurance Information)
	(4) [X] **C** (Service Provider Information)
(3) [X] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	**(5)** [X] **D** (DFE/Participating Plan Information)
	(6) [ ] **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500)	Single-Employer Defined Benefit Plan Actuarial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500 or 5500-SF.**	**2012** **This Form is Open to Public Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
ALCATEL-LUCENT RETIREMENT INCOME PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
ALCATEL-LUCENT USA INC.

D Employer Identification Number (EIN)
22-3408857

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2012

2 Assets:

a Market value	2a		18772871972
b Actuarial value	2b		17888185252

3 Funding target/participant count breakdown:

		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	71501	12864709933
b For terminated vested participants	3b	26320	925786030
c For active participants:			
(1) Non-vested benefits	3c(1)		140146362
(2) Vested benefits	3c(2)		1209991423
(3) Total active	3c(3)	10127	1350137785
d Total	3d	107948	15140633748

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	6.88 %
6 Target normal cost	6	14077595

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

Signature of actuary — Date: 09/12/2013

LAWRENCE A. GOLDEN
Type or print name of actuary

11-04197
Most recent enrollment number

AON CONSULTING INC.
Firm name

732-302-2142
Telephone number (including area code)

400 ATRIUM DRIVE
SOMERSET, NJ 08873
Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	22199981	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	22199981	0
10	Interest on line 9 using prior year's actual return of 11.71%	2599618	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b Interest on (a) using prior year's effective interest rate of 6.05% except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections	0	
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	52237226	0

Part III Funding Percentages

14	Funding target attainment percentage	14	117.80 %
15	Adjusted funding target attainment percentage	15	118.14 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	101.16 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ► 18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

	1st segment	2nd segment	3rd segment	
a Segment rates:	5.54%	6.85%	7.52 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	3
22 Weighted average retirement age	**22**	59

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	14077595
b Excess assets, if applicable, but not greater than line 31a	**31b**	14077595

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month ______ Day ______ Year ______) and the waived amount	**33**	0
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2012** **This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan ALCATEL-LUCENT RETIREMENT INCOME PLAN	**B** Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 ALCATEL-LUCENT USA INC.	**D** Employer Identification Number (EIN) 22-3408857

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ING

04-3516284

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
14 50	NONE	8538391	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
14 50	NONE	531145	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

ALCATEL-LUCENT USA INC

22-3408857

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
35 50 56	EMPLOYER	484938	Yes [X] No [ ]	Yes [ ] No [X]	366	Yes [ ] No [X]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ERNST & YOUNG

34-6565596

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	292643	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

AON CONSULTING, INC.

22-2232264

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50	NONE	285720	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

JPMORGAN CHASE BANK, NA

13-4994650

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 73	NONE	46350	Yes [X] No [ ]	Yes [X] No [ ]	304	Yes [X] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

UNIVERSAL MAILING SERVICE

22-2381663

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
38 50	NONE	28005	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 16 50	NONE	27551	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

DAY PITNEY

22-1661404

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29 50	NONE	18669	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

CANDID LITHO

13-3574319

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
36 50	NONE	12117	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TAB

22-3468457

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
99 50	NONE	10002	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: | **b** EIN:
c Position:
d Address: | **e** Telephone:

Explanation:

a Name: | **b** EIN:
c Position:
d Address: | **e** Telephone:

Explanation:

a Name: | **b** EIN:
c Position:
d Address: | **e** Telephone:

Explanation:

a Name: | **b** EIN:
c Position:
d Address: | **e** Telephone:

Explanation:

a Name: | **b** EIN:
c Position:
d Address: | **e** Telephone:

Explanation:

SCHEDULE D (Form 5500)	DFE/Participating Plan Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2012** **This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan ALCATEL-LUCENT RETIREMENT INCOME PLAN	**B** Three-digit plan number (PN) ▶ 001
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 ALCATEL-LUCENT USA INC.	**D** Employer Identification Number (EIN) 22-3408857

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: LUCENT TECH. MASTER PENSION TRUST

b Name of sponsor of entity listed in (a): ALCATEL-LUCENT USA INC.

c EIN-PN 22-3463544-001	**d** Entity code M	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 19198849000

a Name of MTIA, CCT, PSA, or 103-12 IE: JPMCB LIQUIDITY FUND

b Name of sponsor of entity listed in (a): JPMORGAN CHASE BANK, N.A.

c EIN-PN 13-6285055-001	**d** Entity code C	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1203000

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

a Plan name

b Name of plan sponsor | **c** EIN-PN

SCHEDULE H (Form 5500)	Financial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500.**	**2012** **This Form is Open to Public Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan ALCATEL-LUCENT RETIREMENT INCOME PLAN	**B** Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 ALCATEL-LUCENT USA INC.	**D** Employer Identification Number (EIN) 22-3408857

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		**(a)** Beginning of Year	**(b)** End of Year
a Total noninterest-bearing cash	**1a**		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	**1b(1)**		
(2) Participant contributions	**1b(2)**		
(3) Other	**1b(3)**	258000	123000
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	**1c(1)**		
(2) U.S. Government securities	**1c(2)**		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	**1c(3)(A)**		
(B) All other	**1c(3)(B)**		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	**1c(4)(A)**		
(B) Common	**1c(4)(B)**		
(5) Partnership/joint venture interests	**1c(5)**		
(6) Real estate (other than employer real property)	**1c(6)**		
(7) Loans (other than to participants)	**1c(7)**		
(8) Participant loans	**1c(8)**		
(9) Value of interest in common/collective trusts	**1c(9)**	393000	1203000
(10) Value of interest in pooled separate accounts	**1c(10)**		
(11) Value of interest in master trust investment accounts	**1c(11)**	18782091000	19198849000
(12) Value of interest in 103-12 investment entities	**1c(12)**		
(13) Value of interest in registered investment companies (e.g., mutual funds)	**1c(13)**		
(14) Value of funds held in insurance company general account (unallocated contracts)	**1c(14)**		
(15) Other	**1c(15)**		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	18782742000	19200175000
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h	991000	1190000
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	8879000	3095000
k	Total liabilities (add all amounts in lines 1g through1j)	1k	9870000	4285000
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	18772872000	19195890000

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		0
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)	22000	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		22000
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	**(b)** Total
(6) Net investment gain (loss) from common/collective trusts	**2b(6)**		
(7) Net investment gain (loss) from pooled separate accounts	**2b(7)**		
(8) Net investment gain (loss) from master trust investment accounts	**2b(8)**		2247262000
(9) Net investment gain (loss) from 103-12 investment entities	**2b(9)**		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	**2b(10)**		
c Other income	**2c**		
d Total income. Add all **income** amounts in column (b) and enter total	**2d**		2247284000

Expenses

		(a) Amount	**(b)** Total
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	**2e(1)**	1806683000	
(2) To insurance carriers for the provision of benefits	**2e(2)**		
(3) Other	**2e(3)**		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	**2e(4)**		1806683000
f Corrective distributions (see instructions)	**2f**		
g Certain deemed distributions of participant loans (see instructions)	**2g**		
h Interest expense	**2h**		
i Administrative expenses: **(1)** Professional fees	**2i(1)**		
(2) Contract administrator fees	**2i(2)**		
(3) Investment advisory and management fees	**2i(3)**		
(4) Other	**2i(4)**	14223000	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	**2i(5)**		14223000
j Total expenses. Add all **expense** amounts in column (b) and enter total	**2j**		1820906000

Net Income and Reconciliation

		(a) Amount	**(b)** Total
k Net income (loss). Subtract line **2j** from line **2d**	**2k**		426378000
l Transfers of assets:			
(1) To this plan	**2l(1)**		150000
(2) From this plan	**2l(2)**		3510000

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP **(2)** EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5.
103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		10000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j	X		
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)
LUCENT TECHNOLOGIES INC. PENSION PLAN	22-3408857	002
QWEST	84-1339282	005
TELCORDIA	22-2478398	002
AT&T/SBC	43-1301883	006

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c			
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d			
e	Was this plan covered by a fidelity bond?	4e			
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f			
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g			
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h			
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i			
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j			
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k			
l	Has the plan failed to provide any benefit when due under the plan?	4l			
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☐ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)
VERIZON MANAGEMENT PENSION PLAN	13-1675522	001
VERIZON PENSION PLAN FOR ASSOCIATES	23-2259884	001
VERIZON PENSION PLAN FOR MID-ATLANTIC AND SOUTH ASSOCIATES	23-2259884	002

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

SCHEDULE R (Form 5500)	Retirement Plan Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500.**	**2012** **This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan ALCATEL-LUCENT RETIREMENT INCOME PLAN	**B** Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 ALCATEL-LUCENT USA INC.	**D** Employer Identification Number (EIN) 22-3408857

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1	Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	**1**	0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-3581074 13-3795042

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3	Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.	**3**	5542

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☒ No ☐ N/A

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month ______ Day ______ Year ______

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a	Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	**6a**	
b	Enter the amount contributed by the employer to the plan for this plan year	**6b**	
c	Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	**6c**	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☒ N/A

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ☒ Increase ☐ Decrease ☐ Both ☐ No

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ☐ Yes ☐ No

11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _______ Day _______ Year _______

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) ____________
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): ______________________________

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☒

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: 18 % Investment-Grade Debt: 68 % High-Yield Debt: 3 % Real Estate: 7 % Other: 4 %

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Financial Statements And Supplemental Schedules

Alcatel-Lucent Retirement Income Plan
December 31, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Alcatel-Lucent Retirement Income Plan

Financial Statements and Supplemental Schedules

December 31, 2012 and 2011

Contents

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Report of Independent Auditors

To the Employee Benefits Committee of
the Alcatel-Lucent Retirement Income Plan

We have audited the accompanying financial statements of the Alcatel-Lucent Retirement Income Plan, which comprise the statements of net assets available for benefits and of accumulated plan benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Alcatel-Lucent Retirement Income Plan at December 31, 2012 and 2011, and the changes in its financial status for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2012 and reportable transactions for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

October 4, 2013

Alcatel-Lucent Retirement Income Plan

Statements of Net Assets Available for Benefits

	December 31	
	2012	**2011**
	(In Thousands)	
Assets		
Investments, at fair value:		
Plan interest in Lucent Technologies Inc. Master Pension Trust	**$ 19,198,849**	$ 18,782,091
Common Collective Trust Fund	**1,203**	393
Due from Lucent Technologies Inc. Retirement Plan	**122**	258
Receivables for accrued income	**1**	–
Total assets	**19,200,175**	18,782,742
Liabilities		
Accounts payable and accrued liabilities	**1,190**	991
Due to Lucent Technologies Inc. Pension Plan	**1,060**	3,274
Mandatory portability transfers	**2,035**	5,605
Total liabilities	**4,285**	9,870
Net assets available for benefits	**$ 19,195,890**	$ 18,772,872

See accompanying notes.

Alcatel-Lucent Retirement Income Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2012
(In Thousands)

Additions	
Plan interest in Lucent Technologies Inc. Master Pension Trust	$ 2,247,262
Interest income	22
Total additions	2,247,284
Deductions	
Benefits paid to participants	1,806,683
Investment and administrative expenses	10,284
Pension Benefit Guaranty Corporation premiums	3,794
Other expense	145
Total deductions	1,820,906
Net increase before transfers	426,378
Transfer from Lucent Technologies Inc. Retirement Plan	150
Transfer to Lucent Technologies Inc. Pension Plan	(1,371)
Mandatory portability transfers	(2,139)
Net increase	423,018
Net assets available for benefits	
Beginning of year	18,772,872
End of year	$ 19,195,890

See accompanying notes.

Alcatel-Lucent Retirement Income Plan

Statements of Accumulated Plan Benefits

	December 31	
	2012	**2011**
	(*In Thousands*)	
Actuarial present value of accumulated plan benefits		
Vested benefits:		
Participants currently receiving payments	**$ 12,699,782**	$ 12,986,199
Other participants	**2,155,492**	2,359,428
Non-vested benefits	**136,260**	166,985
Total actuarial present value of accumulated plan benefits	**$ 14,991,534**	$ 15,512,612

See accompanying notes.

Alcatel-Lucent Retirement Income Plan

Statement of Changes in Accumulated Plan Benefits

Year Ended December 31, 2012
(In Thousands)

Actuarial present value of accumulated plan benefits at beginning of period	$ 15,512,612
Increase (decrease) during the period attributable to:	
Change in assumptions	289,107
Change in Plan provisions	44,351
Transfer to Lucent Technologies Inc. Pension Plan	(1,048)
Increase for interest due to the decrease in the discount period	984,688
Benefits paid	(1,806,683)
Difference between actual and expected experience	(31,493)
Net decrease	(521,078)
Actuarial present value of accumulated plan benefits at end of period	$ 14,991,534

See accompanying notes.

Alcatel-Lucent Retirement Income Plan

Notes to Financial Statements

December 31, 2012
(In Thousands)

1. Plan Description

The following description of the Alcatel-Lucent Retirement Income Plan (the "Plan" or "ALRIP") provides only general information. Participants should refer to the Plan document and the Summary Plan Description of the Plan for a more complete description of the Plan's provisions.

General

The Plan is a noncontributory defined benefit pension plan that covers most domestic management employees of Alcatel-Lucent USA Inc. (the "Company") and, following the merger, effective as of March 1, 2007, of the Alcatel USA, Inc. Consolidated Retirement Plan (the "AUSA Consolidated Plan") with and into the Plan, employees and former employees of Alcatel USA Marketing, Inc. and other "Alcatel" entities.

With respect to domestic management employees of the Company, the Plan features a service based program and an account balance program. Typically, under both programs, a participant who completes five years of service is vested in the Plan; however, in years in which the Company elects to transfer excess pension assets to a separate account, as allowable under Section 420 of the Internal Revenue Code of 1986, as amended (the "IRC"), all Plan participants become fully vested on the date of transfer.

Effective January 1, 2008, employees covered under the account balance program of the Plan fully vest in their pension benefits in three years.

Effective January 1, 2008, employees hired on or after January 1, 2008 are not eligible to participate in the Plan.

Effective December 31, 2009, the Plan was frozen. Pension Includable Compensation (as defined) paid after December 31, 2009 is not included in, and Term of Employment (as defined) completed after December 31, 2009 is not considered in the calculation of a pension benefit under the Plan. However, Participants continue to receive service credit for purposes of pension eligibility.

Effective December 31, 2009, active employees covered under the service based program and the account balance program of the Plan were fully vested in their pension benefits.

(In Thousands)

1. Plan Description (continued)

On June 30, 2010, the Alcatel Data Networks, Inc. Retirement Pension Plan (“ADN Plan”) – a plan sponsored by Alcatel-Lucent Holdings Inc. (formerly known as Alcatel USA, Inc.) – was merged with and into the Plan.

On December 1, 2010, certain participants (and beneficiaries) in the Lucent Technologies Inc. Pension Plan (the “LTPP”) were transferred to the Plan. Specifically, four groups of participants (and associated surviving spouses, contingent beneficiaries and alternate payees of such participants) were the subject of the transfer: participants who (i) when last actively employed by the Company or an affiliate of the Company that adopted the LTPP for the benefit of its eligible employees (a “Participating Company”) were represented for purposes of collective bargaining by unions other than the Communications Workers of America or the International Brotherhood of Electrical Workers; (ii) when last actively employed by the Company or a Participating Company were classified by their employer as “Lucent Business Assistants” (“LBAs”); (iii) were transferred to the LTPP from the AT&T Pension Plan (the “AT&T Plan”) and were, when last actively employed by the sponsor of the AT&T Plan or a participating company with respect to that plan, represented for purposes of collective bargaining by unions other than the Communications Workers of America or the International Brotherhood of Electrical Workers; and (iv) were transferred to the LTPP from the AT&T Plan and were, when last actively employed by the sponsor of the AT&T Plan or a participating company with respect to that plan, classified by their employer as non-represented occupational employees.

On December 1, 2011, certain beneficiaries in the LTPP were transferred to the Plan. The beneficiaries transferred were surviving spouses and surviving contingent beneficiaries in pay status (i.e., receiving monthly payments after having satisfied the administrative requirements to commence a survivor pension) of deceased participants who died prior to January 1, 2011.

Effective January 1, 2011, Business & Technical Associates who attain eligibility for a service pension or disability pension under the provisions of the Lucent Technologies Inc. Retirement Plan (“LTRP”) will become participants in this Plan on the day following termination of employment. The associated assets and liabilities for such pension benefit will transfer from the LTRP to this Plan.

During the period commencing on June 22, 2012 and ending on December 31, 2012 (the “Special Election Window”), certain participants and surviving lawful spouses were offered the

(In Thousands)

1. Plan Description (continued)

opportunity to elect immediate commencement of their deferred vested service-based pension in any form of payment permitted under the Plan, including a lump sum. A participant was eligible for the Special Election Window if (i) he or she terminated employment prior to January 1, 1998 with the right to a deferred vested benefit under the Plan, (ii) he or she did not have a fully vested right to payment under certain non-qualified plans maintained by the Company or an affiliate, and (iii) the Company did not receive the Participant's irrevocable election to commence payment of his or her deferred vested pension benefit prior to the date the Special Election Window offer letter was mailed to him or her. A surviving lawful spouse was extended the Special Election Window if the deceased participant would have been entitled to participate in the Special Election Window and the participant's death was reported to the Company prior to 5 p.m. E.D.T. on September 28, 2012.

Service Based Program

Generally, management employees are eligible to participate in the service based program if they were hired or rehired before January 1, 1999 and were on the active payroll of a participating company on December 31, 1998. Provisions covering lapses in service are defined in the Plan.

Under the provisions of the service based program, normal retirement age is sixty-five; however, a participant may elect to retire early at a reduced benefit, as defined by the Plan.

Employee pension benefits under the service based program are salary related. The amount is generally equal to the sum of (a) 1.4% of the participant's average Pensionable Compensation as defined by the Plan for the period from January 1, 1994 through December 31, 1998, times years and months of credited service completed prior to December 31, 1998, plus (b) 1.4% of the participant's Pensionable Compensation paid after December 31, 1998 through December 31, 2009. Also, effective December 31, 2009, Term of Employment completed after December 31, 2009 is not considered in the calculation of a pension benefit under the Plan. However, Participants continue to receive service credit for purposes of pension eligibility.

Account Balance Program

Management and nonrepresented occupational employees are generally eligible to participate in the account balance program if they were hired or rehired on or after January 1, 1999 and before

(In Thousands)

1. Plan Description (continued)

January 1, 2008 and were not previously service pension eligible if rehired. The account balance program also includes employees in certain acquired companies. Individual employee account balances are initially determined and subsequently increased by Age-Based Pay Credits and Interest Credits, as defined in the Plan. Age-Based Pay Credits are the product of the participant's Pensionable Compensation from the previous calendar year and the participant's corresponding Age-Based Pay Credit Percentage Factor, summarized as follows:

Age-Based Pay Credit Percentage Factors

Age (On January 1)	**Percentage**
Less than 30	3.00%
30 – less than 35	3.75%
35 – less than 40	4.50%
40 – less than 45	5.50%
45 – less than 50	6.75%
50 – less than 55	8.25%
55 or over	10.00%

After December 31, 2009, participants in the Account Balance Program are no longer credited with Pay Credits.

Interest Credits are the product of the participant's account balance and an interest rate determined by the Company. The interest rate may vary from 4% to 10%. The interest rate for 2012 and 2011 was 4%. The Account Balance Program will continue to be adjusted annually for Interest Credits in accordance with the terms of the Plan.

Disability Pension Benefits

Participants covered by the service based program with 15 or more years of service receive monthly disability pension benefits from the Plan that are equal to the normal retirement benefits that have accumulated as of the time they become disabled, less any payments from other sources that are considered of the same general character (for example, workers' compensation benefits).

(In Thousands)

1. Plan Description (continued)

Benefit payments begin after the employee has been disabled for the 26-week period for which sickness disability payments are payable under the Alcatel-Lucent Short Term Disability Plan. Disability pension benefits continue to be paid until the earliest of participant recovery, death, or attainment of normal retirement age. Upon attainment of normal retirement age, participants shall begin to receive a service pension equal to the disability pension benefits received under the Plan.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Contributions and Actuarial Method

Contributions to the Plan are determined on a going-concern basis by an actuarial cost method known as the Accrued Benefit Cost Method. Under this method, the projected benefit for each future event is allocated to each of the participant's years of service. The normal cost is equal to the actuarial present value of the benefits allocated to the current year and the actuarial accrued liability is equal to the actuarial present value of the total benefits allocated to years prior to the current year. The actuarial accrued liability for inactive participants was determined as the actuarial present value of the benefits expected to be paid. No normal costs are payable with respect to these participants. The minimum required contribution and the maximum permissible contributions are then determined as the sum of the normal cost for all employees, plus amortization, if any, on the initial unfunded liability, change in liability due to plan amendments, assumption changes and experience gain or loss.

Under the Pension Protection Act of 2006, plans are required to use the Accrued Benefit Cost Method to determine the actuarial accrued liability based on a limited choice of mortality and interest assumptions. Contributions are determined as the sum of the normal cost and a seven year amortization of unfunded liabilities.

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

The Company's funding policy is to contribute such amounts as are determined on an actuarial basis to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plus such additional amounts as the Company may determine to be appropriate. No contributions were due for the years ended December 31, 2012 and 2011 under the minimum funding requirements of ERISA.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service that employees have rendered to the Company through the valuation date.

Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The accumulated plan benefits as of December 31, 2012 and 2011 are based on census data as of those dates. Benefits payable upon retirement, death, disability or withdrawal are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The change in Plan provisions reflects the amendment providing a lump sum distribution for service based active participants.

The assumptions used to determine the actuarial present value of accumulated plan benefits as of December 31, 2012 and 2011 include rates of separation, retirement and disability, which are based on actual employee experience.

The mortality table used in determining the actuarial present value of accumulated plan benefits as of December 31, 2012 and 2011 is the RP-2000 Combined Healthy Mortality with Generational Projection based on the Society of Actuaries Scale AA.

Interest assumptions of 6.43% and 6.68% were used to determine the actuarial present values of accumulated plan benefits at December 31, 2012 and 2011, respectively.

2. Summary of Significant Accounting Policies (continued)

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other facts might be applicable in determining the actuarial present value of accumulated plan benefits.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities and the present value of accumulated plan benefits. These significant estimates include the accumulated plan benefits and the fair value of investments. Actual results could differ from these estimates.

The actuarial present value of accumulated plan benefits is reported based on certain estimates and assumptions regarding the future. As of the date of these financial statements, the Company believes these estimates and assumptions concerning matters such as interest rates, inflation rates and participant demographics are reasonable. However, due to the uncertainties inherent in making any estimate or assumption, it is at least reasonably possible that actual results may differ materially from what has been estimated or assumed.

Benefit Payments

Benefit payments to participants are recorded upon distribution.

Interplan Transfers, Net

Interplan transfers represent transfers between the LTRP, the LTPP and the Plan. The interplan transfers are recorded on an accrual basis.

Mandatory Portability Transfers, Net

Mandatory portability transfers represent transfers attributable to the Mandatory Portability Agreement, effective January 1, 1985, between and among AT&T, former affiliates and certain

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

other companies, and the Plan. The accumulated benefit obligation at year end does not include the benefits payable to the mandatory portability population. These transfers are recorded on an accrual basis.

Investment and Administrative Expenses

Investment and certain administrative expenses of the Plan are paid by the Plan.

Pension Benefit Guaranty Corporation ("PBGC") Premiums

The PBGC was created by ERISA to provide timely and uninterrupted payment of pension benefits. Premium expenses of the Plan are paid by the Plan.

New Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs, ("ASU 2011-04"). ASU 2011-04 amended ASC 820, Fair Value Measurement, to converge the fair value measurement guidance in US generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRSs"). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures, although certain of these new disclosures are not required for nonpublic entities, as defined in ASC 820. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Adoption of ASU 2011-04 did not have an effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In December 2011, the FASB issued Accounting Standards Update 2011-11, Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"), in a joint effort with the International Accounting Standards Board to allow investors to better compare financial statements prepared under US generally accepted accounting principles with financial statements prepared under international financial reporting standards. The amendments require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

to understand the effect of those arrangements on its financial position. ASU 2011-11 requires entities to disclose both gross and net information about financial instruments and derivative instruments that are either (i) offset in the statement of net assets, or (ii) subject to an enforceable master netting arrangement or similar arrangement, irrespective of whether they are offset in the statement of net assets. In addition, ASU 2011-11 requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements.

In January of 2013, the FASB issued Accounting Standards Update No. 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, the amendments clarify that the scope of Update 2011-11 (“ASU 2013-01”) applies to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. An entity is required to apply the amendments for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of ASU 2013-01 is currently being assessed but is not expected to have a material impact on the Plan’s financial statements.

3. Tax Status

The Internal Revenue Service (the “IRS”) determined, and informed the Company by a letter dated January 7, 2010, that the Plan is designed in accordance with the currently applicable sections of the IRC (so-called “EGTRRA” letter). The Plan was amended and restated effective January 1, 2013 to comply with changes in the law and to incorporate amendments made to the Plan since the Plan’s previous restatement effective January 1, 2007. On January 31, 2013, the Plan as amended and restated effective January 1, 2013 was submitted to the IRS to request a determination letter. This submission was made in accordance with the determination letter filing cycle of the IRS. Currently, the Plan is awaiting a response from the IRS to the determination letter request. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Where the Plan Administrator has identified operational errors, the Plan Administrator has indicated that it has taken the necessary steps to bring the Plan’s operations into compliance with the Code. Therefore, no provision for income taxes has been made.

(In Thousands)

3. Tax Status (continued)

Accounting principles generally accepted in the United States require the Plan administrator to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain tax positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2009.

4. Termination Priorities

The Plan may be terminated or amended at any time by the action of the Board of Directors of the Company. Should the Plan terminate at some future time, its net assets may not be available on a pro rata basis to provide participants' benefits. Whether a participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

Subject to conditions set forth in ERISA, in the event of a Plan termination, distributions of the assets available for benefits will occur as follows:

a. The Plan provides that the net assets available for benefits shall be allocated among the participants and beneficiaries of the Plan in the order provided for in ERISA,

b. To the extent unfunded vested benefits then exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations, as described in ERISA, and

c. To the extent that the net assets available for benefits exceed the amounts to be allocated pursuant to the priorities provided for in ERISA, such amounts will be allocated among participants pursuant to the priorities set forth in the Plan and ERISA.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust

Substantially all of the Plan's investments are in the Lucent Technologies Inc. Master Pension Trust ("MPT") which was established for the investment of assets of pension plans of the Company. The Bank of New York Mellon ("BNY Mellon" or the "Trustee") is the Trustee and custodian of the MPT. The Trustee is responsible for custodial, recordkeeping and other trustee responsibilities pursuant to the Amended and Restated Defined Benefit Master Trust Agreement.

The MPT is structured with multiple Master Trust Units. Each Master Trust Unit represents a particular asset class sleeve within the MPT. Each Participating Plan owns units of the investment sleeves based on each Participating Plan's asset allocation policy.

As of December 31, 2012, the following plans participate in the MPT:

(1) the Plan,

(2) the LTPP, and

(3) the LTRP.

Each participating plan has an undivided interest in the MPT's various investment sleeves. At December 31, 2012 and 2011, the Plan's interest in the net assets of the MPT was 58.16% and 57.20%, respectively.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The following table presents each investment sleeve and the percentage of ownership within the sleeve as of December 31, 2012 and 2011:

Investment Sleeve Data

	ALRIP		LTPP		LTRP	
	2012 Sleeve %	**2011 Sleeve %**	**2012 Sleeve %**	**2011 Sleeve %**	**2012 Sleeve %**	**2011 Sleeve %**
Global Equity	**65%**	63%	**34%**	36%	**1%**	1%
Core Fixed Income-LPF	**–**	–	**98%**	98%	**2%**	2%
Core Fixed Income-LGC	**100%**	100%	**–**	–	**–**	–
Corporate Bond Mgt	**100%**	100%	**–**	–	**–**	–
Corporate Bond Occ	**–**	–	**98%**	98%	**2%**	2%
TIPS	**74%**	73%	**25%**	26%	**1%**	1%
High Yield Debt	**57%**	57%	**42%**	42%	**1%**	1%
Private Equity	**60%**	59%	**39%**	40%	**1%**	1%
Real Estate	**62%**	62%	**37%**	37%	**1%**	1%
Absolute Return	**100%**	100%	**–**	–	**–**	–
Rebalancing - Mgt	**100%**	100%	**–**	–	**–**	–
Rebalancing - Occ. Inactive	**–**	–	**100%**	100%	**–**	–
Rebalancing - Occ. Active	**–**	–	**–**	–	**100%**	100%

On December 1, 2011, the Company transferred certain non-represented retiree and deferred vested participants from the LTPP to the ALRIP. As a result of the transfer of participants, 5.93% of the associated assets were transferred from the LTPP to the ALRIP.

In the normal course of business, the MPT enters into contracts that contain indemnification clauses. The MPT's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the MPT that have not yet occurred. However, based on experience, the MPT expects the risk of loss to be remote and accordingly has not accrued any related liabilities.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The Trustee allocates investment income, realized gains or losses, unrealized appreciation or depreciation and certain investment expenses including management fees to the Participating Plans on the basis of each Participating Plan's interest in the MPT. Alcatel-Lucent Investment Management Corporation ("ALIMCO") directs the Trustee to redeem units from the MPT to provide proper liquidity for each Participating Plan's benefit payments and expenses.

Investment transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date except for certain dividends from non-U.S. securities which are recorded as soon as the information is available after the ex-dividend date. Realized gains or losses on the sale of all securities except for futures contracts are determined based on average cost. Distributions from limited partnership investments are treated as income, realized gain or loss or return of capital based on information reported by the partnership. Net investment income from real estate and limited partnerships are recorded when distribution notices are received from the real estate properties or limited partnership.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The components of the net assets of the MPT as of December 31, 2012 and 2011 are summarized as follows:

	December 31	
	2012	**2011**
Assets		
Investments, at fair value:		
Cash and cash equivalents	**$ 1,605,343**	$ 1,618,719
Cash equivalents held in 401(h) account	**213,929**	213,373
Government and U.S. Treasury obligations*	**8,765,017**	10,082,953
Fixed income securities*	**14,839,578**	13,731,672
Cash collateral invested in fixed income securities and repurchase agreements	**2,365,792**	2,675,987
Common stock and other equities*	**2,703,064**	2,584,651
Common and collective trusts	**471,335**	373,513
Repurchase agreements	**114,900**	–
Real estate	**1,466,379**	1,377,583
Limited partnership investments**	**3,630,139**	3,824,256
Futures contracts	**10,300**	37,367
Foreign exchange contracts	**3,649**	1,073
Swap contracts	**11,593**	3,700
Options purchased	**2,275**	1,818
Total investments	**36,203,293**	36,526,665
Receivable for investments sold	**634,919**	660,563
Accrued income receivable	**243,950**	271,154
Due from brokers	**65,197**	49,293
Total assets	**37,147,359**	37,507,675
Liabilities		
Collateral held for loaned securities	**2,365,185**	2,677,502
Payable for investments purchased	**1,470,177**	1,682,614
Liability related to 401(h) account	**213,929**	213,373
Due to brokers	**18,879**	24,888
Futures contracts, at fair value	**28,543**	14,955
Foreign exchange contracts, at fair value	**–**	2,021
Swap contracts, at fair value	**21,786**	29,188
Accrued expenses and other liabilities	**19,452**	23,091
Options written, at fair value	**1,495**	6,559
Total liabilities	**4,139,446**	4,674,191
Net assets	**$ 33,007,913**	$ 32,833,484

* *As of December 31, 2012 and 2011, the total fair value of securities on loan was $4,992,438 and $5,852,110, respectively. Of these securities on loan, $215,687 and $192,728 were equity securities and $4,776,751 and $5,659,382 were debt securities, respectively.*

** *Limited partnership investments include private equity, hedge fund, oil and gas, and real estate limited partnerships.*

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

Investment Income

The following table presents the investment income for the MPT for the year ended December 31, 2012:

Net appreciation in fair value of investments	$ 2,427,594
Interest	1,050,282
Dividends	76,138
Net investment income from real estate	88,908
Net investment income from limited partnerships	100,793
Other income	13,375
Total investment income	$ 3,757,090

For the year ended December 31, 2012, the net appreciation in fair value of investments in the MPT, including both realized gains and losses and unrealized appreciation/(depreciation), was comprised of the following:

Fixed income securities*[1]	$ 1,531,677
Common stock and other equities*	512,608
Real estate*[3]	96,224
Limited partnership investments*	305,111
Other investments*[2]	(18,026)
Net appreciation in fair value of investments	$ 2,427,594

* *This table was produced with the asset classifications used in the Department of Labor 5500 filing.*

1 *This category includes investment in U.S. Government securities, Corporate Bonds, Bank Debt and Swaps.*

2 *This category includes investment in Foreign Currency and Futures.*

3 *This category includes real estate investments as well as certain real estate limited partnership and oil and gas investments.*

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

Investment Valuation

ALIMCO's Valuation Committee (the "Committee") oversees the implementation of the valuation policy. The Committee reviews the custodian's pricing policies and procedures on an annual basis for reasonableness. The Committee also oversees the process of reviewing partnership and commingled fund financial statements where the NAV is used as fair value for partnership investments as well as the fair values provided by Investment Advisors for oil and gas positions and real estate investments. Meetings of the Committee occur on an as needed basis, but at least annually. The Valuation Committee is comprised of a group of individuals that have differing perspectives on the valuation process and includes at least one representative from the following groups of ALIMCO including Operations, Compliance, Alternative Investments, Public Market Investments and the US Chief Investment Officer. The following discusses the custodian's valuation process for specific investments.

Investments in securities traded on a national securities exchange or a listed market such as the NASDAQ National Market System are valued at the last reported sales prices on the valuation date or if no sale was reported on that date, at amounts that the Valuation Committee and custodian feel are most indicative of the fair value based on information that may include the last reported bid price on the principal securities exchanges or listed market on which such securities are traded. Fixed income securities, and securities not traded on an exchange or a listed market, are valued at the bid price or the average of the bid and asked prices on the valuation date obtained from published sources where available, or are valued with consideration of trading activity or any other relevant information, such as independent broker quotations. Fair values of investments in private equity direct investments, publically traded investments and other securities for which market quotations are not readily available, or for which market quotations may be considered unreliable, are estimated in good faith by ALIMCO and/or the Investment Advisors, under consistently applied procedures deemed to be appropriate in the given circumstances. The methods and procedures to fair value these investments may include, but are not limited to the consideration of the following factors: comparisons with prices of comparable or similar securities, obtaining valuation-related information from issuers, using independent third party valuation specialists and pricing models, time value of money, volatility, current market, and contractual prices of the underlying financial instrument, counterparty non-performance risk, and/or other analytical data relating to the investment and using other available indications of value, as applicable. Because of the inherent uncertainties of valuation,

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

the appraised values and estimated fair values reflected in the financial statements may differ from values that would be determined by negotiation between parties in a sales transaction, and the differences could be material.

Derivative instruments held in the MPT are recorded at fair value. Fair value of derivative instruments is determined using quoted market prices when available. Otherwise, fair value is based on pricing models that consider the time value of money, volatility, and the current market or contractual prices of the underlying financial instruments.

Investments in real estate consist principally of wholly owned property investments, the fair values of which are reviewed on a quarterly basis by third party discretionary Investment Advisors. These investments are valued at amounts based predominantly upon appraisal reports prepared by independent real estate appraisers on at least an annual basis. The values included in the independent real estate appraisal reports are derived from discounted cash flow models.

Private equity investments and certain real estate investments are made through limited partnerships that, in turn, invest in venture capital, leveraged buyouts, real estate, private placements and other investments where the structure, risk profile and return potential differ from traditional equity and fixed income investments. Absolute return investments are typically made through limited partnerships which are hedge funds that utilize a broad array of investment strategies, including but not limited to market neutral, event driven, equity long/short, global macro, or a combination of all of these strategies. Investments in common and collective trusts consist of units owned in commingled fund investment vehicles which are primarily invested in domestic and emerging market equity securities. The MPT owns units or shares of these investment vehicles representing the MPT's interest in the commingled fund.

The limited partnerships and commingled funds report net asset values ("NAV") of the MPT's investments in such vehicles on a periodic basis to the MPT. ALIMCO performs due diligence of various degrees on these limited partnerships and commingled funds. Investments in limited partnerships and commingled funds are carried at fair value, which generally represent the MPT's proportionate share of net assets of the limited partnerships and commingled funds as valued by the general partners or investment managers of these entities. ALIMCO follows its valuation policy, and other due diligence and investment procedures, which includes evaluating

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

information provided by management of these vehicles, to determine that such valuations represent fair value. If ALIMCO determined that such valuations were not fair value, then ALIMCO would provide an estimate of fair value in good faith in accordance with its valuation policy. Due to the inherent uncertainty of valuation for these investment vehicles, ALIMCO's estimate of fair value for these limited partnerships may differ from the values that would have been used had a ready and liquid market existed for such investments, and such differences could be material.

The changes in fair values of MPT's investments in limited partnerships are recorded as net appreciation (depreciation) in fair value of investments on the schedule detailing investment income of the MPT. The net asset values reported to MPT by the management of the limited partnerships are net of management fees charged to the MPT's capital account in such limited partnerships.

The fair value of the MPT's assets and liabilities which qualify as financial instruments approximates the carrying amounts presented in the schedule of net assets of the MPT.

The Plan's interest in the MPT exceeded 5% of its net assets available for benefits at December 31, 2012 and 2011. There was no individual investment that equaled or exceeded 5% of the MPT's net assets at December 31, 2012 and 2011.

Collateral held by brokers for futures contracts and swap contracts outstanding was $106,246 and $72,044 at December 31, 2012 and 2011, respectively. These amounts are included in due from brokers and government and U.S. treasury obligations on the schedule of net assets of the MPT.

At December 31, 2012 and 2011, cash and cash equivalents and cash equivalents held in the 401(h) account were primarily comprised of short term investment funds managed by JP Morgan and BNY Mellon. The MPT considers all highly liquid investment instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

At December 31, 2012 and 2011, due to/from broker was primarily comprised of margin posted for futures contracts.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

Foreign Currency Transactions

Assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the prevailing rates of exchange on the valuation date. Purchases and sales of investments are translated and recorded at rates of exchange prevailing when such investments were purchased or sold. Income and expenses are translated at rates of exchange prevailing when earned or accrued. The MPT does not isolate that portion of the results of operations resulting from changes in foreign currency exchanges rates on investments from fluctuations arising from changes in the valuation of investments. Accordingly, such foreign currency related gains and losses are included in net appreciation in fair value of investments on the schedule detailing investment income of the MPT.

Fair Value of Investments

In accordance with ASC 820, *Fair Value Measurement*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability at the measurement date (an exit price). ASC 820 requires enhanced classification and disclosures about financial instruments carried at fair value and establishes a fair value hierarchy that prioritizes the inputs used in valuation models and techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The inputs are summarized in the three broad levels listed below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The types of investments that are classified at this level typically include equities, futures contracts, certain options and U.S. Treasury obligations.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly (inputs include quoted prices for similar assets or liabilities in active markets, interest rates

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

and yield curves, credit risk assessments, etc.). The types of investments that are classified at this level typically include investment grade corporate bonds, convertible securities, asset backed securities, mortgage-backed securities, government agency securities, forward contracts, certain options, interest rate swaps, and credit default swaps.

Level 3 – Significant unobservable inputs for assets or liabilities. The types of assets and liabilities that are classified at this level include but are not limited to limited partnerships, private placement debentures, certain commingled funds, bank debt and real estate properties.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Furthermore, the fair value hierarchy does not correspond to a financial instrument’s relative liquidity in the market or to its level of risk. Management assumes that any transfers between levels occur at the beginning of any period. Management’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The inputs or methodology used for valuing investments and their classification in the fair value hierarchy are not necessarily an indication of the risk associated with those investments.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The following summarizes the MPT's investments by level of fair value hierarchy as of December 31, 2012 and 2011:

As of December 31, 2012:

	Level 1**	Level 2**	Level 3	Total
Assets				
Cash equivalents [1]	$ 224,378	$ 1,594,894	$ –	$ 1,819,272
Cash collateral invested in fixed income securities and repurchase agreements:				
Floating rate notes	–	1,042,552	–	1,042,552
Repurchase agreements	–	550,628	–	550,628
Commercial paper	–	308,067	–	308,067
Certificate of deposit	–	267,149	–	267,149
Time deposits and other	–	197,396	–	197,396
Total	–	2,365,792	–	2,365,792
Common collective trusts	–	471,335	–	471,335
Domestic equity* [2]	1,115,549	–	–	1,115,549
International equity* [2]	1,587,515	–	–	1,587,515
Asset backed securities [3]	–	181,821	–	181,821
Corporate debt securities [3]	14,537	13,174,048	21	13,188,606
International government bonds [3]	155,935	404,770	–	560,705
Mortgage backed securities[3]	–	479,036	–	479,036
Government and U.S. treasury obligations [3]	5,423,112	2,902,331	–	8,325,443
U.S. states and subdivisions [3]	–	811,793	–	811,793
Repurchase agreements	–	114,900	–	114,900
Bank debt, other fixed income securities [3]	–	–	57,191	57,191
Limited partnership investments	–	389,967	3,240,172	3,630,139
Real estate	–	–	1,466,379	1,466,379
Interest rate swap contract [4]	–	3,215	–	3,215
Credit default swap contracts [4]	–	8,275	–	8,275
Equity Index swap contracts [4]	–	103	–	103
Options purchased	–	2,275	–	2,275
Futures contracts	10,300	–	–	10,300
Foreign exchange contracts	–	3,649	–	3,649
Total assets	$ 8,531,326	$ 22,908,204	$ 4,763,763	$ 36,203,293
Liabilities				
Written options	$ –	$ 1,495	$ –	$ 1,495
Futures contracts	28,543	–	–	28,543
Equity index swaps [5]	–	97	–	97
Interest rate swaps [5]	–	19,634	–	19,634
Credit default swaps [5]	–	2,055	–	2,055
Total liabilities	$ 28,543	$ 23,281	$ –	$ 51,824

* Represents strategies of the MPT with regard to its trading activities in equity securities.
** There were no significant transfers between level 1 and level 2 during the year ended December 31, 2012.
1 Comprised of Cash and cash equivalents of $1,605,343 and Cash equivalents held in 401(h) account of $213,929.
2 Such strategies aggregate to $2,703,064, which is included in Common stock and other equities on the schedule of net assets of the MPT.
3 Such strategies aggregate to $23,604,595, which is included in Fixed income securities and U.S. Government and Treasury obligations on the schedule of net assets of the MPT.
4 Such strategies aggregate to $11,593 which is included in Swap contracts assets on the schedule of net assets of the MPT.
5 Such strategies aggregate to $21,786 which is included in Swap contracts liabilities on the schedule of net assets of the MPT.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

As of December 31, 2011:

	Level 1**	Level 2**	Level 3	Total
Assets				
Cash equivalents [1]	$ 220,200	$ 1,611,892	$ –	$ 1,832,092
Cash collateral invested in fixed income securities and repurchase agreements:				
Floating rate notes	–	1,229,858	–	1,229,858
Repurchase agreements	–	434,265	–	434,265
Asset-backed floating notes	–	53,283	–	53,283
Commercial paper	–	230,916	–	230,916
Certificate of deposit	–	449,357	–	449,357
Time deposits and other	–	278,308	–	278,308
Total	–	2,675,987	–	2,675,987
Common collective trusts	–	373,513	–	373,513
Domestic equity* [2]	1,078,012	–	–	1,078,012
International equity* [2]	1,506,639	–	–	1,506,639
Asset backed securities [3]	–	245,943	–	245,943
Corporate debt securities [3]	11,420	12,998,757	20,764	13,030,941
International government bonds [3]	64,981	374,547	–	439,528
Mortgage backed securities[3]	–	425,925	–	425,925
Government and U.S. treasury obligations [3]	5,593,728	3,265,454	–	8,859,182
U.S. states and subdivisions [3]	–	762,857	–	762,857
Limited partnership investments	–	313,548	3,510,708	3,824,256
Real estate	–	–	1,377,583	1,377,583
Bank debt, other fixed income securities [3]	583	–	49,666	50,249
Interest rate swap contract [4]	–	2,112	–	2,112
Credit default swap contracts [4]	–	1,588	–	1,588
Options purchased	–	1,818	–	1,818
Futures contracts	37,367	–	–	37,367
Foreign exchange contracts	–	1,073	–	1,073
Total assets	$ 8,512,930	$ 23,055,014	$ 4,958,721	$ 36,526,665
Liabilities				
Written options	$ –	$ 6,559	$ –	$ 6,559
Futures contracts	14,955	–	–	14,955
Foreign exchange contracts	–	2,021	–	2,021
Equity index swaps [5]	–	286	–	286
Interest rate swaps [5]	–	25,497	–	25,497
Credit default swaps [5]	–	3,405	–	3,405
Total liabilities	$ 14,955	$ 37,768	$ –	$ 52,723

* Represents strategies of the MPT with regard to its trading activities in equity securities.

** There were no significant transfers between level 1 and level 2 during the year ended December 31, 2011.

[1] Comprised of Cash and cash equivalents of $1,618,719 and Cash equivalents held in 401(h) account of $213,373.

[2] Such strategies aggregate to $2,584,651, which is included in Common stock and other equities on the schedule of net assets of the MPT.

[3] Such strategies aggregate to $23,814,625, which is included in Fixed income securities and U.S. Government and Treasury obligations on the schedule of net assets of the MPT.

[4] Such strategies aggregate to $3,700, which is included in Swap contract assets on the schedule of net assets of the MPT.

[5] Such strategies aggregate to $29,188, which is included in Swap contracts liabilities on the schedule of net assets of the MPT.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The Plan also invests in certain common collective trusts ("CCTs") which are held in segregated Plan accounts. The fair values of these CCTs amounted to $1,203 and $393 as of December 31, 2012 and 2011, respectively, and are categorized as Level 2.

The following table is a reconciliation of assets the MPT held during the year ended December 31, 2012 at fair value using significant unobservable inputs (Level 3):

As of December 31, 2012:

	Beginning Balance January 1, 2012	Realized Gains/ (Losses)*	Unrealized Gains/ (Losses)*	Purchases	Sales and Settlements	Transfers Out**	Transfers In**	Ending Balance, December 31, 2012
Corporate debt securities	$ 20,764	$ (25)	$ 499	$ –	$ (252)	$ (21,051)	$ 86	$ 21
Bank debt, other fixed income securities	49,666	238	920	33,155	(26,788)	–	–	57,191
Limited partnership investments	3,510,708	(394,906)	659,330	451,585	(935,479)	(51,066)	–	3,240,172
Real estate	1,377,583	(11,884)	118,545	89,921	(107,786)	–	–	1,466,379
Total	$ 4,958,721	$ (406,577)	$ 779,294	$ 574,661	$ (1,070,305)	$ (72,117)	$ 86	$ 4,763,763

* The above net gains on Level 3 assets are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT and also includes net investment income for real estate and limited partnership investments.

** During the year ended December 31, 2012, the MPT reclassified securities with a fair value of $86 into Level 3 and a fair value of $72,117 out of Level 3 as a result of such securities either becoming more or less actively traded and the associated inputs becoming more or less observable.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The MPT is required to disclose the valuation technique and the inputs used to value its Level 3 securities. The following table summarizes the inputs used to value the MPT's Level 3 securities at December 31, 2012:

	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs
Corporate debt securities	$ 21	Broker Quotes	–	–
Bank debt, other fixed income securities	57,191	Broker Quotes	–	–
Limited partnership investments	3,159,955	NAV	–	–
Real estate[2]	1,466,379	Discounted Cash Flows ("DCF")	Discount Rate	6.75% - 10.5%
			Exit Capitalization rate[3]	5.75% - 8.5%
			DCF Term	10 years
Oil and Gas Investments[1]	80,217	Discounted Cash Flows	Discount Rate	14%
			Commodity Price - Oil ($/BBL) [4]	$92 - $104
			Commodity Price - Gas ($/MMCF) [4]	$3 - $6
			Production Volume - Oil (MMB) [4]	0.1 - 0.9 MMB
			Production Volume - Gas (MMCF) [4]	0 - 900 MMCF
			Capital and Operating Expenditures (in millions of $)[4]	$0 - $14

1 Included in limited partnership investments on schedule of net assets of the MPT.
2 Real Estate investments are valued at amounts from appraisal reports. The primary valuation techniques used in the appraisal reports is Discounted Cash Flows.
3 Exit Capitalization rate is the interest rate at which the net income generated by the property is capitalized to arrive at a residual value at the estimated time of sale of the property.
4 Inputs are derived from engineering reserve reports and based on 15 year projections.

Net changes in unrealized appreciation/(depreciation) on assets still held as of December 31, 2012 amounted to $93,767 and are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

The MPT is required to disclose additional information regarding the nature of its investments in underlying funds when MPT uses the NAV reported by such underlying funds that calculate net asset value per share as a practical expedient in assessing fair value. The following is a summary of investments where the MPT has used NAV to assess fair value as of December 31, 2012:

Description of Investment Strategy	Fair Value Level 2	Fair Value Level 3	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Long/Short Hedge Funds[(a)]	$ 97,595	$ 56,535	$ –	Quarterly, Annually	45-60 days
Event Driven Hedge Funds[(b)]	153,436	222,537	–	Quarterly, Annually	30-90 days
Multi-strategy Hedge Funds[(c)]	–	192,188	–	Quarterly, Annually	45-65 days
Relative Value Hedge Fund[(d)]	86,159	–	–	Monthly	30-90 days
Opportunistic Hedge Funds[(e)]	–	45,900	6,136	Quarterly	65 days
Directional Hedge Fund[(f)]	52,777	–	–	Quarterly	60 days
Real Estate Funds[(g)]	–	483,554	80,210	N/A	
Private Equity Funds – Venture Capital[(h)]	–	678,130	267,598	N/A	
Private Equity Funds – Buyouts[(i)]	–	1,216,291	446,751	N/A	
Private Equity Funds – Special Situations[(j)]	–	328,394	93,836	N/A	
Private Equity Funds – Direct Investments[(k)]	–	16,643	–	N/A	
Total	$ 389,967	$ 3,240,172	$ 894,531		

The following is a summary of investments where the MPT has used NAV to assess fair value as of December 31, 2011:

Description of Investment Strategy	Fair Value Level 2	Fair Value Level 3	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Long/Short Hedge Funds[(a)]	$ 89,855	$ 51,503	$ –	Quarterly, Annually	45-60 days
Event Driven Hedge Funds[(b)]	138,682	200,491	–	Quarterly, Annually	30-90 days
Multi-strategy Hedge Funds[(c)]	–	106,355	–	Quarterly, Annually	45-65 days
Relative Value Hedge Fund[(d)]	85,011	–	–	Monthly	30-90 days
Real Estate Funds[(g)]	–	620,080	104,713	N/A	
Private Equity Funds – Venture Capital[(h)]	–	954,380	244,606	N/A	
Private Equity Funds – Buyouts[(i)]	–	1,196,779	424,205	N/A	
Private Equity Funds – Special Situations[(j)]	–	364,457	108,297	N/A	
Private Equity Funds – Direct Investments[(k)]	–	16,663	–	N/A	
Total	$ 313,548	$ 3,510,708	$ 881,821		

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

(a) This category includes investments in hedge funds that invest in both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift its investment positions to different market segments (value/growth), market capitalization (small/large cap) and net long/short exposure as agreed to in the subscription documents of such hedge funds. Investments in this category can be redeemed at any time subject to the redemption notice period of each respective hedge fund. At December 31, 2012 and 2011, this category held 1.01% and 1.59% of assets in side pockets.

(b) This category includes investments in hedge funds that invest in equities and fixed income to profit from economic, political and government driven events. At December 31, 2012 and 2011, this category held 5.16% and 8.60% of assets in side pockets.

(c) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. These multiple strategy hedge funds invest in common stock, fixed income securities, convertibles, distressed debt, merger arbitrage, macro and real estate securities. At December 31, 2012 and 2011, this category held 10.8% and 22.73% of assets in side pockets. At December 31, 2012, 39.84% of the assets in this category are locked up.

(d) This category includes investments in hedge funds that involve taking simultaneous long and short positions in closely related markets in both equities and fixed income instruments. This category of hedge funds has no investments held in side pockets.

(e) This category is designed to take advantage of a specific and/or timely investment opportunity due to a market dislocation or similar event. At December 31, 2012, 100% of the assets in this category were locked up. It is estimated that the assets will be realized over the next three to five years.

(f) This category generally refers to strategies that are more directional in nature, although they can shift opportunistically between having a directional bias and a non-directional bias. This category of hedge funds has no investments held in side pockets.

(g) This category includes oil and gas and real estate funds that invest in the U.S., Europe and Asia. The fair values of the investments in this category have been estimated using the net asset value of the MPT's ownership interest in partners' capital. These investments cannot be redeemed. Distributions from these funds will be received as the underlying investments of the funds are liquidated. It is estimated that the assets of the funds will be liquidated over the next five to ten years.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

(h) This category includes venture capital funds that typically invest in equity securities of start-up and growth oriented companies primarily domiciled in the U.S. and Western Europe. The venture capital funds are invested across various sectors including healthcare, information technology, computer hardware, and materials. The fair values of the investments in this category have been estimated using the net asset value of the MPT's pro-rata interest in each fund. These investments cannot be redeemed. Distributions from these funds will be received by the MPT as the underlying assets in each fund are liquidated, typically a period of five to ten years from inception of the funds.

(i) This category includes buyout funds that typically invest in the equity of mature operating companies primarily domiciled in the U.S. and Western Europe. The buyout funds are invested across various sectors including healthcare, technology, energy, financial and business services, manufacturing, transportation, and consumer. The fair values of the investments in this category have been estimated using the net asset value of the MPT's pro-rata interest in each fund. These investments cannot be redeemed. Distributions from these funds will be received by the MPT as the underlying assets in each fund are liquidated, typically over a period of five to ten years from inception of the funds.

(j) This category includes fund of funds, debt funds and distressed-oriented funds, structured as private equity vehicles. The special situation funds invest in the debt or equity securities of companies primarily domiciled in the U.S., Western Europe and Asia. The special situations funds are generally sector agnostic, and are invested across a diversified spectrum of industries. The fair value of investments in this category is measured using the aggregate net asset value of the MPT's pro-rata interest in each fund. These investments cannot be redeemed. Distributions are received by the MPT as the underlying assets in each fund are liquidated, typically over a period of five to ten years from inception of the funds.

(k) This category includes private equity funds that principally make direct investments in the equity securities of privately held companies structured through limited partnerships. The fair value of the investments in this category is measured using the aggregate asset value of the MPT's pro-rata equity interest in each company. These investments cannot be redeemed. Distributions from these investments will be received by the MPT as the underlying equity interests are liquidated. The liquidation of this category of investments is anticipated to conclude over the next three to five years.

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

Guarantees and Commitments

ASC 815 *Derivative and Hedging* requires a seller of credit derivative to disclose (i) the nature and terms of the credit derivative, reasons for entering into the credit derivative, the events or circumstances that would require the seller to perform under the credit derivative, and the current status of the payment/performance risk of the credit derivative, (ii) the maximum potential amount of future payments (undiscounted) the seller could be required to make under the credit derivative, (iii) the fair value of the credit derivative, and (iv) the nature of any recourse provisions and assets held either as collateral or by third parties. It also requires additional disclosures about the current status of the payment/performance risk of a guarantee.

In the normal course of trading activities, the MPT will trade and hold certain derivative contracts which constitute guarantees under U.S. GAAP. Such contracts include written put options and credit default swaps where MPT is providing credit protection on an underlying instrument. For credit default swaps, the credit rating, obtained from external credit agencies, reflects the current status of the payment/performance risk of a credit default swap. Management views performance risk to be high for derivative contracts whose underlying credit ratings are below BBB-.

As of December 31, 2012:

	Single Name Corporate Bond Credit Default Swaps	Basket of Investment Grade Securities Swaps
Fair value of sold protection	**$ (136)**	**$ 6,113**
Maximum undiscounted potential future payments	**$ 25,303**	**$ 264,777**
Approximate term of the contracts	**Two to five years**	**Four to ten years**
Credit ratings of underlying instruments	**A to BBB-**	**–**

As of December 31, 2011:

	Single Name Corporate Bond Credit Default Swaps	Basket of Investment Grade Securities Swaps
Fair value of sold protection	$ (1,335)	$ (1,705)
Maximum undiscounted potential future payments	$ 26,900	$ 191,580
Approximate term of the contracts	Five months to nine years	Five to ten years
Credit ratings of underlying instruments	AA- to BBB+	–

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

At December 31, 2012, the MPT held 7 written put option contracts that are expiring at various times between March 2013 and February 2017. The maximum payout for a written put option is limited to the number of contracts written and the related strike prices and amounted to $1,147. The fair value of the written put options was ($939) which is located in options written at fair value on the schedule of net assets of the MPT.

At December 31, 2011, the MPT held 8 written put option contracts that expired at various times between February 2012 and November 2012. The maximum payout for a written put option is limited to the number of contracts written and the related strike prices and amounted to $1,567. The fair value of the written put options was ($535) which is located in options written at fair value on the schedule of net assets of the MPT.

Securities Lending

The MPT participates in an agency securities lending program with BNYMellon Bank, N.A. (BNYMellon Bank), an affiliate of the Master Trustee. The securities lending agreement requires that the MPT receive U.S. Dollar cash or securities issued or guaranteed by the United States Government or its agencies or instrumentalities, or sovereign debt securities issued by a government that is a ratified member of the Organization for Economic Co-Operations and Development, or by the government of Singapore, provided that at least one nationally recognized statistical rating organization has rated the issuer in one of its two highest categories as collateral for securities on loan, equaling 102% of the fair value of domestic securities and 105% of the total fair value of non-U.S. securities on loan. As of December 31, 2012 and 2011, the fair value of the securities on loan was $4,992,438 and $5,852,110, respectively. Such securities are recorded on the schedule of net assets of the MPT. The MPT received collateral from borrowers in the form of cash and securities. The MPT has the ability to repledge (rehypothicate) the cash, however the securities cannot be repledged. As of December 31, 2012 and 2011, the MPT held cash collateral of $2,365,185 and $2,677,502, respectively, in connection with loaned securities. The cash collateral was used to enter into repurchase agreements and to purchase asset-backed floating notes, floating rate notes, commercial paper, certificates of deposit and time deposits. The fair value of these investments acquired with the cash collateral are $2,365,792 and $2,675,987 at December 31, 2012 and 2011, respectively, and

(In Thousands)

5. Interest in Lucent Technologies Inc. Master Pension Trust (continued)

are included in the cash collateral invested in fixed income securities and repurchase agreements on the schedule of net assets of the MPT.

The securities received as collateral for loaned securities which cannot be sold or repledged included U.S. Treasuries and sovereign debt securities with fair values of $2,734,877 and $3,303,688, at December 31, 2012 and 2011, respectively. Such securities are not reflected in the MPT's assets and liabilities. The MPT received interest and securities lending income in the amount of $11,828 in 2012 from the securities lending program; this income is included in other income on the schedule detailing investment income of the MPT.

Under the repurchase agreements, the MPT acquires a security for cash subject to an obligation by the counterparty to repurchase, and the MPT to resell, the security at an agreed upon price and time. In these transactions, the MPT takes possession of securities collateralizing the repurchase agreement. The collateral is marked to market daily to ensure that the fair value of the assets remains sufficient to protect the MPT in the event of default by the seller. As of December 31, 2012 and 2011, repurchase agreements were carried at $550,628 and $434,265, respectively, and the fair value of securities which the MPT holds as collateral with respect to such repurchase agreements is $561,642 and $442,951, respectively. The carrying amounts approximate fair value and are recorded on the schedule of net assets of the MPT in cash collateral invested in fixed income securities and repurchase agreements. In addition, the MPT's Investment Advisors invested directly in repurchase agreements which are included in repurchase agreements on the schedule of net assets of the MPT. At December 31, 2012, the direct repurchase agreements were carried at $114,900 and the fair value of the collateral received was $116,556. All repurchase agreements are carried at par plus accrued interest which approximates fair value.

The MPT bears the risk of loss with respect to the investments purchased with the cash collateral. BNYMellon Bank has agreed to indemnify the MPT in the case of default of any borrower pursuant to respective securities lending agreements.

6. Derivative Financial Instruments

In the ordinary course of business, the MPT enters into various types of derivative transactions through its discretionary Investment Advisors. Derivative contracts serve as components of the MPT's investment strategies and are utilized primarily to hedge investments to enhance performance and reduce risk to the MPT, as well as for speculative purposes.

(In Thousands)

6. Derivative Financial Instruments (continued)

Under U.S. GAAP, the MPT is required to disclose its objectives by primary underlying risk exposure and strategies for using derivatives by primary underlying risk exposure; information about the volume of derivative activity; disclosures about credit-risk-related contingent features, and concentrations of credit-risk derivatives. Additionally, U.S. GAAP requires the quantitative disclosures of the location and gross fair value of derivative instruments reported in the schedule of net assets of the MPT and location of the gains and losses generated from derivative investing activity during the year ended December 31, 2012 on the schedule detailing investment income of the MPT.

The MPT invests in derivative contracts with underlying exposure to interest rate risk (interest rate risk contracts) which consist of interest rate swaps, futures contracts and option contracts on fixed income securities; equity and fixed income price risk (equity and fixed income price risk contracts) which consists of index futures and option contracts on fixed income securities; credit risk (credit risk contracts) which consist of credit default swaps and total return swaps; and foreign currency risk (foreign currency risk contracts) which consist of futures and foreign exchange contracts.

Futures Contracts

Futures contracts are commitments to purchase or sell securities based on financial indices at a specified price on a future date. The MPT's Investment Advisors use index futures contracts to manage both short-term asset allocation and the duration of the fixed income portfolio. Most of the contracts have terms of less than one year. The credit risk of futures contracts is limited because they are standardized contracts traded on organized exchanges and are subject to daily cash settlement of the net change in value of open contracts. Fluctuation in unrealized gain or loss related to other futures contracts is recorded daily until realized on closing. Both realized and unrealized gain or loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT. Futures contracts require collateral consisting of cash or liquid securities and daily variation margin settlements to be made with brokers. Outstanding futures contracts held by the MPT consist primarily of S&P 500 index futures, Eurodollar futures and U.S. Treasury Note and exchange index futures. The total net fair value of futures contracts at December 31, 2012 and 2011 was ($18,243) and $22,412, respectively, and are included in futures contracts assets and liabilities on the schedule of net assets of the MPT.

(In Thousands)

6. Derivative Financial Instruments (continued)

Forward Foreign Exchange Contracts

In a forward foreign exchange contract, one currency is exchanged for another on an agreed upon date at an agreed upon exchange rate. The MPT's Investment Advisors use forward foreign exchange contracts to manage the currency risk inherent in owning securities denominated in foreign currencies and to enhance investment returns. Risks arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from fluctuations in the value of a foreign currency relative to the U.S. dollar or U.S. Treasury security. Most of the contracts have terms of ninety days or less and are settled in cash on settlement of the contract. The change in fair value of such contracts is recorded by the MPT as an unrealized gain or loss in net appreciation/(depreciation) in fair value of investments in the schedule detailing investment income of the MPT. When the contract is closed, the MPT records a realized gain or loss equal to the difference between the cost of the contract at the time it was opened and the value at the time it was closed. Both realized and unrealized gains/losses are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

As of December 31, 2012 and 2011, the MPT held open forward foreign exchange contracts receivable and payable primarily in Canadian Dollars, Japanese Yen, Swiss Francs, British Pounds, Euros and U.S. dollars. The total net fair value of forward foreign exchange contracts at December 31, 2012 and 2011 was $3,649 and ($948), respectively, which is included in foreign exchange contracts assets and liabilities on the statements of net assets of the MPT.

Options

Options are contracts entitling the holder to purchase or sell a specified number of shares or units of a particular security at a specified price at any time until the contract's stated expiration date. Premiums paid for options purchased are recorded as investments and premiums received for options written/sold are recorded as liabilities. When securities are acquired or delivered upon exercise of an option, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed, the difference between the premium and the cost to close the position is realized as a gain or loss. When an option expires, the premium is realized as a gain for options written or as a loss for options purchased. Both realized and unrealized gains/losses are included in net appreciation/(depreciation) in fair value of investments on the schedule

(In Thousands)

6. Derivative Financial Instruments (continued)

detailing investment income of the MPT. The risks include price movements in the underlying securities, the possibility that option markets may be illiquid, or the inability of the counterparties to fulfill their obligations under the contracts.

As of December 31, 2012 and 2011, the MPT held written option contracts with a fair value of $1,495 and $6,559, respectively, which are included in options written on the schedule of net assets of the MPT. The written option contracts are primarily options on currency futures and options on fixed income securities. As of December 31, 2012 and 2011, the MPT has purchased options of $2,275 and $1,818, respectively, which are included in options purchased at fair value on the schedule of net assets of the MPT.

Swap Contracts

Swap contracts involve the exchange by the MPT with another party of their respective commitments to pay or receive a series of cash flows calculated by reference to changes in specified prices or rates throughout the lives of the agreements. A realized gain or loss is recorded upon termination or settlement of swap agreements. Unrealized gains or losses are recorded based on the fair value of the swaps. Both realized and unrealized gain and loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT. The Investment Advisors retained by the MPT enter into interest rate swaps as part of their investment strategy to hedge exposure to changes in interest rates and to enhance investment returns. The Investment Advisors also enter into credit default swaps in order to manage the credit exposure in the portfolio and to enhance investment returns.

A credit default swap represents an agreement in which one party, the protection buyer, pays a fixed fee, the premium, in return for a payment by the other party, the protection seller, contingent upon a specified default event relating to an underlying reference asset or pool of assets. While there is no default event, the protection buyer pays the protection seller the periodic premium. If the specified credit event occurs, there is an exchange of cash flows and/or securities designed so that the net payment to the protection buyer reflects the loss incurred by creditors of the reference credit in the event of its default. The nature of the credit event is established by the buyer and seller at the inception of the transaction and such events include bankruptcy, insolvency, rating agency downgrade and failure to meet payment obligations when due. Risks

6. Derivative Financial Instruments (continued)

may arise from unanticipated movements in interest rates or the occurrence of a credit event whereby changes in the market values of the underlying financial instruments may be in excess of the amounts shown in the schedule of net assets of the MPT.

As of December 31, 2012 and 2011, the MPT had outstanding swap contracts consisting primarily of interest rate swap and credit default swap contracts. The fair value of swap contracts that is included in investments under swap contracts in the schedule of net assets of the MPT at December 31, 2012 and 2011 are $11,593 and $3,700, respectively. The fair value of swap contracts that are included in liabilities under swap contracts in the schedule of net assets of the MPT at December 31, 2012 and 2011 are $21,786 and $29,188, respectively.

The MPT utilizes its Investment Advisors to conduct derivative trading on its behalf. Investment Advisors enter into International Swaps and Derivative (ISDA) Master Agreements with counterparties. The ISDA Agreements contain master netting arrangements that allow amounts owed from the counterparty to be offset with amounts payable to the same counterparty within the same Investment Advisors account within the MPT. Each Investment Advisor retains separate ISDA agreements with the MPT’s counterparties. Cash collateral associated with the derivatives have not been added or netted against the fair value amounts.

(In Thousands)

6. Derivative Financial Instruments (continued)

Information about Derivative Instruments and Derivative Activity

The following table sets forth the gross fair value of MPT's derivative asset and liability contracts by major risk type as of December 31, 2012 and 2011, and their location on the schedule of net assets of the MPT. The fair values of these derivatives are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting as permitted by the MPT's Investment Advisors' bilateral ISDA Master Agreements.

	Derivative Contracts – Assets			Derivative Contracts – Liabilities		
Derivative Contracts	**2012**	**2011**	**Location on the Statements of Net Assets**	**2012**	**2011**	**Location on the Statements of Net Assets**
Foreign currency risk contracts [1]	**$ 4,627**	$ 3,225	Futures contracts, at fair value and foreign exchange contracts, at fair value	**$ –**	$ 2,257	Futures contracts, at fair value foreign exchange contracts, fair value and options written, at fair value
Equity and fixed income price risk contracts [2]	**3,267**	5,842	Futures contracts, at fair value	**2,415**	2,027	Futures contracts, at fair value and options written, at fair value
Interest rate risk contracts [3]	**11,648**	33,304	Swap contracts, at fair value, futures contracts, at fair value and options purchased, at fair value	**47,354**	45,034	Swap contracts, at fair value, futures contracts, at fair value and options written, at fair value
Credit risk contracts [4]	**8,275**	1,587	Swap contracts, at fair value	**2,055**	3,405	Swap contracts, at fair value
Total derivative contracts	**$ 27,817**	$ 43,958		**$ 51,824**	$ 52,723	

1 Includes futures contracts and forward foreign exchange contracts.
2 Includes index futures, option contracts on fixed income securities and equity index swaps.
3 Includes interest rate swaps, futures contracts and written and purchased option contracts on fixed income securities.
4 Includes credit default swaps and total return swaps.

The following table sets forth by major risk type the MPT's gains/(losses) related to the trading activities of derivatives for the year ended December 31, 2012, which are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT:

Derivative contracts	
Foreign currency risk contracts	$ 17,269
Equity and fixed income price risk contracts	51,613
Interest rate risk contracts	69,287
Credit risk contracts	(9,384)
Total derivative contracts	$ 128,785

(In Thousands)

6. Derivative Financial Instruments (continued)

The following table summarizes the volume of MPT's derivative activity by presenting the average quarterly notional value of swap contracts outstanding and the average number of options and futures contracts outstanding by major risk type during the year ended December 31, 2012:

	Assets	Liabilities
Derivative contracts-average quarterly notional amounts		
Interest rate risk contracts [1]	**$ 3,606,586**	**$ 2,659,437**
Credit rate risk contracts [2]	**357,646**	**–**
Equity and fixed income price risk contracts [3]	**346,292**	**177,732**
Derivative contracts-average quarterly number of contracts		
Foreign currency risk contracts [4]	**2,132**	**1,322**
Equity and fixed income price risk contracts [3]	**2,411**	**97**

[1] Includes interest rate swaps (notionals), futures contracts and option contracts (notionals) on fixed income securities.

[2] Includes credit default swaps (notionals) and total return swaps (notionals).

[3] Includes index futures (notionals) and options contracts (contracts) on fixed income securities.

[4] Includes futures contracts, options and foreign exchange contracts (contracts).

(In Thousands)

6. Derivative Financial Instruments (continued)

The following table summarizes the volume of MPT's derivative activity by presenting the average quarterly notional value of swap contracts outstanding and the average number of options and futures contracts outstanding by major risk type during the year ended December 31, 2011:

	Assets	Liabilities
Derivative contracts-average quarterly notional amounts		
Interest rate risk contracts [1]	$ 2,681,753	$ 2,194,249
Credit rate risk contracts [2]	256,391	19,206
Equity and fixed income price risk contracts [3]	674,159	166,517
Derivative contracts-average quarterly number of contracts		
Foreign currency risk contracts [4]	7,499	4,236
Equity and fixed income price risk contracts [3]	974	326

[1] Includes interest rate swaps (notionals), futures contracts and option contracts (notionals) on fixed income securities.

[2] Includes credit default swaps (notionals) and total return swaps (notionals).

[3] Includes index futures (notionals) and options contracts (contracts) on fixed income securities.

[4] Includes futures contracts, options and foreign exchange contracts (contracts).

Credit-Risk Related Contingent Features

The MPT's derivative contracts are subject to ISDA Master Agreements at the Investment Advisor account level. The ISDA agreements contain certain covenants and other provisions that may affect the Investment Advisors account within the MPT in situations where the MPT is in a net liability position with its counterparties. These provisions require the MPT's Investment Advisor's account within the MPT maintain a certain level of net assets or limit the size of certain liability positions. If the MPT were not to meet such provisions, the counterparties to the derivative instruments could, depending on the nature of the agreements, either require the account to post additional collateral in amounts representing a multiple of the original collateral amounts required pursuant to the ISDA Master Agreements or terminate their derivative

(In Thousands)

6. Derivative Financial Instruments (continued)

positions with the account and request immediate payment on all open derivative contracts, after the application of master netting arrangements (credit-risk-related contingent features).

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position, prior to the application of master netting arrangements, as of December 31, 2012 and 2011, is $21,786 and $29,188, respectively, for which the MPT had posted collateral of $21,889 and $26,031, respectively, in the normal course of business. If the credit-risk-related contingent features underlying these instruments in a liability position had been triggered as of December 31, 2012 and 2011 (after offsetting any applicable collateral), and the MPT had to settle these instruments immediately, the MPT would have been required to pay the total amount of the net liability stated above upon demand of the counterparties. The ultimate amounts that may be required as payment to settle the derivative positions in connection with the triggering of such credit contingency features at December 31, 2012, may be different than the net liability amounts stated at December 31, 2012, and such differences could be material. The Investment Advisors believe the likelihood of any provisions within the master netting agreements being triggered is minimal.

7. Off-Balance Sheet Risk and Risk Concentrations

In the normal course of its business, the MPT trades various financial instruments and enters into various investment activities with a variety of risks including market, credit, liquidity, and risks associated with foreign investing. Additionally, the MPT bears certain risks related to conducting business with its counterparties.

Market risk is the risk of potential adverse changes to the value of financial instruments resulting from changes in market prices. If the markets should move against one or more positions in any of the financial instruments the MPT holds, the MPT could incur losses greater than the amounts reflected in the schedule of net assets of the MPT. The MPT's exposure to market risk may be due to many factors, including the movements in interest rates, foreign exchange rates, indices, market volatility, and security values underlying derivative instruments.

The MPT trades in derivatives (as described in Note 6), which may include financial futures contracts, forward foreign currency contracts, swaps, and options. These instruments contain, to varying degrees, elements of credit and market risk such that potential maximum loss is in excess

(In Thousands)

7. Off-Balance Sheet Risk and Risk Concentrations (continued)

of the amounts recognized in the financial statements. The contract or notional amounts of these instruments, which are not included in the financial statements, are indicators of the MPT's activities in particular classes of financial instruments, but are not indicative of the associated risk which is generally a smaller percentage of the contract or notional amount. In addition, the measurement of market risk is meaningful only when all related and offsetting transactions are taken into consideration. The MPT is subject to market risk with regard to these instruments as it may not be able to realize benefits of the financial instruments and may realize losses if the value of underlying assets moves unexpectedly because of changes in market conditions.

The MPT enters into forward foreign currency contracts, swaps, options and security lending with various counterparties; therefore the MPT is exposed to credit risk with such counterparties. Management seeks to limit its credit risk by requiring its counterparties to provide collateral based upon the value of contractual obligations.

Credit risk is the risk that the MPT would incur losses if its counterparties failed to perform pursuant to the terms of their respective obligations or fulfill their obligations to repay amounts being held on behalf of the MPT.

The collateral provided by the counterparties is included in investments and due to brokers on the schedule of net assets of the MPT. Furthermore, management requires the MPT's Investment Advisors have in place a well defined counterparty selection and collateral process and procedures to transact its securities and other investment activities with broker-dealers, banks, and regulated exchanges that the Master Trustee and Investment Advisors consider to be well-established and financially sound.

The MPT invests in various U.S. and international equity and debt securities. The ability of the issuers of debt securities held by the MPT to meet their obligations may be affected by unique economic developments in a specific country, region, or industry. Until the fixed income securities are sold or mature, the MPT is exposed to credit risk relating to whether the bond issuer will meet its obligation when it becomes due. Failure of the bond issuer to make payments of principal or interest upon the default of the underlying security may result in losses to the MPT. Investing in securities of foreign entities involves special risks which include the possibility of future political and economic developments which could adversely affect the value of such securities. Moreover, securities of many foreign entities may be less liquid and their prices may be more volatile than those of comparable U.S. entities.

(In Thousands)

7. Off-Balance Sheet Risk and Risk Concentrations (continued)

The MPT invests in private equity, real estate and absolute return investments, which are illiquid, can be subject to various restrictions on resale, and there can be no assurance that the MPT will be able to realize the value of such investments in a timely manner. Certain absolute return investments are subject to a "lock up" period on the MPT's initial investment. As such, there is no assurance that the MPT can realize the value of certain absolute return investments in a timely manner. The MPT's investments in limited partnerships are subject to various risk factors arising from the investment activities of the underlying vehicles including market, credit and currency risk. Certain partnerships owned by the MPT may transact in short currency contracts, futures, written, and purchased options and swaps exposing the investee partnership to market risk such that potential maximum loss is in excess of the amounts recorded in the limited partnerships' financial statements. The MPT's risk of loss is limited to the value of the investments as of December 31, 2012 and 2011, including any unfunded commitments.

8. Party-in-Interest Transactions

Certain Master Trust investments include the Company's fixed income securities. However, such fixed income securities constitute "qualifying employer securities" within the meaning of section 407 of ERISA, and therefore these investments do not constitute party-in-interest transactions.

9. Subsequent Events

Management has evaluated subsequent events through October 4, 2013, the date the financial statements were available to be issued. There were no material subsequent events that occurred between January 1, 2013 through October 4, 2013 that required disclosure in the financial statements.

Supplemental Schedules

Alcatel-Lucent Retirement Income Plan

EIN 22-3408857 Plan No. 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2012

Name of Issuer and Title of Issue	Description	Cost	Fair Value
JPMCB LIQUIDITY FUND	Common/Collective Trust	$ 1,202,799	$ 1,202,799

Alcatel-Lucent Retirement Income Plan

EIN 22-3408857 Plan No. 001

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
B	45,072	BNY MELLON CASH RESERVE	$ –	$ 45,072	$ –	$ –	$ –
S	45,072	BNY MELLON CASH RESERVE	–	–	45,072	45,072	–
B	64,480	BNY MELLON CASH RESERVE	–	64,480	–	–	–
S	64,480	BNY MELLON CASH RESERVE	–	–	64,480	64,480	–
B	101,301	BNY MELLON CASH RESERVE	–	101,301	–	–	–
S	101,301	BNY MELLON CASH RESERVE	–	–	101,301	101,301	–
B	212,244	BNY MELLON CASH RESERVE	–	212,244	–	–	–
S	212,244	BNY MELLON CASH RESERVE	–	–	212,244	212,244	–
B	337,775	BNY MELLON CASH RESERVE	–	337,775	–	–	–
S	337,775	BNY MELLON CASH RESERVE	–	–	337,775	337,775	–
B	58,884	BNY MELLON CASH RESERVE	–	58,884	–	–	–
S	58,884	BNY MELLON CASH RESERVE	–	–	58,884	58,884	–
B	71,795	BNY MELLON CASH RESERVE	–	71,795	–	–	–
S	71,795	BNY MELLON CASH RESERVE	–	–	71,795	71,795	–
B	80,653	BNY MELLON CASH RESERVE	–	80,653	–	–	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	80,653	BNY MELLON CASH RESERVE	$ –	$ –	$ 80,653	$ 80,653	$ –
B	89,369	BNY MELLON CASH RESERVE	–	89,369	–	–	–
S	89,369	BNY MELLON CASH RESERVE	–	–	89,369	89,369	–
B	70,042	BNY MELLON CASH RESERVE	–	70,042	–	–	–
S	70,042	BNY MELLON CASH RESERVE	–	–	70,042	70,042	–
B	79,619	BNY MELLON CASH RESERVE	–	79,619	–	–	–
S	79,619	BNY MELLON CASH RESERVE	–	–	79,619	79,619	–
B	458,228	BNY MELLON CASH RESERVE	–	458,228	–	–	–
S	458,228	BNY MELLON CASH RESERVE	–	–	458,228	458,228	–
B	234,798	BNY MELLON CASH RESERVE	–	234,798	–	–	–
S	234,798	BNY MELLON CASH RESERVE	–	–	234,798	234,798	–
B	8,365,667	JPMCB LIQUIDITY FUND	–	8,365,667	–	–	–
S	5,174,357	JPMCB LIQUIDITY FUND	–	–	5,174,357	5,174,357	–
B	7,257,758	JPMCB LIQUIDITY FUND	–	7,257,758	–	–	–
S	90,010	JPMCB LIQUIDITY FUND	–	–	90,010	90,010	–
S	3,369,418	JPMCB LIQUIDITY FUND	–	–	3,369,418	3,369,418	–
S	459,914	JPMCB LIQUIDITY FUND	–	–	459,914	459,914	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
B	7,409,527	JPMCB LIQUIDITY FUND	$ –	$ 7,409,527	$ –	$ –	$ –
S	7,106,202	JPMCB LIQUIDITY FUND	–	–	7,106,202	7,106,202	–
B	64,480	JPMCB LIQUIDITY FUND	–	64,480	–	–	–
S	194,208	JPMCB LIQUIDITY FUND	–	–	194,208	194,208	–
S	1,102,151	JPMCB LIQUIDITY FUND	–	–	1,102,151	1,102,151	–
S	40,058	JPMCB LIQUIDITY FUND	–	–	40,058	40,058	–
S	3,794,000	JPMCB LIQUIDITY FUND	–	–	3,794,000	3,794,000	–
B	10,287,610	JPMCB LIQUIDITY FUND	–	10,287,610	–	–	–
S	2,548,290	JPMCB LIQUIDITY FUND	–	–	2,548,290	2,548,290	–
B	79,513	JPMCB LIQUIDITY FUND	–	79,513	–	–	–
B	81,301	JPMCB LIQUIDITY FUND	–	81,301	–	–	–
S	1,469,307	JPMCB LIQUIDITY FUND	–	–	1,469,307	1,469,307	–
S	54,898	JPMCB LIQUIDITY FUND	–	–	54,898	54,898	–
B	6,251,856	JPMCB LIQUIDITY FUND	–	6,251,856	–	–	–
S	1,905,969	JPMCB LIQUIDITY FUND	–	–	1,905,969	1,905,969	–
S	1,124,953	JPMCB LIQUIDITY FUND	–	–	1,124,953	1,124,953	–
B	212,244	JPMCB LIQUIDITY FUND	–	212,244	–	–	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	3,637,346	JPMCB LIQUIDITY FUND	$ –	$ –	$ 3,637,346	$ 3,637,346	$ –
S	102,720	JPMCB LIQUIDITY FUND	–	–	102,720	102,720	–
S	445,153	JPMCB LIQUIDITY FUND	–	–	445,153	445,153	–
S	1,237,070	JPMCB LIQUIDITY FUND	–	–	1,237,070	1,237,070	–
B	337,775	JPMCB LIQUIDITY FUND	–	337,775	–	–	–
S	5,012,963	JPMCB LIQUIDITY FUND	–	–	5,012,963	5,012,963	–
B	9,227,002	JPMCB LIQUIDITY FUND	–	9,227,002	–	–	–
S	6,945,202	JPMCB LIQUIDITY FUND	–	–	6,945,202	6,945,202	–
B	46,767	JPMCB LIQUIDITY FUND	–	46,767	–	–	–
S	2,483,355	JPMCB LIQUIDITY FUND	–	–	2,483,355	2,483,355	–
S	150,726	JPMCB LIQUIDITY FUND	–	–	150,726	150,726	–
B	20,151,394	JPMCB LIQUIDITY FUND	–	20,151,394	–	–	–
S	6,586,489	JPMCB LIQUIDITY FUND	–	–	6,586,489	6,586,489	–
S	142,104	JPMCB LIQUIDITY FUND	–	–	142,104	142,104	–
B	71,795	JPMCB LIQUIDITY FUND	–	71,795	–	–	–
S	777,082	JPMCB LIQUIDITY FUND	–	–	777,082	777,082	–
S	37,458	JPMCB LIQUIDITY FUND	–	–	37,458	37,458	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	1,814,013	JPMCB LIQUIDITY FUND	$ –	$ –	$ 1,814,013	$ 1,814,013	$ –
S	2,160,861	JPMCB LIQUIDITY FUND	–	–	2,160,861	2,160,861	–
S	2,617,541	JPMCB LIQUIDITY FUND	–	–	2,617,541	2,617,541	–
S	821,548	JPMCB LIQUIDITY FUND	–	–	821,548	821,548	–
B	6,879,530	JPMCB LIQUIDITY FUND	–	6,879,530	–	–	–
S	4,572,070	JPMCB LIQUIDITY FUND	–	–	4,572,070	4,572,070	–
B	80,653	JPMCB LIQUIDITY FUND	–	80,653	–	–	–
S	1,615,236	JPMCB LIQUIDITY FUND	–	–	1,615,236	1,615,236	–
S	58,297	JPMCB LIQUIDITY FUND	–	–	58,297	58,297	–
S	863,654	JPMCB LIQUIDITY FUND	–	–	863,654	863,654	–
S	1,794,251	JPMCB LIQUIDITY FUND	–	–	1,794,251	1,794,251	–
S	1,948,308	JPMCB LIQUIDITY FUND	–	–	1,948,308	1,948,308	–
B	8,963,696	JPMCB LIQUIDITY FUND	–	8,963,696	–	–	–
S	1,967,368	JPMCB LIQUIDITY FUND	–	–	1,967,368	1,967,368	–
S	843,148	JPMCB LIQUIDITY FUND	–	–	843,148	843,148	–
S	1,836,386	JPMCB LIQUIDITY FUND	–	–	1,836,386	1,836,386	–
S	3,015,421	JPMCB LIQUIDITY FUND	–	–	3,015,421	3,015,421	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	924,654	JPMCB LIQUIDITY FUND	$ –	$ –	$ 924,654	$ 924,654	$ –
B	13,000,000	JPMCB LIQUIDITY FUND	–	13,000,000	–	–	–
S	15,855,063	JPMCB LIQUIDITY FUND	–	–	15,855,063	15,855,063	–
B	13,691,861	JPMCB LIQUIDITY FUND	–	13,691,861	–	–	–
S	151,570	JPMCB LIQUIDITY FUND	–	–	151,570	151,570	–
B	79,619	JPMCB LIQUIDITY FUND	–	79,619	–	–	–
S	3,615,196	JPMCB LIQUIDITY FUND	–	–	3,615,196	3,615,196	–
S	2,927,299	JPMCB LIQUIDITY FUND	–	–	2,927,299	2,927,299	–
S	70,258	JPMCB LIQUIDITY FUND	–	–	70,258	70,258	–
S	435,200	JPMCB LIQUIDITY FUND	–	–	435,200	435,200	–
S	6,077,327	JPMCB LIQUIDITY FUND	–	–	6,077,327	6,077,327	–
B	53,586,133	JPMCB LIQUIDITY FUND	–	53,586,133	–	–	–
S	20,509,818	JPMCB LIQUIDITY FUND	–	–	20,509,818	20,509,818	–
S	151,900	JPMCB LIQUIDITY FUND	–	–	151,900	151,900	–
B	458,228	JPMCB LIQUIDITY FUND	–	458,228	–	–	–
S	27,379,590	JPMCB LIQUIDITY FUND	–	–	27,379,590	27,379,590	–
S	756,779	JPMCB LIQUIDITY FUND	–	–	756,779	756,779	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	4,190,886	JPMCB LIQUIDITY FUND	$ –	$ –	$ 4,190,886	$ 4,190,886	$ –
S	70,403	JPMCB LIQUIDITY FUND	–	–	70,403	70,403	–
B	330,357	JPMCB LIQUIDITY FUND	–	330,357	–	–	–
B	13,383,515	JPMCB LIQUIDITY FUND	–	13,383,515	–	–	–
S	4,289,555	JPMCB LIQUIDITY FUND	–	–	4,289,555	4,289,555	–
S	236,525	JPMCB LIQUIDITY FUND	–	–	236,525	236,525	–
B	234,798	JPMCB LIQUIDITY FUND	–	234,798	–	–	–
S	8,830,221	JPMCB LIQUIDITY FUND	–	–	8,830,221	8,830,221	–
S	413,121	JPMCB LIQUIDITY FUND	–	–	413,121	413,121	–
S	257,203	JPMCB LIQUIDITY FUND	–	–	257,203	257,203	–
S	1,342,624	JPMCB LIQUIDITY FUND	–	–	1,342,624	1,342,624	–
B	704,258	JPMCB LIQUIDITY FUND	–	704,258	–	–	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Series of Transactions in Excess of Five Percent

Count	Shares/ Par Value	Security Description	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/ (Loss)
15	1,924,601	BNY MELLON CASH RESERVE 0.010% 12/31/2049 DD 06/26/97	$ 1,924,601	$ –	$ –	$ –
15	1,924,601	BNY MELLON CASH RESERVE 0.010% 12/31/2049 DD 06/26/97	–	1,924,601	1,924,601	–
30	181,290,337	JPMCB LIQUIDITY FUND	181,290,337	–	–	–
69	180,480,944	JPMCB LIQUIDITY FUND	–	180,480,944	180,480,944	–

There were no category (ii) or (iv) reportable transactions during 2012.
*At market

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	**Single-Employer Defined Benefit Plan Actuarial Information** This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500 or 5500-SF.**	OMB No. 1210-0110 **2012** **This Form is Open to Public Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Alcatel-Lucent Retirement Income Plan	**B** Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Alcatel-Lucent USA Inc.	**D** Employer Identification Number (EIN) 22-3408857
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 1 Day 1 Year 2012

2	Assets:			
	a Market value	**2a**		18,772,871,972
	b Actuarial value	**2b**		17,888,185,252
3	Funding target/participant count breakdown:		**(1)** Number of participants	**(2)** Funding Target
	a For retired participants and beneficiaries receiving payment	**3a**	71,501	12,864,709,933
	b For terminated vested participants	**3b**	26,320	925,786,030
	c For active participants:			
	(1) Non-vested benefits	**3c(1)**		140,146,362
	(2) Vested benefits	**3c(2)**		1,209,991,423
	(3) Total active	**3c(3)**	10,127	1,350,137,785
	d Total	**3d**	107,948	15,140,633,748
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
	a Funding target disregarding prescribed at-risk assumptions	**4a**		
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**		
5	Effective interest rate	**5**		6.88 %
6	Target normal cost	**6**		14,077,595

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE Lawrence A. Golden L.A.G. — September 12, 2013

Signature of actuary — Date

LAWRENCE A. GOLDEN — 11-04197

Type or print name of actuary — Most recent enrollment number

AON CONSULTING INC. — (732) 302-2142

Firm name — Telephone number (including area code)

400 ATRIUM DRIVE

SOMERSET NJ 08873

Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	22,199,981	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	22,199,981	0
10	Interest on line 9 using prior year's actual return of 11.71 %	2,599,618	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b Interest on (a) using prior year's effective interest rate of 6.05 % except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections	0	
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	52,237,226	0

Part III Funding Percentages

14	Funding target attainment percentage	14	117.80 %
15	Adjusted funding target attainment percentage	15	118.14 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	101.16 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ▶ 18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Line13a includes $27,437,627 from another plan as a result of internal transfers

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:

a Segment rates:	1st segment:	2nd segment:	3rd segment:	
	5.54 %	6.85 %	7.52 %	☐ N/A, full yield curve used

b Applicable month (enter code)	21b	3
22 Weighted average retirement age	22	59

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No

26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No

27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	31a	14,077,595
b Excess assets, if applicable, but not greater than line 31a	31b	14,077,595

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month ______ Day ______ Year ______) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40 Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	42	
43 Excess installment acceleration amount to be carried over to future plan years	43	

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

SCHEDULE SB – STATEMENT BY ENROLLED ACTUARY

Notes Regarding Schedule SB (Form 5500)

A. The following plan amendments were made on or before the valuation date January 1, 2012 and are fully reflected in the valuation results:

   Effective December 1, 2011 a certain group of identified beneficiaries from the Lucent Technologies Inc. Pension Plan was transferred into the ALRIP.

   Effective April 1, 2011, the plan was amended to provide a lump sum option for service based active participants.

B. The following plan amendments were effective after the valuation date of January 1, 2012 and are excluded for valuation purposes as permitted under IRS Revenue Ruling 77-2:

   Effective June 22, 2012, the ALRIP plan was amended to provide a limited window under which certain participants who are eligible for a deferred vested benefit may elect to have their pension distribution in a lump sum.

   Effective October 1, 2012, the ALRIP plan was amended to make the Transitional Leave of Absence (TLA) optional for Deferred Vested Pensioners (DVP) who have already attained age 65. Participants can elect to either commence their DVP benefit immediately or wait until they reach service-pension eligibility through TLA.

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

SCHEDULE SB – STATEMENT BY ENROLLED ACTUARY

In making this certification, I have relied, as permitted under Sec. 103(a)(4)(D) of ERISA, on the correctness of the asset values and contribution information supplied by the Plan administrator, on which the qualified public accountant engaged by the Plan has expressed an opinion. I have also relied on the correctness of the participant data supplied by the Plan administrator. I have reviewed, and applied certain reasonableness and consistency checks to, the information furnished and I have no reason to doubt its substantial accuracy.

Lawrence A. Golden L.A.G.	September 12, 2013
Signature of Actuary	Date
Lawrence A. Golden	11-04197
Name of Actuary	Enrollment Number
Aon Consulting 400 Atrium Drive, 5th Floor South Somerset, NJ 08873	(732) 302-2142
Address	Telephone Number

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

SCHEDULE SB, Part V - Summary of Plan Provisions

History

The Alcatel-Lucent Retirement Income Plan (ALRIP or the "Plan") was established as of October 1, 1996 as a result of the restructuring of AT&T. Assets and liabilities for active, inactive, and retired participants in the AT&T Management Pension Plan (AT&T MPP) as of that date associated with the business of Lucent Technologies Inc. pursuant to the restructuring were spun off from the AT&T MPP to the Plan. The Plan provisions as of the date of the spin-off were the same as those of the AT&T MPP as of the date of the spin-off. All prior service and compensation under the AT&T MPP were counted for benefit and eligibility purposes under the Plan. At the time of the spin-off, the Plan was called the Lucent Technologies Inc. Management Pension Plan. The Plan was later renamed the Lucent Retirement Income Plan and, still later, the Alcatel-Lucent Retirement Income Plan.

Plan Provisions

The Plan is a noncontributory defined benefit plan generally covering domestic management employees. During 2009, the Plan consisted of four distinct pension benefit programs: (1) the legacy-Lucent "Service-Based Program" (generally, for employees hired before 1999), (2) the legacy-Lucent "Account-Balance Program" (generally, for employees hired after 1998 and before 2008 and for employees of acquired companies), (3) the (frozen) plan design associated with the former AGCS Salaried Pension Plan, and (4) the (frozen) plan design associated with the former Alcatel USA, Inc. ("AUSA") Consolidated Retirement Plan. Effective December 31, 2009, benefit accruals under (1) and (2) were also frozen. The Plan provisions described herein are for the legacy-Lucent Service-Based Program and legacy-Lucent Account-Balance Program only (although, as noted, the values presented herein reflect the AGCS plan merger and the AUSA plan merger).

Certain participants can transfer their accumulated interest in the Plan to and from other plans covered by the Mandatory Portability Agreement (MPA), as their employment status changes. The MPA was established in response to federal legislation mandating the continued portability of certain benefits among former Bell companies subsequent to the court ordered divestiture of the former Bell system as of January 1, 1984.

In 2006, MPA eligible management employees hired by Alcatel-Lucent on or after April 1, 2004 who do not waive MPA coverage will participate in LRIP under the service-related formula if they are either (a) eligible to retire under the prior plan at termination or (b) eligible for immediate bridging under the LRIP.

In 2006, Plan participants who are covered under the MPA and hired by Alcatel-Lucent after 1998 but prior to April 1, 2004 will be given the option to participate under the Account Balance Program or the Service Based Provisions. Such employees who choose

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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SCHEDULE SB, Part V - Summary of Plan Provisions

to be covered under the Service Based Provisions will be provided with postretirement life and health benefits consistent with other participants covered by the service-related formula.

The Alcatel USA Consolidated Retirement Plan was merged into the LRIP effective March 1, 2007.

Normal Retirement Age and Vesting

The Normal Retirement Age is age 65 with the completion of 5 years of vesting service. Employees with at least 5 years of vesting service are 100% vested in their pension benefit. Employees who terminate with less than 5 years of vesting service are not vested and are not entitled to any benefits under the Plan. However, all participants who were active as of December 26, 2001 are 100% vested as a result of the requirements of Section 420 of the Internal Revenue Code, in connection with the transfer of excess LRIP assets to cover retiree medical claims. All participants who were active as of December 31, 2009 are 100% vested as a result of the plan amendment freezing further benefit accruals.

Employees Hired Before 1999

Pension Amount

For a retirement or vested termination on or after October 19, 1993, but prior to January 1, 1997, the annual pension amount under the LRIP was equal to item (1) below. For retirement or vested termination on or after January 1, 1997, but prior to January 1, 1998, it was equal to item (1) below, for monthly benefits paid prior to January 1, 1998, and it was equal to the greater of items (1) or (2) below for monthly benefits paid January 1, 1998, and thereafter. For retirement or vested termination on or after January 1, 1998, but prior to January 1, 1999, the annual pension amount under the LRIP is equal to the greatest of items (1), (2) or (3) below. For retirement or vested termination on or after January 1, 1999, it is equal to the greatest of items (1), (2), (3) or (4) below.

(1) The prior early retirement reduction applied to a frozen benefit of 1.6% of the sum of six-year average compensation for 1987 through 1992 times Net Credited Service as of December 31, 1992, plus total compensation for 1993 through 1997.

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(2) The prior early retirement reduction applied to a transition benefit of 1.6% of six-year average compensation for 1991 through 1996 times all Net Credited Service prior to January 1, 2001.

(3) The current early retirement reduction applied to a 1998 benefit of 1.4% of the sum of five-year average compensation for 1993 through 1997 times Net Credited Service as of December 31, 1997, plus total compensation for 1998.

(4) The current early retirement reduction applied to an ongoing benefit of 1.4% of the sum of five-year average compensation for 1994 through 1998 times Net Credited Service as of December 31, 1998, plus total compensation after December 31, 1998, plus an extra bonus in 1997.

Prior Early Retirement Reduction and Retirement Eligibility

Employees who meet the following age and service requirements may retire with a service pension:

Age		Minimum Years of Net Credited Service
65	and	10
55	and	20
50	and	25
Any		30

For employees who retire with at least 30 years of Net Credited Service the early retirement reduction is 0.25% (0.5% with less than 30 years) for each full or partial month by which the employee's age at retirement is less than 55 years.

Certain terminated vested participants may elect to receive pension benefits commencing prior to age 65 reduced on an actuarially equivalent basis.

Current Early Retirement Reduction and Retirement Eligibility

Employees may retire at age 50 or older with at least 15 years of Net Credited Service. The early retirement reduction is the product of 3% times the excess, if any, of 75 over the sum of age and Net Credited Service at retirement.

Certain terminated vested participants may elect to receive reduced pension benefits commencing prior to age 65 on an actuarially equivalent basis.

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Disability Pension

An employee with at least 15 years of service who becomes totally and permanently disabled retires with a disability pension. The disability pension is not subject to early retirement reduction.

In 2002 the disability pension benefits began to be paid from the pension trust fund. Previously, these benefits were paid from Company operating funds.

Payment of Annuities

The full monthly benefit is paid at the end of each month of retirement up to and including the end of the month in which the annuitant dies.

Form of Payment Options

An employee who terminates with a vested accrued benefit with a present value of $1,000 or less, prior to attaining early retirement eligibility, will automatically receive a lump sum of that present value.

Any other employee who terminates with a vested accrued benefit prior to attaining early retirement eligibility may elect to commence receipt of pension benefits either immediately or deferred to any age up through age 65 in one of the following forms:

- Single Lump Sum of the present value of the deferred vested benefit if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Single Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Actuarially reduced 50% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married.

Any employee who retires on or after attaining early or normal retirement eligibility may elect to commence receipt of pension benefits immediately in one of the following forms:

- Single Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Actuarially reduced 50% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married.

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- Actuarially reduced 100% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married and the spouse provides written notarized consent.
- Actuarially reduced 10 Year Certain and Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.

In 2004, the charge for surviving spouse coverage for death of terminated vested participants before pension payments begin was eliminated. Also, for former employees entitled to a deferred vested pension and whose annuity start date is January 1, 1998 or later, if the spouse dies after the joint and survivor pension has commenced, payments to the participant will be increased to the original amount prior to the joint and survivor reduction.

In 2005, an employee who terminates with a vested accrued benefit with a present value of $1,000 or less (previously $5,000) will automatically receive a lump sum of the present value.

Effect of Prior Voluntary/Involuntary Downsizing Programs

- In 2001 an early retirement incentive program was offered to certain employees within five years of retirement eligibility. In this program age and service of the employees were increased by five years for retirement eligibility, early retirement discount and benefit accrual. Also, the participation rules were improved to allow employees to participate immediately at hire regardless of age.
- In 2001, 2002 and 2003 certain employees were involuntarily terminated and offered additional benefits they could take as a pension or a lump sum.

Death Benefits

Effective January 1, 2003 the death benefit of one year’s pay at retirement was removed from the plan for retirees who retired prior to January 1, 1998. For employees retiring on or after January 1, 1998 the death benefit was removed effective January 1, 1998.
The surviving spouse of a vested active employee who dies with a term of employment of less than 15 years is awarded an automatic annuitant's pension equal to 50% of the amount the employee would have received at age 65 had the employee terminated on the date of death with a deferred vested pension and elected a 50% joint and survivor annuity. Payments to the surviving spouse begin at the time the deceased employee would have attained age 65.

In the case of a vested active employee with a term of employment at the time of death of at least 15 years, the automatic annuitant's pension commences immediately and is equal

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to 50% of the amount the employee would have received had such employee retired with a service pension, as of the date of death having elected a 50% joint and survivor annuity, and without any discount for early retirement.

Employees Hired After 1998 and Employees of Acquired Companies

Account Balance Plan

Employees of companies acquired by Lucent after October 1, 1996 and management employees and non represented occupational employees hired after 1998 participate under an account balance design:

- Pay Credits:

Age	% of Previous Year's Pay
<30	3.00%
30-34	3.75%
35-39	4.50%
40-44	5.50%
45-49	6.75%
50-54	8.25%
55+	10.00%

- Interest credits: 6.5% in 2000, 7% in 2001, 6.5% in 2002 and 4% thereafter.

- Partial interest credits and pay credits will be given for the year in which an employee terminates.

After December 31, 2009, participants in the Account Balance Program are no longer credited with pay credits.

AUSA

Effective March 1, 2007, the AUSA Consolidated Retirement Plan was merged into the ALRIP. Benefits for AUSA participants are currently frozen. The pension benefit under this plan has a cash balance feature.

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ADN

Effective July 1, 2010 the Alcatel Data Networks Inc. Retirement Pension Plan was merged into the ALRIP. Benefits for ADN participates are currently frozen.

Plan Amendments Prior to 2012

- Effective January 1, 2008 the Plan was amended to include language to comply with PPA'06 requirements (e.g. including Joint and 75% Survivor option, new mortality and interest assumptions).
- The Plan is closed to new entrants on or after January 1, 2008.
- Effective January 1, 2008, employees covered under the Account Balance Program of the Plan will be fully vested in their pension benefits in three years.
- Effective November 1, 2008, the Plan was amended to permit former AUSA employees who terminate employment for any reason other than retirement, death or disability to request an immediate distribution of their deferred vested pension benefit at any time following such termination of employment.
- Effective May 1, 2009, the Plan was amended to increase the survivor benefit for active employees with a service based pension benefit who have at least 15 years of service or are retirement eligible to a Joint and 100% survivor benefit.
- In 2009, the Plan was amended to include retroactive plan amendments required by IRS in connection with the favorable determination letter (i.e. GUST submission, Compliance statement).
- On November 30, 2009 the Plan was amended, retroactive to January 1, 2009 to allow the non-spousal beneficiary to rollover a distribution to a retirement account.
- Effective December 31, 2009, the Plan was amended to freeze all benefit accruals and to fully vest all actives.
- Effective July 1, 2010, the Alcatel Data Networks (ADN) Plan was merged with and into the Plan, with the Plan being the surviving Plan.
- Effective December 1, 2010, a certain group of participants from the Lucent Technologies Inc. Pension Plan was transferred into the ALRIP. Also, effective December 1, 2010, the ALRIP was amended to provide that Lucent Technologies Inc.

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Retirement Plan employees who were not represented by the Communications Workers of America (CWA) or the International Brotherhood of Electrical Workers (IBEW) at the date of retirement with a service or disability pension, would be transferred to the ALRIP immediately following retirement.

- On December 31, 2010, the plan was amended retroactively to reflect the changes required to comply with the Heroes Earnings and Assistance Relief Act of 2008 (the "HEART Act").
- Effective April 1, 2011, the ALRIP plan was amended to provide a lump sum option for service based active participants.
- Effective December 1, 2011, assets and liabilities for certain identified beneficiaries were transferred from the Lucent Technologies Inc. Pension Plan to the ALRIP.

All amendments noted above are fully reflected in this valuation.

Plan Amendments After 2011

The following amendments were not reflected in this valuation:

- Effective June 22, 2012, the ALRIP plan was amended to provide a limited window under which certain participants who are eligible for a deferred vested benefit may elect to have their pension distribution in a lump sum.
- Effective October 1, 2012, the ALRIP plan was amended to make the Transitional Leave of Absence (TLA) optional for Deferred Vested Pensioners (DVP) who have already attained age 65. Participants can elect to either commence their DVP benefit immediately or wait until they reach service-pension eligibility through TLA.

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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Statement of Actuarial Assumptions and Methods

The Plan costs developed are estimates of the amounts necessary to provide the benefits to Plan participants assuming continued funding of the Plan in a systematic manner. These estimates are based upon the actuarial method as provided under the Pension Protection Act of 2006 (PPA) and related regulatory pronouncements and guidance.

Funding Target liabilities are determined using the 25-year average interest rate corridor under MAP-21 (5.54%, 6.85%, 7.52%). The resulting Effective Interest Rate is 6.88%.

The mortality table used in determining the liability is based on PPA mortality.

The actuarial cost method used to determine the actuarial accrued liabilities and normal cost is the method mandated by the Pension Protection Act of 2006 and determined in accordance with proposed regulation §1.430(d)-1. The actuarial value of assets is equal to an annual average of the adjusted market value over the last 24 months preceding the valuation date.

ASSUMPTIONS AS TO FUTURE EXPERIENCE

Actuarial Value of Liabilities

In order to determine the normal cost and amortization charges, if any, it is necessary to estimate the amount and timing of pensions and death benefits that will be paid in future years (to current employees and pensioners and their future beneficiaries, persons separated with deferred vested pensions, and annuitants). All of these items are then discounted to estimate their present values. For these calculations, experience is analyzed and actuarial assumptions are developed with respect to certain assumptions such as separation rates, disability retirement rates, service retirement rates, and qualified beneficiary ratios. Other assumptions such as mortality rates and interest rates are prescribed under PPA.

The assumptions underlying the Funding Target and Target Normal Cost for 2012 are presented in this report.

The assumptions have been developed so that each assumption chosen by the sponsor is reasonable and represents the best estimate of anticipated experience under the Plan.

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Actuarial Value of Assets

As of January 1, 2012, the asset valuation method is an annual average of the adjusted market value over the last 24 months preceding the valuation date as permitted under final PPA regulations issued October 15, 2009. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate applicable for each of the two plan years prior to the valuation date. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430. The expected rate of return was 7.75% for 2010 and 7.25% for 2011.

The assumptions have been developed so that each assumption is reasonable and represents the best estimate of anticipated experience under the Plan.

All demographic actuarial assumptions are determined separately for Males and Females.

The following assumptions are determined by attained age:

Rates of Retirement (Service Pension)
Rates of Retirement (Disability Pension)
Percentages of Employees (Active and Retired) Dying with Qualified Beneficiaries

The following assumption is determined by term-of-service:

Rates of Separation from Service (all causes)

<u>Normal and Alternative Forms of Pension Benefits</u>

The percent electing life annuities or joint and survivor forms of pension is assumed to be as follows:

- Form of Payment Election Assumptions for Retirement and Disability for ALRIP Account Balance

	Male	Female
Life Annuity	10%	20%
50% Joint & Survivor	10%	5%
100% Joint & Survivor	10%	5%
Lump Sum	70%	70%
	100%	100%

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- Form of Payment Election Assumptions for Retirement and Disability for ALRIP Service Based Participants

	Ages 15 to 54		Ages 55 to 59		Ages 60 to 61		Ages 62 and greater	
	Male	Female	Male	Female	Male	Female	Male	Female
Life Annuity	9.0%	17.0%	10.0%	20.0%	12.0%	24.0%	14.0%	27.0%
50% Joint & Survivor	8.0%	4.0%	10.0%	5.0%	11.5%	5.5%	13.0%	6.5%
100% Joint & Survivor	8.0%	4.0%	10.0%	5.0%	11.5%	5.5%	13.0%	6.5%
Lump Sum	75.0%	75.0%	70.0%	70.0%	65.0%	65.0%	60.0%	60.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Form of Payment Election Assumptions for Termination

	ALRIP Account Balance		ALRIP Service Based	
	Male	Female	Male	Female
Deferred Life Annuity	30%	30%	30%	30%
Lump Sum	70%	70%	70%	70%
	100%	100%	100%	100%

Age Differences
For purposes of the joint and survivor forms of pension payments, the female spouse of a male participant is assumed to be three years younger than the male participant. The male spouse of a female participant is assumed to be two years older than the female participant.

Administrative Expenses
Estimated administrative expenses are included in the Target Normal Cost.

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Percentage of Participants Who Have Qualified Beneficiaries

Age x	Percent for Death During Year if Age x to x+1		Age x	Percent for Death During Year if Age x to x+1		Age x	Percent for Death During Year if Age x to x+1	
	Male	Female		Male	Female		Male	Female
15	33%	2%	47	71%	68%	79	59%	20%
16	33%	2%	48	72%	68%	80	58%	14%
17	33%	2%	49	73%	68%	81	57%	14%
18	33%	12%	50	74%	68%	82	56%	13%
19	33%	21%	51	73%	68%	83	54%	13%
20	33%	28%	52	72%	68%	84	52%	12%
21	33%	35%	53	71%	68%	85	51%	11%
22	33%	40%	54	70%	68%	86	49%	11%
23	33%	45%	55	70%	65%	87	48%	10%
24	33%	48%	56	70%	62%	88	46%	9%
25	33%	50%	57	70%	59%	89	44%	8%
26	33%	52%	58	70%	55%	90	43%	7%
27	33%	54%	59	70%	52%	91	41%	7%
28	33%	56%	60	70%	49%	92	39%	6%
29	33%	59%	61	69%	46%	93	38%	5%
30	33%	61%	62	68%	43%	94	36%	4%
31	33%	63%	63	67%	41%	95	34%	3%
32	35%	65%	64	66%	39%	96	33%	2%
33	38%	66%	65	66%	39%	97	31%	2%
34	42%	67%	66	65%	39%	98	29%	1%
35	46%	68%	67	65%	39%	99	28%	0%
36	50%	70%	68	65%	39%	100	26%	0%
37	54%	71%	69	64%	39%	101	25%	0%
38	58%	72%	70	64%	39%	102	23%	0%
39	61%	73%	71	64%	39%	103	21%	0%
40	64%	73%	72	63%	34%	104	20%	0%
41	65%	73%	73	63%	29%	105	18%	0%
42	66%	73%	74	63%	26%	106	16%	0%
43	68%	72%	75	62%	24%	107	15%	0%
44	69%	71%	76	61%	22%	108	13%	0%
45	70%	70%	77	61%	21%	109	11%	0%
46	70%	68%	78	60%	20%	110	10%	0%

Sources: Updated for 2006-2009 Alcatel-Lucent experience

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Annual Rates of Retirement on Service Pension

Age x	Rates of Retirement during year of age x to x + 1	
	Male	Female
48	0.0222	0.0199
49	0.0243	0.0347
50	0.0289	0.0487
51	0.0358	0.0618
52	0.0446	0.0742
53	0.0551	0.0859
54	0.0669	0.0973
55	0.0799	0.1082
56	0.0936	0.1189
57	0.1078	0.1294
58	0.1221	0.1399
59	0.1364	0.1505
60	0.1503	0.1613
61	0.1635	0.1724
62	0.2225	0.1840
63	0.1757	0.1961
64	0.1960	0.2088
65	0.2759	0.3662
66	0.2035	0.2223
67	0.2117	0.2521
68	0.1667	0.1667
69	0.2273	0.2863
70	1.0000	1.0000

Source: Lucent Expérience 1996-2005

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Annual Rates of Retirement on Disability Pension*

Age x	Rates of Disability Retirement During year of age x to x + 1	
	Male	Female
29	0.0000	0.0002
30	0.0002	0.0006
31	0.0002	0.0010
32	0.0003	0.0012
33	0.0003	0.0014
34	0.0005	0.0020
35	0.0005	0.0026
36	0.0006	0.0030
37	0.0008	0.0034
38	0.0009	0.0038
39	0.0012	0.0044
40	0.0014	0.0048
41	0.0015	0.0052
42	0.0017	0.0054
43	0.0018	0.0058
44	0.0020	0.0062
45	0.0023	0.0066
46	0.0027	0.0070
47	0.0032	0.0076
48	0.0036	0.0084
49	0.0042	0.0092
50	0.0049	0.0100
51	0.0056	0.0110
52	0.0065	0.0122
53	0.0076	0.0134
54	0.0086	0.0144
55	0.0092	0.0154
56	0.0097	0.0162
57	0.0106	0.0170
58	0.0123	0.0186
59	0.0150	0.0214
60	0.0189	0.0253
61	0.0244	0.0301
62	0.0318	0.0361
63	0.0411	0.0435
64	0.0524	0.0521

* Before retirement eligibility
Source: Lucent Experience 1999-2005

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Annual Rates of Employee Withdrawal From Service Before Eligibility for Service Retirement

Service in years t	Rates of Withdrawal during year of service t to t + 1	
	Male	Female
0	0.2124	0.2259
1	0.1990	0.2100
2	0.1860	0.1950
3	0.1734	0.1810
4	0.1612	0.1678
5	0.1494	0.1555
6	0.1381	0.1440
7	0.1271	0.1335
8	0.1166	0.1236
9	0.1066	0.1144
10	0.0970	0.1060
11	0.0880	0.0980
12	0.0794	0.0909
13	0.0715	0.0841
14	0.0640	0.0780
15	0.0571	0.0723
16	0.0508	0.0670
17	0.0451	0.0621
18	0.0399	0.0576
19	0.0355	0.0534
20	0.0316	0.0497
21	0.0283	0.0460
22	0.0259	0.0425
23	0.0241	0.0393
24	0.0229	0.0361
25	0.0225	0.0332
26	0.0225	0.0302
27	0.0225	0.0272
28	0.0225	0.0242

Source: Alcatel-Lucent Experience 2005-2009

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Sample Plan Early Retirement Factors: Retirement with service pension prior to age 55 will reduce the pension as shown:

Retirement Age	Service at Retirement	Early Retirement Factor
55 or more	20 or more years of service	100%
50	30	100%
50	25	100%
50	15	70%

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Schedule SB, line 13(a) – Carryover Balance at beginning of Current Year

The carryover balance as of 1/1/2012 of $52,237,226 reflects the amount transferred from Lucent Technologies Inc. Pension Plan (PN 002) as a result of the December 1, 2011 transfer of certain identified beneficiaries of $27,048,915 and from Lucent Technologies Inc. Retirement Plan (PN 007) as a result of Internal plan transfers of $8,122 during 2011.

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Schedule SB, Line 22 – Description of Weighted Average Retirement Age

Age x	Rates of Retirement	
	Male	Female
50	0.0289	0.0487
51	0.0358	0.0618
52	0.0446	0.0742
53	0.0551	0.0859
54	0.0669	0.0973
55	0.0799	0.1082
56	0.0936	0.1189
57	0.1078	0.1294
58	0.1221	0.1399
59	0.1364	0.1505
60	0.1503	0.1613
61	0.1635	0.1724
62	0.2225	0.1840
63	0.1757	0.1961
64	0.1960	0.2088
65	0.2759	0.3662
66	0.2035	0.2223
67	0.2117	0.2521
68	0.1667	0.1667
69	0.2273	0.2863
70	1.0000	1.0000

Methodology

For calculation of the weighted average retirement age, all other decrements except mortality have been ignored. Retirement decrements prior to age 50 have also been ignored as 30 years of service and entry prior to age 20 are required. The original group of active participants is, thus, decremented for service retirement and mortality at age 50 and onwards. The weighting attached at each age is the number of lives retiring at that age.

The above process is followed to determine weighted average retirement ages separately for each sex.

The sex distinct weighted average retirement ages obtained above are then weighted by male/female active lives to determine an overall weighted average retirement age.

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Schedule SB, Line 26 - Schedule of Active Participant Data as of January 1, 2012 *
Average Accrued Benefit

COMPLETED YEARS OF SERVICE

ATTAINED AGE	UNDER 1 **		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & UP		TOTAL
	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.	AVG. Comp.	No.
< 25																					
25-29					3	N/A															3
30-34					1	N/A	13	N/A	1	N/A											15
35-39					5	N/A	226	11,787	83	13,343	1	N/A									315
40-44					8	N/A	324	14,445	214	17,316	168	21,633	9	N/A							723
45-49					8	N/A	339	15,036	219	18,577	588	25,936	537	30,181	14	N/A					1,705
50-54					7	N/A	254	16,346	201	19,515	393	26,570	836	32,593	655	36,658	9	N/A			2,355
55-59					12	N/A	147	16,235	111	17,576	123	25,941	238	34,260	334	41,032	69	38,411	12	N/A	1,046
60-64					6	N/A	68	15,839	45	17,115	45	25,103	89	34,587	95	42,203	62	44,337	107	48,721	517
65-69					1	N/A	29	16,699	11	N/A	8	N/A	17	N/A	22	40,566	11	N/A	54	53,865	153
70+							6	N/A	2	N/A	1	N/A	3	N/A	3	N/A	1	N/A	8	N/A	24
Total:					51		1,406		887		1,327		1,729		1,123		152		181		6,856

* Compensation is not shown, since accruals for these participants were frozen as of December 31, 2009.
** Effective 1/1/2008, employees hired on or after 1/1/2008 are not eligible to participate in the Plan.
Total counts from Tables 1 and 2 combined differs from line 3d of schedule SB due to duplicates

Table 2

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

Schedule SB, Line 26 - Schedule of Active Participant Data as of January 1, 2012 *
Average Account Balance

COMPLETED YEARS OF SERVICE

	UNDER 1**		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & UP		TOTAL
ATTAINED AGE	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.
< 25																					
25-29			1	N/A	16	N/A															17
30-34			2	N/A	36	12,239	100	24,541													138
35-39			4	N/A	76	24,394	374	31,285	19	N/A											473
40-44			14	N/A	95	30,435	467	43,198	64	36,899	19	N/A	1	N/A							660
45-49			6	N/A	60	44,663	403	56,896	91	46,130	65	45,410	23	56,409	1	N/A					649
50-54			5	N/A	61	48,480	261	63,041	98	46,495	80	51,711	79	97,387	37	89,514					621
55-59			8	N/A	52	64,926	167	77,182	58	57,084	41	42,496	43	92,262	42	187,948	13	N/A			424
60-64			7	N/A	22	61,833	106	84,895	30	55,159	25	70,393	15	N/A	10	N/A	13	N/A	2	N/A	230
65-69			2	N/A	9	N/A	27	76,758	8	N/A	2	N/A	2	N/A	4	N/A	4	N/A			58
70+					2	N/A	7	N/A	4	N/A	2	N/A	1	N/A							16
Total:			49		429		1,912		372		234		164		94		30		2		3,286

* Compensation is not shown, since accruals for these participants were frozen as of December 31, 2009.
** Effective 1/1/2008, employees hired on or after 1/1/2008 are not eligible to participate in the Plan.
Total counts from Tables 1 and 2 combined differs from line 3d of schedule SB due to duplicates

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

Schedule SB, line 13(a) – Carryover Balance at beginning of Current Year

The carryover balance as of 1/1/2012 of $52,237,226 reflects the amount transferred from Lucent Technologies Inc. Pension Plan (PN 002) as a result of the December 1, 2011 transfer of certain identified beneficiaries of $27,048,915 and from Lucent Technologies Inc. Retirement Plan (PN 007) as a result of Internal plan transfers of $8,122 during 2011.

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Line 22 – Description of Weighted Average Retirement Age

Age x	Rates of Retirement	
	Male	Female
50	0.0289	0.0487
51	0.0358	0.0618
52	0.0446	0.0742
53	0.0551	0.0859
54	0.0669	0.0973
55	0.0799	0.1082
56	0.0936	0.1189
57	0.1078	0.1294
58	0.1221	0.1399
59	0.1364	0.1505
60	0.1503	0.1613
61	0.1635	0.1724
62	0.2225	0.1840
63	0.1757	0.1961
64	0.1960	0.2088
65	0.2759	0.3662
66	0.2035	0.2223
67	0.2117	0.2521
68	0.1667	0.1667
69	0.2273	0.2863
70	1.0000	1.0000

Methodology

For calculation of the weighted average retirement age, all other decrements except mortality have been ignored. Retirement decrements prior to age 50 have also been ignored as 30 years of service and entry prior to age 20 are required. The original group of active participants is, thus, decremented for service retirement and mortality at age 50 and onwards. The weighting attached at each age is the number of lives retiring at that age.

The above process is followed to determine weighted average retirement ages separately for each sex.

The sex distinct weighted average retirement ages obtained above are then weighted by male/female active lives to determine an overall weighted average retirement age.

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Statement of Actuarial Assumptions and Methods

The Plan costs developed are estimates of the amounts necessary to provide the benefits to Plan participants assuming continued funding of the Plan in a systematic manner. These estimates are based upon the actuarial method as provided under the Pension Protection Act of 2006 (PPA) and related regulatory pronouncements and guidance.

Funding Target liabilities are determined using the 25-year average interest rate corridor under MAP-21 (5.54%, 6.85%, 7.52%). The resulting Effective Interest Rate is 6.88%.

The mortality table used in determining the liability is based on PPA mortality.

The actuarial cost method used to determine the actuarial accrued liabilities and normal cost is the method mandated by the Pension Protection Act of 2006 and determined in accordance with proposed regulation §1.430(d)-1. The actuarial value of assets is equal to an annual average of the adjusted market value over the last 24 months preceding the valuation date.

ASSUMPTIONS AS TO FUTURE EXPERIENCE

Actuarial Value of Liabilities

In order to determine the normal cost and amortization charges, if any, it is necessary to estimate the amount and timing of pensions and death benefits that will be paid in future years (to current employees and pensioners and their future beneficiaries, persons separated with deferred vested pensions, and annuitants). All of these items are then discounted to estimate their present values. For these calculations, experience is analyzed and actuarial assumptions are developed with respect to certain assumptions such as separation rates, disability retirement rates, service retirement rates, and qualified beneficiary ratios. Other assumptions such as mortality rates and interest rates are prescribed under PPA.

The assumptions underlying the Funding Target and Target Normal Cost for 2012 are presented in this report.

The assumptions have been developed so that each assumption chosen by the sponsor is reasonable and represents the best estimate of anticipated experience under the Plan.

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Actuarial Value of Assets

As of January 1, 2012, the asset valuation method is an annual average of the adjusted market value over the last 24 months preceding the valuation date as permitted under final PPA regulations issued October 15, 2009. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate applicable for each of the two plan years prior to the valuation date. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430. The expected rate of return was 7.75% for 2010 and 7.25% for 2011.

The assumptions have been developed so that each assumption is reasonable and represents the best estimate of anticipated experience under the Plan.

All demographic actuarial assumptions are determined separately for Males and Females.

The following assumptions are determined by attained age:

Rates of Retirement (Service Pension)
Rates of Retirement (Disability Pension)
Percentages of Employees (Active and Retired) Dying with Qualified Beneficiaries

The following assumption is determined by term-of-service:

Rates of Separation from Service (all causes)

<u>Normal and Alternative Forms of Pension Benefits</u>

The percent electing life annuities or joint and survivor forms of pension is assumed to be as follows:

- Form of Payment Election Assumptions for Retirement and Disability for ALRIP Account Balance

	Male	Female
Life Annuity	10%	20%
50% Joint & Survivor	10%	5%
100% Joint & Survivor	10%	5%
Lump Sum	70%	70%
	100%	100%

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

- Form of Payment Election Assumptions for Retirement and Disability for ALRIP Service Based Participants

	Ages 15 to 54		Ages 55 to 59		Ages 60 to 61		Ages 62 and greater	
	Male	Female	Male	Female	Male	Female	Male	Female
Life Annuity	9.0%	17.0%	10.0%	20.0%	12.0%	24.0%	14.0%	27.0%
50% Joint & Survivor	8.0%	4.0%	10.0%	5.0%	11.5%	5.5%	13.0%	6.5%
100% Joint & Survivor	8.0%	4.0%	10.0%	5.0%	11.5%	5.5%	13.0%	6.5%
Lump Sum	75.0%	75.0%	70.0%	70.0%	65.0%	65.0%	60.0%	60.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Form of Payment Election Assumptions for Termination

	ALRIP Account Balance		ALRIP Service Based	
	Male	Female	Male	Female
Deferred Life Annuity	30%	30%	30%	30%
Lump Sum	70%	70%	70%	70%
	100%	100%	100%	100%

Age Differences
For purposes of the joint and survivor forms of pension payments, the female spouse of a male participant is assumed to be three years younger than the male participant. The male spouse of a female participant is assumed to be two years older than the female participant.

Administrative Expenses
Estimated administrative expenses are included in the Target Normal Cost.

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Percentage of Participants Who Have Qualified Beneficiaries

Age x	Percent for Death During Year if Age x to x+1		Age x	Percent for Death During Year if Age x to x+1		Age x	Percent for Death During Year if Age x to x+1	
	Male	Female		Male	Female		Male	Female
15	33%	2%	47	71%	68%	79	59%	20%
16	33%	2%	48	72%	68%	80	58%	14%
17	33%	2%	49	73%	68%	81	57%	14%
18	33%	12%	50	74%	68%	82	56%	13%
19	33%	21%	51	73%	68%	83	54%	13%
20	33%	28%	52	72%	68%	84	52%	12%
21	33%	35%	53	71%	68%	85	51%	11%
22	33%	40%	54	70%	68%	86	49%	11%
23	33%	45%	55	70%	65%	87	48%	10%
24	33%	48%	56	70%	62%	88	46%	9%
25	33%	50%	57	70%	59%	89	44%	8%
26	33%	52%	58	70%	55%	90	43%	7%
27	33%	54%	59	70%	52%	91	41%	7%
28	33%	56%	60	70%	49%	92	39%	6%
29	33%	59%	61	69%	46%	93	38%	5%
30	33%	61%	62	68%	43%	94	36%	4%
31	33%	63%	63	67%	41%	95	34%	3%
32	35%	65%	64	66%	39%	96	33%	2%
33	38%	66%	65	66%	39%	97	31%	2%
34	42%	67%	66	65%	39%	98	29%	1%
35	46%	68%	67	65%	39%	99	28%	0%
36	50%	70%	68	65%	39%	100	26%	0%
37	54%	71%	69	64%	39%	101	25%	0%
38	58%	72%	70	64%	39%	102	23%	0%
39	61%	73%	71	64%	39%	103	21%	0%
40	64%	73%	72	63%	34%	104	20%	0%
41	65%	73%	73	63%	29%	105	18%	0%
42	66%	73%	74	63%	26%	106	16%	0%
43	68%	72%	75	62%	24%	107	15%	0%
44	69%	71%	76	61%	22%	108	13%	0%
45	70%	70%	77	61%	21%	109	11%	0%
46	70%	68%	78	60%	20%	110	10%	0%

Sources: Updated for 2006-2009 Alcatel-Lucent experience

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Annual Rates of Retirement on Service Pension

Age x	Rates of Retirement during year of age x to x + 1	
	Male	Female
48	0.0222	0.0199
49	0.0243	0.0347
50	0.0289	0.0487
51	0.0358	0.0618
52	0.0446	0.0742
53	0.0551	0.0859
54	0.0669	0.0973
55	0.0799	0.1082
56	0.0936	0.1189
57	0.1078	0.1294
58	0.1221	0.1399
59	0.1364	0.1505
60	0.1503	0.1613
61	0.1635	0.1724
62	0.2225	0.1840
63	0.1757	0.1961
64	0.1960	0.2088
65	0.2759	0.3662
66	0.2035	0.2223
67	0.2117	0.2521
68	0.1667	0.1667
69	0.2273	0.2863
70	1.0000	1.0000

Source: Lucent Expérience 1996-2005

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Annual Rates of Retirement on Disability Pension*

Age x	Rates of Disability Retirement During year of age x to x + 1	
	Male	Female
29	0.0000	0.0002
30	0.0002	0.0006
31	0.0002	0.0010
32	0.0003	0.0012
33	0.0003	0.0014
34	0.0005	0.0020
35	0.0005	0.0026
36	0.0006	0.0030
37	0.0008	0.0034
38	0.0009	0.0038
39	0.0012	0.0044
40	0.0014	0.0048
41	0.0015	0.0052
42	0.0017	0.0054
43	0.0018	0.0058
44	0.0020	0.0062
45	0.0023	0.0066
46	0.0027	0.0070
47	0.0032	0.0076
48	0.0036	0.0084
49	0.0042	0.0092
50	0.0049	0.0100
51	0.0056	0.0110
52	0.0065	0.0122
53	0.0076	0.0134
54	0.0086	0.0144
55	0.0092	0.0154
56	0.0097	0.0162
57	0.0106	0.0170
58	0.0123	0.0186
59	0.0150	0.0214
60	0.0189	0.0253
61	0.0244	0.0301
62	0.0318	0.0361
63	0.0411	0.0435
64	0.0524	0.0521

* Before retirement eligibility
Source: Lucent Experience 1999-2005

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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Annual Rates of Employee Withdrawal From Service Before Eligibility for Service Retirement

Service in years t	Rates of Withdrawal during year of service t to t + 1	
	Male	Female
0	0.2124	0.2259
1	0.1990	0.2100
2	0.1860	0.1950
3	0.1734	0.1810
4	0.1612	0.1678
5	0.1494	0.1555
6	0.1381	0.1440
7	0.1271	0.1335
8	0.1166	0.1236
9	0.1066	0.1144
10	0.0970	0.1060
11	0.0880	0.0980
12	0.0794	0.0909
13	0.0715	0.0841
14	0.0640	0.0780
15	0.0571	0.0723
16	0.0508	0.0670
17	0.0451	0.0621
18	0.0399	0.0576
19	0.0355	0.0534
20	0.0316	0.0497
21	0.0283	0.0460
22	0.0259	0.0425
23	0.0241	0.0393
24	0.0229	0.0361
25	0.0225	0.0332
26	0.0225	0.0302
27	0.0225	0.0272
28	0.0225	0.0242

Source: Alcatel-Lucent Experience 2005-2009

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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Sample Plan Early Retirement Factors: Retirement with service pension prior to age 55 will reduce the pension as shown:

Retirement Age	Service at Retirement	Early Retirement Factor
55 or more	20 or more years of service	100%
50	30	100%
50	25	100%
50	15	70%

Table 1

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

Schedule SB, Line 26 - Schedule of Active Participant Data as of January 1, 2012 *
Average Accrued Benefit

COMPLETED YEARS OF SERVICE

ATTAINED AGE	UNDER 1 ** No.	UNDER 1 ** AVG. Comp.	1 to 4 No.	1 to 4 AVG. Comp.	5 to 9 No.	5 to 9 AVG. Comp.	10 to 14 No.	10 to 14 AVG. Comp.	15 to 19 No.	15 to 19 AVG. Comp.	20 to 24 No.	20 to 24 AVG. Comp.	25 to 29 No.	25 to 29 AVG. Comp.	30 to 34 No.	30 to 34 AVG. Comp.	35 to 39 No.	35 to 39 AVG. Comp.	40 & UP No.	40 & UP AVG. Comp.	TOTAL No.
< 25																					
25-29					3	N/A															3
30-34					1	N/A	13	N/A	1	N/A											15
35-39					5	N/A	226	11,787	83	13,343	1	N/A									315
40-44					8	N/A	324	14,445	214	17,316	168	21,633	9	N/A							723
45-49					8	N/A	339	15,036	219	18,577	588	25,936	537	30,181	14	N/A					1,705
50-54					7	N/A	254	16,346	201	19,515	393	26,570	836	32,593	655	36,658	9	N/A			2,355
55-59					12	N/A	147	16,235	111	17,576	123	25,941	238	34,260	334	41,032	69	38,411	12	N/A	1,046
60-64					6	N/A	68	15,839	45	17,115	45	25,103	89	34,587	95	42,203	62	44,337	107	48,721	517
65-69					1	N/A	29	16,699	11	N/A	8	N/A	17	N/A	22	40,566	11	N/A	54	53,865	153
70+							6	N/A	2	N/A	1	N/A	3	N/A	3	N/A	1	N/A	8	N/A	24
Total:					51		1,406		887		1,327		1,729		1,123		152		181		6,856

* Compensation is not shown, since accruals for these participants were frozen as of December 31, 2009.

** Effective 1/1/2008, employees hired on or after 1/1/2008 are not eligible to participate in the Plan.

Total counts from Tables 1 and 2 combined differs from line 3d of schedule SB due to duplicates

Table 2

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

Schedule SB, Line 26 - Schedule of Active Participant Data as of January 1, 2012 *
Average Account Balance

COMPLETED YEARS OF SERVICE

	UNDER 1**		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & UP		TOTAL
ATTAINED AGE	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.	AVG. Cash Bal	No.
< 25																					
25-29			1	N/A	16	N/A															17
30-34			2	N/A	36	12,239	100	24,541													138
35-39			4	N/A	76	24,394	374	31,285	19	N/A											473
40-44			14	N/A	95	30,435	467	43,198	64	36,899	19	N/A	1	N/A							660
45-49			6	N/A	60	44,663	403	56,896	91	46,130	65	45,410	23	56,409	1	N/A					649
50-54			5	N/A	61	48,480	261	63,041	98	46,495	80	51,711	79	97,387	37	89,514					621
55-59			8	N/A	52	64,926	167	77,182	58	57,084	41	42,496	43	92,262	42	187,948	13	N/A			424
60-64			7	N/A	22	61,833	106	84,895	30	55,159	25	70,393	15	N/A	10	N/A	13	N/A	2	N/A	230
65-69			2	N/A	9	N/A	27	76,758	8	N/A	2	N/A	2	N/A	4	N/A	4	N/A			58
70+					2	N/A	7	N/A	4	N/A	2	N/A	1	N/A							16
Total:			49		429		1,912		372		234		164		94		30		2		3,286

* Compensation is not shown, since accruals for these participants were frozen as of December 31, 2009.
** Effective 1/1/2008, employees hired on or after 1/1/2008 are not eligible to participate in the Plan.
Total counts from Tables 1 and 2 combined differs from line 3d of schedule SB due to duplicates

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857

SCHEDULE SB, Part V - Summary of Plan Provisions

History

The Alcatel-Lucent Retirement Income Plan (ALRIP or the "Plan") was established as of October 1, 1996 as a result of the restructuring of AT&T. Assets and liabilities for active, inactive, and retired participants in the AT&T Management Pension Plan (AT&T MPP) as of that date associated with the business of Lucent Technologies Inc. pursuant to the restructuring were spun off from the AT&T MPP to the Plan. The Plan provisions as of the date of the spin-off were the same as those of the AT&T MPP as of the date of the spin-off. All prior service and compensation under the AT&T MPP were counted for benefit and eligibility purposes under the Plan. At the time of the spin-off, the Plan was called the Lucent Technologies Inc. Management Pension Plan. The Plan was later renamed the Lucent Retirement Income Plan and, still later, the Alcatel-Lucent Retirement Income Plan.

Plan Provisions

The Plan is a noncontributory defined benefit plan generally covering domestic management employees. During 2009, the Plan consisted of four distinct pension benefit programs: (1) the legacy-Lucent "Service-Based Program" (generally, for employees hired before 1999), (2) the legacy-Lucent "Account-Balance Program" (generally, for employees hired after 1998 and before 2008 and for employees of acquired companies), (3) the (frozen) plan design associated with the former AGCS Salaried Pension Plan, and (4) the (frozen) plan design associated with the former Alcatel USA, Inc. ("AUSA") Consolidated Retirement Plan. Effective December 31, 2009, benefit accruals under (1) and (2) were also frozen. The Plan provisions described herein are for the legacy-Lucent Service-Based Program and legacy-Lucent Account-Balance Program only (although, as noted, the values presented herein reflect the AGCS plan merger and the AUSA plan merger).

Certain participants can transfer their accumulated interest in the Plan to and from other plans covered by the Mandatory Portability Agreement (MPA), as their employment status changes. The MPA was established in response to federal legislation mandating the continued portability of certain benefits among former Bell companies subsequent to the court ordered divestiture of the former Bell system as of January 1, 1984.

In 2006, MPA eligible management employees hired by Alcatel-Lucent on or after April 1, 2004 who do not waive MPA coverage will participate in LRIP under the service-related formula if they are either (a) eligible to retire under the prior plan at termination or (b) eligible for immediate bridging under the LRIP.

In 2006, Plan participants who are covered under the MPA and hired by Alcatel-Lucent after 1998 but prior to April 1, 2004 will be given the option to participate under the Account Balance Program or the Service Based Provisions. Such employees who choose

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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SCHEDULE SB, Part V - Summary of Plan Provisions

to be covered under the Service Based Provisions will be provided with postretirement life and health benefits consistent with other participants covered by the service-related formula.

The Alcatel USA Consolidated Retirement Plan was merged into the LRIP effective March 1, 2007.

Normal Retirement Age and Vesting

The Normal Retirement Age is age 65 with the completion of 5 years of vesting service. Employees with at least 5 years of vesting service are 100% vested in their pension benefit. Employees who terminate with less than 5 years of vesting service are not vested and are not entitled to any benefits under the Plan. However, all participants who were active as of December 26, 2001 are 100% vested as a result of the requirements of Section 420 of the Internal Revenue Code, in connection with the transfer of excess LRIP assets to cover retiree medical claims. All participants who were active as of December 31, 2009 are 100% vested as a result of the plan amendment freezing further benefit accruals.

Employees Hired Before 1999

Pension Amount

For a retirement or vested termination on or after October 19, 1993, but prior to January 1, 1997, the annual pension amount under the LRIP was equal to item (1) below. For retirement or vested termination on or after January 1, 1997, but prior to January 1, 1998, it was equal to item (1) below, for monthly benefits paid prior to January 1, 1998, and it was equal to the greater of items (1) or (2) below for monthly benefits paid January 1, 1998, and thereafter. For retirement or vested termination on or after January 1, 1998, but prior to January 1, 1999, the annual pension amount under the LRIP is equal to the greatest of items (1), (2) or (3) below. For retirement or vested termination on or after January 1, 1999, it is equal to the greatest of items (1), (2), (3) or (4) below.

(1) The prior early retirement reduction applied to a frozen benefit of 1.6% of the sum of six-year average compensation for 1987 through 1992 times Net Credited Service as of December 31, 1992, plus total compensation for 1993 through 1997.

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(2) The prior early retirement reduction applied to a transition benefit of 1.6% of six-year average compensation for 1991 through 1996 times all Net Credited Service prior to January 1, 2001.

(3) The current early retirement reduction applied to a 1998 benefit of 1.4% of the sum of five-year average compensation for 1993 through 1997 times Net Credited Service as of December 31, 1997, plus total compensation for 1998.

(4) The current early retirement reduction applied to an ongoing benefit of 1.4% of the sum of five-year average compensation for 1994 through 1998 times Net Credited Service as of December 31, 1998, plus total compensation after December 31, 1998, plus an extra bonus in 1997.

Prior Early Retirement Reduction and Retirement Eligibility

Employees who meet the following age and service requirements may retire with a service pension:

Age		Minimum Years of Net Credited Service
65	and	10
55	and	20
50	and	25
Any		30

For employees who retire with at least 30 years of Net Credited Service the early retirement reduction is 0.25% (0.5% with less than 30 years) for each full or partial month by which the employee's age at retirement is less than 55 years.

Certain terminated vested participants may elect to receive pension benefits commencing prior to age 65 reduced on an actuarially equivalent basis.

Current Early Retirement Reduction and Retirement Eligibility

Employees may retire at age 50 or older with at least 15 years of Net Credited Service. The early retirement reduction is the product of 3% times the excess, if any, of 75 over the sum of age and Net Credited Service at retirement.

Certain terminated vested participants may elect to receive reduced pension benefits commencing prior to age 65 on an actuarially equivalent basis.

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Disability Pension

An employee with at least 15 years of service who becomes totally and permanently disabled retires with a disability pension. The disability pension is not subject to early retirement reduction.

In 2002 the disability pension benefits began to be paid from the pension trust fund. Previously, these benefits were paid from Company operating funds.

Payment of Annuities

The full monthly benefit is paid at the end of each month of retirement up to and including the end of the month in which the annuitant dies.

Form of Payment Options

An employee who terminates with a vested accrued benefit with a present value of $1,000 or less, prior to attaining early retirement eligibility, will automatically receive a lump sum of that present value.

Any other employee who terminates with a vested accrued benefit prior to attaining early retirement eligibility may elect to commence receipt of pension benefits either immediately or deferred to any age up through age 65 in one of the following forms:

- Single Lump Sum of the present value of the deferred vested benefit if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Single Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Actuarially reduced 50% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married.

Any employee who retires on or after attaining early or normal retirement eligibility may elect to commence receipt of pension benefits immediately in one of the following forms:

- Single Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Actuarially reduced 50% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married.

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- Actuarially reduced 100% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married and the spouse provides written notarized consent.
- Actuarially reduced 10 Year Certain and Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.

In 2004, the charge for surviving spouse coverage for death of terminated vested participants before pension payments begin was eliminated. Also, for former employees entitled to a deferred vested pension and whose annuity start date is January 1, 1998 or later, if the spouse dies after the joint and survivor pension has commenced, payments to the participant will be increased to the original amount prior to the joint and survivor reduction.

In 2005, an employee who terminates with a vested accrued benefit with a present value of $1,000 or less (previously $5,000) will automatically receive a lump sum of the present value.

Effect of Prior Voluntary/Involuntary Downsizing Programs

- In 2001 an early retirement incentive program was offered to certain employees within five years of retirement eligibility. In this program age and service of the employees were increased by five years for retirement eligibility, early retirement discount and benefit accrual. Also, the participation rules were improved to allow employees to participate immediately at hire regardless of age.
- In 2001, 2002 and 2003 certain employees were involuntarily terminated and offered additional benefits they could take as a pension or a lump sum.

Death Benefits

Effective January 1, 2003 the death benefit of one year’s pay at retirement was removed from the plan for retirees who retired prior to January 1, 1998. For employees retiring on or after January 1, 1998 the death benefit was removed effective January 1, 1998.
The surviving spouse of a vested active employee who dies with a term of employment of less than 15 years is awarded an automatic annuitant's pension equal to 50% of the amount the employee would have received at age 65 had the employee terminated on the date of death with a deferred vested pension and elected a 50% joint and survivor annuity. Payments to the surviving spouse begin at the time the deceased employee would have attained age 65.

In the case of a vested active employee with a term of employment at the time of death of at least 15 years, the automatic annuitant's pension commences immediately and is equal

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to 50% of the amount the employee would have received had such employee retired with a service pension, as of the date of death having elected a 50% joint and survivor annuity, and without any discount for early retirement.

Employees Hired After 1998 and Employees of Acquired Companies

Account Balance Plan

Employees of companies acquired by Lucent after October 1, 1996 and management employees and non represented occupational employees hired after 1998 participate under an account balance design:

- Pay Credits:

Age	% of Previous Year's Pay
<30	3.00%
30-34	3.75%
35-39	4.50%
40-44	5.50%
45-49	6.75%
50-54	8.25%
55+	10.00%

- Interest credits: 6.5% in 2000, 7% in 2001, 6.5% in 2002 and 4% thereafter.

- Partial interest credits and pay credits will be given for the year in which an employee terminates.

After December 31, 2009, participants in the Account Balance Program are no longer credited with pay credits.

AUSA

Effective March 1, 2007, the AUSA Consolidated Retirement Plan was merged into the ALRIP. Benefits for AUSA participants are currently frozen. The pension benefit under this plan has a cash balance feature.

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ADN

Effective July 1, 2010 the Alcatel Data Networks Inc. Retirement Pension Plan was merged into the ALRIP. Benefits for ADN participates are currently frozen.

Plan Amendments Prior to 2012

- Effective January 1, 2008 the Plan was amended to include language to comply with PPA'06 requirements (e.g. including Joint and 75% Survivor option, new mortality and interest assumptions).

- The Plan is closed to new entrants on or after January 1, 2008.

- Effective January 1, 2008, employees covered under the Account Balance Program of the Plan will be fully vested in their pension benefits in three years.

- Effective November 1, 2008, the Plan was amended to permit former AUSA employees who terminate employment for any reason other than retirement, death or disability to request an immediate distribution of their deferred vested pension benefit at any time following such termination of employment.

- Effective May 1, 2009, the Plan was amended to increase the survivor benefit for active employees with a service based pension benefit who have at least 15 years of service or are retirement eligible to a Joint and 100% survivor benefit.

- In 2009, the Plan was amended to include retroactive plan amendments required by IRS in connection with the favorable determination letter (i.e. GUST submission, Compliance statement).

- On November 30, 2009 the Plan was amended, retroactive to January 1, 2009 to allow the non-spousal beneficiary to rollover a distribution to a retirement account.

- Effective December 31, 2009, the Plan was amended to freeze all benefit accruals and to fully vest all actives.

- Effective July 1, 2010, the Alcatel Data Networks (ADN) Plan was merged with and into the Plan, with the Plan being the surviving Plan.

- Effective December 1, 2010, a certain group of participants from the Lucent Technologies Inc. Pension Plan was transferred into the ALRIP. Also, effective December 1, 2010, the ALRIP was amended to provide that Lucent Technologies Inc.

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Retirement Plan employees who were not represented by the Communications Workers of America (CWA) or the International Brotherhood of Electrical Workers (IBEW) at the date of retirement with a service or disability pension, would be transferred to the ALRIP immediately following retirement.

- On December 31, 2010, the plan was amended retroactively to reflect the changes required to comply with the Heroes Earnings and Assistance Relief Act of 2008 (the "HEART Act").

- Effective April 1, 2011, the ALRIP plan was amended to provide a lump sum option for service based active participants.

- Effective December 1, 2011, assets and liabilities for certain identified beneficiaries were transferred from the Lucent Technologies Inc. Pension Plan to the ALRIP.

All amendments noted above are fully reflected in this valuation.

Plan Amendments After 2011

The following amendments were not reflected in this valuation:

- Effective June 22, 2012, the ALRIP plan was amended to provide a limited window under which certain participants who are eligible for a deferred vested benefit may elect to have their pension distribution in a lump sum.

- Effective October 1, 2012, the ALRIP plan was amended to make the Transitional Leave of Absence (TLA) optional for Deferred Vested Pensioners (DVP) who have already attained age 65. Participants can elect to either commence their DVP benefit immediately or wait until they reach service-pension eligibility through TLA.

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SCHEDULE SB – STATEMENT BY ENROLLED ACTUARY

Notes Regarding Schedule SB (Form 5500)

A. The following plan amendments were made on or before the valuation date January 1, 2012 and are fully reflected in the valuation results:

   Effective December 1, 2011 a certain group of identified beneficiaries from the Lucent Technologies Inc. Pension Plan was transferred into the ALRIP.

   Effective April 1, 2011, the plan was amended to provide a lump sum option for service based active participants.

B. The following plan amendments were effective after the valuation date of January 1, 2012 and are excluded for valuation purposes as permitted under IRS Revenue Ruling 77-2:

   Effective June 22, 2012, the ALRIP plan was amended to provide a limited window under which certain participants who are eligible for a deferred vested benefit may elect to have their pension distribution in a lump sum.

   Effective October 1, 2012, the ALRIP plan was amended to make the Transitional Leave of Absence (TLA) optional for Deferred Vested Pensioners (DVP) who have already attained age 65. Participants can elect to either commence their DVP benefit immediately or wait until they reach service-pension eligibility through TLA.

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
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SCHEDULE SB – STATEMENT BY ENROLLED ACTUARY

In making this certification, I have relied, as permitted under Sec. 103(a)(4)(D) of ERISA, on the correctness of the asset values and contribution information supplied by the Plan administrator, on which the qualified public accountant engaged by the Plan has expressed an opinion. I have also relied on the correctness of the participant data supplied by the Plan administrator. I have reviewed, and applied certain reasonableness and consistency checks to, the information furnished and I have no reason to doubt its substantial accuracy.

Lawrence A. Golden L.A.G.	September 12, 2013
Signature of Actuary	Date
Lawrence A. Golden	11-04197
Name of Actuary	Enrollment Number
Aon Consulting 400 Atrium Drive, 5th Floor South Somerset, NJ 08873	(732) 302-2142
Address	Telephone Number

ALCATEL-LUCENT RETIREMENT INCOME PLAN, PN 001
EIN 22 - 3408857
ATTACHMENT TO 2012 Schedule R (FORM 5500)

SCHEDULE R, Line 18 - Funded Percentage of Plans Contributing to the Liabilities of Plan Participants

Plan Name	EIN	PN	Funded Percentage as of 12/31/2011
Alcatel-Lucent Retirement Income Plan	22-3408857	001	117.8%
Lucent Technologies Inc. Pension Plan	22-3408857	002	134.2%
Lucent Technologies Inc. Retirement Plan	22-3408857	007	148.7%

Note: This plan is covered under the AT&T/Bell System Mandatory Portability Agreement related to the 1984 AT&T Divestiture of its Operating Telephone Companies and, as such, there will be transfers from time to time among the participating companies under this agreement.

Alcatel-Lucent Retirement Income Plan

EIN 22-3408857 Plan No. 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2012

Name of Issuer and Title of Issue	Description	Cost	Fair Value
JPMCB LIQUIDITY FUND	Common/Collective Trust	$ 1,202,799	$ 1,202,799

Alcatel-Lucent Retirement Income Plan

EIN 22-3408857 Plan No. 001

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
B	45,072	BNY MELLON CASH RESERVE	$ –	$ 45,072	$ –	$ –	$ –
S	45,072	BNY MELLON CASH RESERVE	–	–	45,072	45,072	–
B	64,480	BNY MELLON CASH RESERVE	–	64,480	–	–	–
S	64,480	BNY MELLON CASH RESERVE	–	–	64,480	64,480	–
B	101,301	BNY MELLON CASH RESERVE	–	101,301	–	–	–
S	101,301	BNY MELLON CASH RESERVE	–	–	101,301	101,301	–
B	212,244	BNY MELLON CASH RESERVE	–	212,244	–	–	–
S	212,244	BNY MELLON CASH RESERVE	–	–	212,244	212,244	–
B	337,775	BNY MELLON CASH RESERVE	–	337,775	–	–	–
S	337,775	BNY MELLON CASH RESERVE	–	–	337,775	337,775	–
B	58,884	BNY MELLON CASH RESERVE	–	58,884	–	–	–
S	58,884	BNY MELLON CASH RESERVE	–	–	58,884	58,884	–
B	71,795	BNY MELLON CASH RESERVE	–	71,795	–	–	–
S	71,795	BNY MELLON CASH RESERVE	–	–	71,795	71,795	–
B	80,653	BNY MELLON CASH RESERVE	–	80,653	–	–	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	80,653	BNY MELLON CASH RESERVE	$ –	$ –	$ 80,653	$ 80,653	$ –
B	89,369	BNY MELLON CASH RESERVE	–	89,369	–	–	–
S	89,369	BNY MELLON CASH RESERVE	–	–	89,369	89,369	–
B	70,042	BNY MELLON CASH RESERVE	–	70,042	–	–	–
S	70,042	BNY MELLON CASH RESERVE	–	–	70,042	70,042	–
B	79,619	BNY MELLON CASH RESERVE	–	79,619	–	–	–
S	79,619	BNY MELLON CASH RESERVE	–	–	79,619	79,619	–
B	458,228	BNY MELLON CASH RESERVE	–	458,228	–	–	–
S	458,228	BNY MELLON CASH RESERVE	–	–	458,228	458,228	–
B	234,798	BNY MELLON CASH RESERVE	–	234,798	–	–	–
S	234,798	BNY MELLON CASH RESERVE	–	–	234,798	234,798	–
B	8,365,667	JPMCB LIQUIDITY FUND	–	8,365,667	–	–	–
S	5,174,357	JPMCB LIQUIDITY FUND	–	–	5,174,357	5,174,357	–
B	7,257,758	JPMCB LIQUIDITY FUND	–	7,257,758	–	–	–
S	90,010	JPMCB LIQUIDITY FUND	–	–	90,010	90,010	–
S	3,369,418	JPMCB LIQUIDITY FUND	–	–	3,369,418	3,369,418	–
S	459,914	JPMCB LIQUIDITY FUND	–	–	459,914	459,914	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
B	7,409,527	JPMCB LIQUIDITY FUND	$ –	$ 7,409,527	$ –	$ –	$ –
S	7,106,202	JPMCB LIQUIDITY FUND	–	–	7,106,202	7,106,202	–
B	64,480	JPMCB LIQUIDITY FUND	–	64,480	–	–	–
S	194,208	JPMCB LIQUIDITY FUND	–	–	194,208	194,208	–
S	1,102,151	JPMCB LIQUIDITY FUND	–	–	1,102,151	1,102,151	–
S	40,058	JPMCB LIQUIDITY FUND	–	–	40,058	40,058	–
S	3,794,000	JPMCB LIQUIDITY FUND	–	–	3,794,000	3,794,000	–
B	10,287,610	JPMCB LIQUIDITY FUND	–	10,287,610	–	–	–
S	2,548,290	JPMCB LIQUIDITY FUND	–	–	2,548,290	2,548,290	–
B	79,513	JPMCB LIQUIDITY FUND	–	79,513	–	–	–
B	81,301	JPMCB LIQUIDITY FUND	–	81,301	–	–	–
S	1,469,307	JPMCB LIQUIDITY FUND	–	–	1,469,307	1,469,307	–
S	54,898	JPMCB LIQUIDITY FUND	–	–	54,898	54,898	–
B	6,251,856	JPMCB LIQUIDITY FUND	–	6,251,856	–	–	–
S	1,905,969	JPMCB LIQUIDITY FUND	–	–	1,905,969	1,905,969	–
S	1,124,953	JPMCB LIQUIDITY FUND	–	–	1,124,953	1,124,953	–
B	212,244	JPMCB LIQUIDITY FUND	–	212,244	–	–	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	3,637,346	JPMCB LIQUIDITY FUND	$ –	$ –	$ 3,637,346	$ 3,637,346	$ –
S	102,720	JPMCB LIQUIDITY FUND	–	–	102,720	102,720	–
S	445,153	JPMCB LIQUIDITY FUND	–	–	445,153	445,153	–
S	1,237,070	JPMCB LIQUIDITY FUND	–	–	1,237,070	1,237,070	–
B	337,775	JPMCB LIQUIDITY FUND	–	337,775	–	–	–
S	5,012,963	JPMCB LIQUIDITY FUND	–	–	5,012,963	5,012,963	–
B	9,227,002	JPMCB LIQUIDITY FUND	–	9,227,002	–	–	–
S	6,945,202	JPMCB LIQUIDITY FUND	–	–	6,945,202	6,945,202	–
B	46,767	JPMCB LIQUIDITY FUND	–	46,767	–	–	–
S	2,483,355	JPMCB LIQUIDITY FUND	–	–	2,483,355	2,483,355	–
S	150,726	JPMCB LIQUIDITY FUND	–	–	150,726	150,726	–
B	20,151,394	JPMCB LIQUIDITY FUND	–	20,151,394	–	–	–
S	6,586,489	JPMCB LIQUIDITY FUND	–	–	6,586,489	6,586,489	–
S	142,104	JPMCB LIQUIDITY FUND	–	–	142,104	142,104	–
B	71,795	JPMCB LIQUIDITY FUND	–	71,795	–	–	–
S	777,082	JPMCB LIQUIDITY FUND	–	–	777,082	777,082	–
S	37,458	JPMCB LIQUIDITY FUND	–	–	37,458	37,458	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	1,814,013	JPMCB LIQUIDITY FUND	$ –	$ –	$ 1,814,013	$ 1,814,013	$ –
S	2,160,861	JPMCB LIQUIDITY FUND	–	–	2,160,861	2,160,861	–
S	2,617,541	JPMCB LIQUIDITY FUND	–	–	2,617,541	2,617,541	–
S	821,548	JPMCB LIQUIDITY FUND	–	–	821,548	821,548	–
B	6,879,530	JPMCB LIQUIDITY FUND	–	6,879,530	–	–	–
S	4,572,070	JPMCB LIQUIDITY FUND	–	–	4,572,070	4,572,070	–
B	80,653	JPMCB LIQUIDITY FUND	–	80,653	–	–	–
S	1,615,236	JPMCB LIQUIDITY FUND	–	–	1,615,236	1,615,236	–
S	58,297	JPMCB LIQUIDITY FUND	–	–	58,297	58,297	–
S	863,654	JPMCB LIQUIDITY FUND	–	–	863,654	863,654	–
S	1,794,251	JPMCB LIQUIDITY FUND	–	–	1,794,251	1,794,251	–
S	1,948,308	JPMCB LIQUIDITY FUND	–	–	1,948,308	1,948,308	–
B	8,963,696	JPMCB LIQUIDITY FUND	–	8,963,696	–	–	–
S	1,967,368	JPMCB LIQUIDITY FUND	–	–	1,967,368	1,967,368	–
S	843,148	JPMCB LIQUIDITY FUND	–	–	843,148	843,148	–
S	1,836,386	JPMCB LIQUIDITY FUND	–	–	1,836,386	1,836,386	–
S	3,015,421	JPMCB LIQUIDITY FUND	–	–	3,015,421	3,015,421	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	924,654	JPMCB LIQUIDITY FUND	$ –	$ –	$ 924,654	$ 924,654	$ –
B	13,000,000	JPMCB LIQUIDITY FUND	–	13,000,000	–	–	–
S	15,855,063	JPMCB LIQUIDITY FUND	–	–	15,855,063	15,855,063	–
B	13,691,861	JPMCB LIQUIDITY FUND	–	13,691,861	–	–	–
S	151,570	JPMCB LIQUIDITY FUND	–	–	151,570	151,570	–
B	79,619	JPMCB LIQUIDITY FUND	–	79,619	–	–	–
S	3,615,196	JPMCB LIQUIDITY FUND	–	–	3,615,196	3,615,196	–
S	2,927,299	JPMCB LIQUIDITY FUND	–	–	2,927,299	2,927,299	–
S	70,258	JPMCB LIQUIDITY FUND	–	–	70,258	70,258	–
S	435,200	JPMCB LIQUIDITY FUND	–	–	435,200	435,200	–
S	6,077,327	JPMCB LIQUIDITY FUND	–	–	6,077,327	6,077,327	–
B	53,586,133	JPMCB LIQUIDITY FUND	–	53,586,133	–	–	–
S	20,509,818	JPMCB LIQUIDITY FUND	–	–	20,509,818	20,509,818	–
S	151,900	JPMCB LIQUIDITY FUND	–	–	151,900	151,900	–
B	458,228	JPMCB LIQUIDITY FUND	–	458,228	–	–	–
S	27,379,590	JPMCB LIQUIDITY FUND	–	–	27,379,590	27,379,590	–
S	756,779	JPMCB LIQUIDITY FUND	–	–	756,779	756,779	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Single Transactions in Excess of Five Percent

Code	Shares/Par Value	Security Description	Transaction Expense	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/(Loss)
S	4,190,886	JPMCB LIQUIDITY FUND	$ –	$ –	$ 4,190,886	$ 4,190,886	$ –
S	70,403	JPMCB LIQUIDITY FUND	–	–	70,403	70,403	–
B	330,357	JPMCB LIQUIDITY FUND	–	330,357	–	–	–
B	13,383,515	JPMCB LIQUIDITY FUND	–	13,383,515	–	–	–
S	4,289,555	JPMCB LIQUIDITY FUND	–	–	4,289,555	4,289,555	–
S	236,525	JPMCB LIQUIDITY FUND	–	–	236,525	236,525	–
B	234,798	JPMCB LIQUIDITY FUND	–	234,798	–	–	–
S	8,830,221	JPMCB LIQUIDITY FUND	–	–	8,830,221	8,830,221	–
S	413,121	JPMCB LIQUIDITY FUND	–	–	413,121	413,121	–
S	257,203	JPMCB LIQUIDITY FUND	–	–	257,203	257,203	–
S	1,342,624	JPMCB LIQUIDITY FUND	–	–	1,342,624	1,342,624	–
B	704,258	JPMCB LIQUIDITY FUND	–	704,258	–	–	–

B = Bought, S = Sold
*At market

Alcatel-Lucent Retirement Income Plan

Schedule H, Line 4j – Schedule of Reportable Transactions (continued)

Year Ended December 31, 2012

Series of Transactions in Excess of Five Percent

Count	Shares/ Par Value	Security Description	Cost of Purchases*	Proceeds from Sales*	Cost of Assets Disposed	Gain/ (Loss)
15	1,924,601	BNY MELLON CASH RESERVE 0.010% 12/31/2049 DD 06/26/97	$ 1,924,601	$ –	$ –	$ –
15	1,924,601	BNY MELLON CASH RESERVE 0.010% 12/31/2049 DD 06/26/97	–	1,924,601	1,924,601	–
30	181,290,337	JPMCB LIQUIDITY FUND	181,290,337	–	–	–
69	180,480,944	JPMCB LIQUIDITY FUND	–	180,480,944	180,480,944	–

There were no category (ii) or (iv) reportable transactions during 2012.
*At market