

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____
B This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	<input checked="" type="checkbox"/>
D Check box if filing under:	<input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>007</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>12/31/2005</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>007</u>	1c Effective date of plan <u>12/31/2005</u>	
1b Three-digit plan number (PN) ▶	<u>007</u>				
1c Effective date of plan <u>12/31/2005</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>ALCATEL-LUCENT USA INC.</u> <u>600 MOUNTAIN AVENUE, ROOM 2B-410</u> <u>MURRAY HILL, NJ 07974</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>22-3408857</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>908-582-7140</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>334200</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>22-3408857</u>	2c Sponsor's telephone number <u>908-582-7140</u>	2d Business code (see instructions) <u>334200</u>	
2b Employer Identification Number (EIN) <u>22-3408857</u>					
2c Sponsor's telephone number <u>908-582-7140</u>					
2d Business code (see instructions) <u>334200</u>					

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. Signature of plan administrator	10/08/2014 Date	SUSAN LEAR 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 <input checked="" type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address		3b Administrator's EIN	
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: a Sponsor's name		3c Administrator's telephone number 4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year		5	1447
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	1153
b Retired or separated participants receiving benefits		6b	14
c Other retired or separated participants entitled to future benefits		6c	161
d Subtotal. Add lines 6a , 6b , and 6c		6d	1328
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e	21
f Total. Add lines 6d and 6e		6f	1349
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	7
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: 1B 1E 3F 3H			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions: 4L			
9a Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> 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 (1) <input checked="" type="checkbox"/> R (Retirement Plan Information) (2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) <input checked="" type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) <input checked="" type="checkbox"/> H (Financial Information) (2) <input type="checkbox"/> I (Financial Information – Small Plan) (3) <input type="checkbox"/> A (Insurance Information) (4) <input checked="" type="checkbox"/> C (Service Provider Information) (5) <input checked="" type="checkbox"/> D (DFE/Participating Plan Information) (6) <input type="checkbox"/> G (Financial Transaction Schedules)	

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 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **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 <u>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ALCATEL-LUCENT USA INC.</u>	D Employer Identification Number (EIN) <u>22-3408857</u>
E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B	F Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>220770400</u>
b Actuarial value	2b <u>207509447</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>29</u> <u>4425622</u>
b For terminated vested participants.....	3b <u>139</u> <u>3842289</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>21629619</u>
(2) Vested benefits	3c(2) <u>113818701</u>
(3) Total active.....	3c(3) <u>1279</u> <u>135448320</u>
d Total.....	3d <u>1447</u> <u>143716231</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... <input type="checkbox"/>	
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 <u>6.45 %</u>
6 Target normal cost	6 <u>5447505</u>

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		<u>09/09/2014</u>
	Signature of actuary	Date
<u>LAWRENCE A. GOLDEN</u>		<u>14-04197</u>
	Type or print name of actuary	Most recent enrollment number
<u>AON CONSULTING INC.</u>		<u>732-302-2142</u>
	Firm name	Telephone number (including area code)
<u>400 ATRIUM DRIVE</u> <u>SOMERSET, NJ 08873</u>		
	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 ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	6481087	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)	6481087	0
10 Interest on line 9 using prior year's actual return of <u>10.73</u> %	695421	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b Interest on (a) using prior year's effective interest rate of <u>7.16</u> % except as otherwise provided (see instructions)		
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		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	6845671	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	139.62 %
15 Adjusted funding target attainment percentage	15	144.38 %
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	154.00 %
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> 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:				
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76%	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> 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.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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	5447505	
b Excess assets, if applicable, but not greater than line 31a	31b	5447505	
32 Amortization installments:	Outstanding Balance		
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		
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	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years		
b Eligible plan year(s) for which the election in line 41a was made	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 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) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information 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.	OMB No. 1210-0110
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) <u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALCATEL-LUCENT USA INC.</u>	D Employer Identification Number (EIN) <u>22-3408857</u>

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

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	521999	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(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	249600	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(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	192118	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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)

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	19192	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	52	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

(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	7567	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(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 <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information 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.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>007</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>ALCATEL-LUCENT USA INC.</u>	D Employer Identification Number (EIN) <u>22-3408857</u>	

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

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

c EIN-PN <u>22-3463544-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>219292000</u>
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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 <u>13-6285055-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>247000</u>
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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)
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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)
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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)
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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)
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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)
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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information 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.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		
A Name of plan <u>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALCATEL-LUCENT USA INC.</u>	D Employer Identification Number (EIN) <u>22-3408857</u>	

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)	
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)	379000 247000
	(10) Value of interest in pooled separate accounts	1c(10)	
	(11) Value of interest in master trust investment accounts	1c(11)	231852000 219292000
	(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)	

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(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	232231000	219539000

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	241000	258000
i Acquisition indebtedness	1i		
j Other liabilities	1j	11220000	29934000
k Total liabilities (add all amounts in lines 1g through 1j)	1k	11461000	30192000

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	220770000	189347000
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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 Contributions:**

		(a) Amount	(b) Total
(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)	1000	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1000

(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)		
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(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)		1782000
(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		1783000

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1548000	
(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)		1548000
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)	1057000	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1057000
j Total expenses. Add all expense amounts in column (b) and enter total	2j		2605000

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-822000
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		30601000

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) ☒ 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 ☒ 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:

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.)

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.)

	Yes	No	Amount
4a		X	
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.)		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.)		X	
e Was this plan covered by a fidelity bond?	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?		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?		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?		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.)	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.)	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?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
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.			

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)
ALCATEL-LUCENT RETIREMENT INCOME PLAN	22-3408857	001
LUCENT TECHNOLOGIES INC. PENSION PLAN	22-3408857	002
QWEST PENSION PLAN	84-1339282	005
AT&T PENSION BENEFIT PLAN	43-1301883	006

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

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)
BROADBAND PENSION PLAN	23-2175755	031
ERICSSON US PENSION PLAN	06-1119960	007
VERIZON MANAGEMENT PENSION PLAN	13-1675522	001
VERIZON PENSION PLAN FOR ASSOCIATES	95-0510200	001

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

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 PENSION PLAN FOR MID-ATLANTIC AND SOUTH ASSOCIATES	23-2259884	002

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

<div>SCHEDULE R (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>		<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2013</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013					
A Name of plan LUCENT TECHNOLOGIES INC. RETIREMENT PLAN				B Three-digit plan number (PN) ▶	007
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					
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	18
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> 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?..... <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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?..... <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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..... <input checked="" type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Both <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> No					
11 a Does the ESOP hold any preferred stock? <input type="checkbox"/> Yes <input type="checkbox"/> 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.)..... <input type="checkbox"/> Yes <input type="checkbox"/> No					
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? <input type="checkbox"/> Yes <input type="checkbox"/> No					
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.					
Schedule R (Form 5500) 2013 v. 130118					

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: 17% Investment-Grade Debt: 76% High-Yield Debt: 3% Real Estate: 3% Other: 1%

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

Lucent Technologies Inc. Retirement Plan
December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP



Lucent Technologies Inc. Retirement Plan
Financial Statements and Supplemental Schedules

December 31, 2013 and 2012

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Report of Independent Auditors

To the Employee Benefits Committee of the Lucent Technologies
Inc. Retirement Plan

We have audited the accompanying financial statements of the Lucent Technologies Inc. Retirement Plan, which comprise the statements of net assets available for benefits and of accumulated plan benefits as of December 31, 2013 and 2012, 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, 2013, 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 Lucent Technologies Inc. Retirement Plan at December 31, 2013 and 2012, and the changes in its financial status for the year ended December 31, 2013, 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, 2013 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 3, 2014

Lucent Technologies Inc. Retirement Plan

Statements of Net Assets Available for Benefits

	December 31	
	2013	2012
	<i>(In Thousands)</i>	
Assets		
Investments, at fair value:		
Plan interest in Lucent Technologies Inc. Master Pension Trust	\$ 219,292	\$ 231,852
Common Collective Trust Fund	247	379
Total assets	<u>219,539</u>	<u>232,231</u>
Liabilities		
Accounts payable and accrued liabilities	258	241
Due to Lucent Technologies Inc. Pension Plan, net	28,805	9,068
Due to Alcatel-Lucent Retirement Income Plan	351	122
Mandatory portability transfers	778	2,030
Total liabilities	<u>30,192</u>	<u>11,461</u>
Net assets available for benefits	<u><u>\$ 189,347</u></u>	<u><u>\$ 220,770</u></u>

See accompanying notes.

Lucent Technologies Inc. Retirement Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2013

(In Thousands)

Additions

Plan interest in Lucent Technologies Inc. Master Pension Trust	\$ 1,782
Interest income	<u>1</u>
Total additions	1,783

Deductions

Benefits paid to participants	1,548
Investment and administrative expenses	994
Pension Benefit Guaranty Corporation premiums	<u>63</u>
Total deductions	<u>2,605</u>

Net decrease before transfers (822)

Transfer to Lucent Technologies Inc. Pension Plan, net (27,914)

Transfer to Alcatel-Lucent Retirement Income Plan (351)

Mandatory portability transfers (2,336)

Net decrease (31,423)

Net assets available for benefits

Beginning of year	<u>220,770</u>
End of year	<u>\$ 189,347</u>

See accompanying notes.

Lucent Technologies Inc. Retirement Plan

Statements of Accumulated Plan Benefits

	December 31	
	2013	2012
	<hr/> (In Thousands) <hr/>	
Actuarial present value of accumulated plan benefits		
Vested benefits:		
Participants currently receiving payments	\$ 5,986	\$ 4,699
Other participants	139,177	137,065
Non-vested benefits	30,207	25,395
	<hr/>	
Total actuarial present value of accumulated plan benefits	\$ 175,370	\$ 167,159
	<hr/>	

See accompanying notes.

Lucent Technologies Inc. Retirement Plan

Statement of Changes in Accumulated Plan Benefits

Year Ended December 31, 2013
(In Thousands)

Actuarial present value of accumulated plan benefits at beginning of period	\$ 167,159
Increase (decrease) during the period attributable to:	
Change in assumptions	17,485
Change in Plan provisions	3,969
Benefits accumulated	6,272
Increase for interest due to the decrease in the discount period	9,035
Benefits paid	(1,548)
Transfer to the Alcatel-Lucent Retirement Income Plan	(276)
Transfer to the Lucent Technologies Inc. Pension Plan	(34,110)
Difference between actual and expected experience	<u>7,384</u>
Net increase	<u>8,211</u>
Actuarial present value of accumulated plan benefits at end of period	<u><u>\$ 175,370</u></u>

See accompanying notes.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements

December 31, 2013

(In Thousands)

1. Plan Description

The following description of the Lucent Technologies Inc. Retirement Plan (the “Plan”) 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

Effective December 31, 2005, Lucent Technologies Inc. (now known as Alcatel-Lucent USA Inc.) (the “Company”) established a new defined benefit plan – the Plan – for active employees in the Lucent Technologies Inc. Pension Plan (the “LTPP”). All active employees covered by the LTPP were transferred to and became covered by the Plan on December 31, 2005.

The Plan is a noncontributory defined benefit pension plan, which covers most active domestic represented and certain non-represented occupational employees of the Company. All covered employees who have reached age twenty-one and are credited with 1,000 hours of service participate in the Plan. Typically, a participant who completes five years of service is vested in the Plan.

On July 29, 2013, the Plan was amended effective as of January 1, 2013 to increase the pension band monthly benefits amounts by 3.0% for participants who retire on or after January 1, 2013. The impact of this amendment is reflected as a \$3,969 increase in the present value of accumulated plan benefits as of December 31, 2013.

On December 24, 2013, the Plan was amended: (i) to offer a special voluntary termination program – the 2013 Special Voluntary Termination Program (“SVTP”) – to certain CWA-represented employees who elected to terminate under the SVTP and receive enhanced pension benefits; and (ii) to reflect the terms of a second program—the 2013 Lewisville, Texas Effects Agreement (the “Lewisville, Texas Effects Agreement”)—agreed to by the Company and the CWA. The impact of the 2013 SVTP and the Lewisville, Texas Effects Agreement is reflected in the December 31, 2013 accumulated plan benefits for the Plan.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

1. Plan Description (continued)

Pension Benefits

The Plan provides three kinds of pensions:

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

Deferred Vested Pension

Participants are eligible for a Deferred Vested Pension if they leave the Company after becoming vested, provided they are not eligible for a Service Pension or Disability Pension. Deferred Vested Pensions will be paid from the Plan. Participants may receive their Deferred Vested Pension starting at age 65, in which case no reduction will be made to their pension because of their age at the time payments start. Participants may also receive their Deferred Vested Pension at any time before age 65, in which case their benefit will be reduced by an actuarial factor that takes into account their age when their payment starts. The Plan provides for annuity forms of payment for Deferred Vested Pensions. In addition, participants, who while employed were represented by the Communications Workers of America ("CWA"), can elect a lump sum form of payment. Effective as of January 1, 2008, the Plan was amended to provide a lump-sum form of payment for participants who, while employed, were represented by the International Brotherhood of Electrical Workers and who terminate employment on or after October 19, 2007.

Service Pension

Participants are eligible for a Service Pension when the following age and service conditions are met:

<u>Age</u>		<u>Minimum Years of Service</u>
65	And	10
55	And	20
50	And	25
Any age	And	30

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

1. Plan Description (continued)

Upon the termination of a Plan participant's employment, the assets, liabilities and benefit obligations attributable to the employee's Service Pension are transferred to the LTPP. The participant in the Plan becomes a participant in the LTPP on the day following his or her termination of employment, and the participant's Service Pension, as determined under the provision of the Plan as of the date of termination, will be paid from the LTPP. Effective January 1, 2011, the Plan was amended to provide that the pensions of Service Pension eligible and Disability Pension eligible Business & Technical Associates are to be transferred to the Alcatel-Lucent Retirement Income Plan ("ALRIP"), rather than to the LTPP.

Disability Pension Benefits

Plan participants with 15 or more years of service who terminate employment due to their continued total disability after receiving 52 weeks of sickness disability payments from the Lucent Technologies Inc. Sickness and Accident Disability Benefit Plan (or, for Lucent Business Assistants, 26 weeks under the Alcatel-Lucent Short Term Disability Plan) are eligible for a Disability Pension 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).

Upon the termination of a Plan participant's employment, the assets and liabilities attributable to the employee's Disability Pension are transferred to the LTPP. The participant in the Plan becomes a participant in the LTPP on the day following his or her termination of employment, and the participant's Disability Pension, as determined under the provisions of the Plan as of the date of termination, will be paid from the LTPP. Disability Pension benefits continue to be paid until the earliest of the participant's recovery, death, or attainment of normal retirement age. Upon attainment of normal retirement age, participants begin to receive a Service Pension paid from the LTPP equal to the Disability Pension benefits received under the LTPP. Effective January 1, 2011, the Plan was amended to provide that the pensions of Service Pension eligible and Disability Pension eligible Business & Technical Associates are to be transferred to the ALRIP, rather than to the LTPP.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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.

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, 2013 and 2012 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

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, 2013 and 2012 are based on census data as of those respective 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 an increase to the pension bands of 3.0% applicable to participants who retire on or after January 1, 2013. The Plan was amended effective January 1, 2013 to provide this benefit.

The assumptions used to determine the actuarial present value of accumulated plan benefits as of December 31, 2013 and 2012 include rates of separation, retirement and disability which are based on actual employee experience.

An experience study of the demographic assumptions was completed in 2013 and as a result, the December 31, 2013 Accumulated Plan Benefit Obligation results reflect the use of updated assumptions. The updated assumptions are withdrawal rates, disability rates, retirement rates, the Qualified Beneficiary Ratio and the form of payment election.

The mortality table used in determining the actuarial present value of accumulated plan benefits as of December 31, 2013 and 2012 is the RP-2000 Combined Healthy Mortality with Generational Projection based on the Society of Actuaries Scale AA.

Interest assumptions of 5.14% and 5.43% were used to determine the actuarial present values of accumulated plan benefits at December 31, 2013 and 2012, respectively.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors 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

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

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 ALRIP, 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 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

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.

3. Tax Status

The Internal Revenue Service (the “IRS”) determined, and informed the Company by a letter dated July 1, 2014, that the Plan is designed in accordance with the currently applicable sections 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.

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, 2013, 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 2010.

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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

4. Termination Priorities (continued)

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.

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, 2013, the following plans participate in the MPT:

- (1) the Plan ("LTRP"),
- (2) the LTPP, and
- (3) the ALRIP.

Each participating plan has an undivided interest in the MPT's various investment sleeves. At December 31, 2013 and 2012, the Plan's interest in the net assets of the MPT was 0.72% and 0.70%, respectively.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

Investment Sleeve Data

The following table presents each investment sleeve and the percentage of ownership within the sleeve as of December 31, 2013 and 2012:

	ALRIP		LTPP		LTRP	
	2013	2012	2013	2012	2013	2012
	Sleeve	Sleeve	Sleeve	Sleeve	Sleeve	Sleeve
	%	%	%	%	%	%
Global Equity	66%	65%	33%	34%	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	78%	74%	21%	25%	1%	1%
High Yield Debt	64%	57%	35%	42%	1%	1%
Private Equity	67%	60%	32%	39%	1%	1%
Real Estate	70%	62%	29%	37%	1%	1%
Absolute Return	100%	100%	—	—	—	—
Rebalancing – Mgt	100%	100%	—	—	—	—
Rebalancing – Occ. Inactive	—	—	100%	100%	—	—
Rebalancing – Occ. Active	—	—	—	—	100%	100%

Effective December 1, 2013, 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, 14.12% 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013 and 2012 are summarized as follows:

	December 31	
	2013	2012
Assets		
Investments, at fair value:		
Cash and cash equivalents	\$ 1,703,447	\$ 1,605,343
Cash equivalents held in 401(h) account	232,840	213,929
Government and U.S. Treasury obligations*	7,138,350	8,765,017
Fixed income securities*	14,283,395	14,839,578
Fixed income securities and repurchase agreements acquired with cash collateral	4,485,188	2,365,792
Common stock and other equities*	2,340,820	2,703,064
Common and collective trusts	405,321	471,335
Repurchase agreements	—	114,900
Real estate	1,383,173	1,466,379
Limited partnership investments**	3,836,846	3,630,139
Futures contracts	38,589	10,300
Foreign exchange contracts	3,151	3,649
Swap contracts	8,758	11,593
Options purchased	3,572	2,275
Total investments	35,863,450	36,203,293
Receivable for investments sold	475,108	634,919
Accrued income receivable	241,418	243,950
Due from brokers	47,697	65,197
Total assets	36,627,673	37,147,359
Liabilities		
Collateral held for loaned securities	4,484,843	2,365,185
Payable for investments purchased	1,233,170	1,470,177
Liability related to 401(h) account	232,840	213,929
Due to brokers	18,028	18,879
Futures contracts, at fair value	42,655	28,543
Foreign exchange contracts, at fair value	5,685	—
Swap contracts, at fair value	10,875	21,786
Accrued expenses and other liabilities	24,838	19,452
Options written, at fair value	761	1,495
Total liabilities	6,053,695	4,139,446
Net assets	\$ 30,573,978	\$ 33,007,913

* As of December 31, 2013 and 2012, the total fair value of securities on loan was \$4,846,837 and \$4,992,438, respectively. Of these securities on loan, \$183,865 and \$215,687 were equity securities and \$4,662,972 and \$4,776,751 were debt securities, respectively.

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

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013:

Net depreciation in fair value of investments	\$ (837,771)
Interest	962,116
Dividends	61,170
Net investment income from real estate	78,407
Net investment income from limited partnerships	81,958
Other income	9,021
Total investment income	<u>\$ 354,901</u>

For the year ended December 31, 2013, the net depreciation 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	\$ (2,176,149)
Common stock and other equities*	577,086
Real estate* ³	179,857
Limited partnership investments*	532,077
Other investments* ²	49,358
Net depreciation in fair value of investments	<u>\$ (837,771)</u>

* 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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 or ask prices 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, the

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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 information provided by management of these vehicles, to determine that such valuations

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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 the 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, 2013 and 2012. There was no individual investment that equaled or exceeded 5% of the MPT's net assets at December 31, 2013 and 2012.

Collateral held by brokers for futures contracts and swap contracts outstanding was \$67,707 and \$106,246 at December 31, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, due to/from broker was primarily comprised of margin posted for futures contracts.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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/(depreciation) 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013 and 2012:

As of December 31, 2013:

	Level 1**	Level 2**	Level 3	Total
Assets				
Cash equivalents ¹	\$ 242,531	\$ 1,693,756	\$ —	\$ 1,936,287
Fixed income securities and repurchase agreements acquired with cash collateral:				
Floating rate notes	—	1,953,361	—	1,953,361
Repurchase agreements	—	851,617	—	851,617
Commercial paper	—	578,814	—	578,814
Certificate of deposit	—	712,922	—	712,922
Time deposits and other	—	388,474	—	388,474
Total	—	4,485,188	—	4,485,188
Common collective trusts	—	405,321	—	405,321
Domestic equity* ²	1,047,524	—	—	1,047,524
International equity* ²	1,293,296	—	—	1,293,296
Asset backed securities ³	—	140,818	—	140,818
Corporate debt securities ³	14,175	12,449,906	5	12,464,086
International government bonds ³	143,836	349,900	—	493,736
Mortgage backed securities ³	—	473,294	—	473,294
Government and U.S. treasury obligations ³	4,470,405	2,520,337	—	6,990,742
U.S. states and subdivisions ³	—	800,098	—	800,098
Limited partnership investments	—	395,654	3,441,192	3,836,846
Real estate	—	—	1,383,173	1,383,173
Bank debt, other fixed income securities ³	—	—	58,971	58,971
Interest rate swap contract ⁴	—	2,585	—	2,585
Credit default swap contracts ⁴	—	6,119	—	6,119
Equity index swap contracts ⁴	—	54	—	54
Options purchased	389	3,183	—	3,572
Futures contracts	38,589	—	—	38,589
Foreign exchange contracts	—	3,151	—	3,151
Total assets	\$ 7,250,745	\$ 23,729,364	\$ 4,883,341	\$ 35,863,450
Liabilities				
Written options	\$ 90	\$ 671	\$ —	\$ 761
Futures contracts	42,655	—	—	42,655
Foreign exchange contracts ⁵	—	5,685	—	5,685
Interest rate swaps ⁵	—	9,958	—	9,958
Credit default swaps ⁵	—	917	—	917
Total liabilities	\$ 42,745	\$ 17,231	\$ —	\$ 59,976

* 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, 2013.

¹ Comprised of Cash and cash equivalents of \$1,703,447 and Cash equivalents held in 401(h) account of \$232,840.

² Such strategies aggregate to \$2,340,820, which is included in Common stock and other equities on the schedule of net assets of the MPT.

³ Such strategies aggregate to \$21,421,745, 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 \$8,758 which is included in Swap contracts assets on the schedule of net assets of the MPT.

⁵ Such strategies aggregate to \$10,875 which is included in Swap contracts liabilities on the schedule of net assets of the MPT.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

As of December 31, 2012:

	Level 1**	Level 2**	Level 3	Total
Assets				
Cash equivalents ¹	\$ 224,378	\$ 1,594,894	\$ —	\$ 1,819,272
Fixed income securities and repurchase agreements acquired with cash collateral:				
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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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 \$247 and \$379 as of December 31, 2013 and 2012, respectively, and are categorized as Level 2.

The following table is a reconciliation of assets the MPT held during the year ended December 31, 2013 at fair value using significant unobservable inputs (Level 3):

As of December 31, 2013:

	Beginning Balance January 1, 2013	Realized Gains/ (Losses)*	Unrealized Gains/ (Losses)*	Purchases	Sales and Settlements	Transfers Out**	Transfers In**	Ending Balance, December 31, 2013
Corporate debt securities	\$ 21	\$ –	\$ –	\$ –	\$ –	\$ (16)	\$ –	\$ 5
Bank debt, other fixed income securities	57,191	975	1	36,024	(35,220)	–	–	58,971
Limited partnership investments	3,240,172	311,777	176,024	450,636	(737,417)	–	–	3,441,192
Real estate	1,466,379	72,176	99,885	165,081	(420,348)	–	–	1,383,173
Total	<u>\$ 4,763,763</u>	<u>\$ 384,928</u>	<u>\$ 275,910</u>	<u>\$ 651,741</u>	<u>\$ (1,192,985)</u>	<u>\$ (16)</u>	<u>\$ –</u>	<u>\$ 4,883,341</u>

* 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, 2013, the MPT reclassified securities with a fair value of \$16 out of Level 3 as a result of such securities either becoming more actively traded and the associated inputs becoming more observable.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013:

	Fair Value	Valuation Technique	Unobservable Inputs	Range of Inputs
Corporate debt securities	\$ 5	Broker Quotes	—	—
Bank debt, other fixed income securities	58,971	Broker Quotes	—	—
Limited partnership investments	3,378,493	Net Asset Value as Practical Expedient	—	—
Real estate ²	1,383,173	Discounted Cash Flows ("DCF")	Discount Rate	6.50–10.5%
			Exit Capitalization rate ³	5.80–8.10%
			DCF Term	10 years
Oil and Gas Investments ¹	62,699	Discounted Cash Flows	Discount Rate	14%
			Commodity Price – Oil (\$/BBL) ⁴	\$88 – \$106
			Commodity Price – Gas (\$/MMCF) ⁴	\$4 – \$5
			Production Volume – Oil (MMB) ⁴	0.1 – 0.6 MMB
			Production Volume – Gas (MMCF) ⁴	70 – 600 MMCF
			Capital and Operating Expenditures (in millions of \$) ⁴	\$0 – \$12

¹ Included in limited partnership investments on the schedule of net assets of the MPT.

² Real Estate investments are valued utilizing 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, 2013 amounted to (\$3,563) and are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013:

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)	\$ 115,770	\$ 66,395	\$ –	Quarterly	45-60 days
Event Driven Hedge Funds ^(b)	174,608	251,018	–	Quarterly, Annually	30-90 days
Multi-strategy Hedge Funds ^(c)	–	211,694	–	Quarterly, Annually	45-65 days
Relative Value Hedge Fund ^(d)	48,742	38,605	–	Monthly	75-90 days
Opportunistic Hedge Funds ^(e)	–	53,663	4,554	Quarterly	65 days
Directional Hedge Fund ^(f)	56,534	–	–	Quarterly	60 days
Real Estate Funds ^(g)	–	592,502	63,089	N/A	
Private Equity Funds – Venture Capital ^(h)	–	690,514	170,118	N/A	
Private Equity Funds – Buyouts ⁽ⁱ⁾	–	1,232,777	602,931	N/A	
Private Equity Funds – Special Situations ^(j)	–	276,578	83,863	N/A	
Private Equity Funds – Direct Investments ^(k)	–	27,446	–	N/A	
Total	\$ 395,654	\$ 3,441,192	\$ 924,555		

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		

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013 and 2012, this category held .67% and 1.01% 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, 2013 and 2012, this category held 4.67% and 5.16% 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, 2013 and 2012, this category held 5.08% and 10.8% of assets in side pockets. At December 31, 2013, 39.41% 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, 2013 and 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013:

	Single Name Corporate Bond Credit Default Swaps	Basket of Investment Grade Securities Swaps
Fair value of sold protection	\$ 316	\$ 5,769
Maximum undiscounted potential future payments	\$ 15,213	\$ 202,014
Approximate term of the contracts	Eighteen months to five years	Three to five years
Credit ratings of underlying instruments	A+ to 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-	-

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

At December 31, 2013, the MPT held three written put option contracts that are expiring at various times between January 2014 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 \$772. The fair value of the written put options was (\$752) which is located in options written at fair value on the schedule of net assets of the MPT.

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.

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, 2013 and 2012, the fair value of the securities on loan was \$4,846,837 and \$4,992,438, 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 (rehypothecate) the cash, however the securities cannot be repledged. As of December 31, 2013 and 2012, the MPT held cash collateral of \$4,484,843 and \$2,365,185, 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 \$4,485,188 and \$2,365,792 at December 31, 2013 and 2012, respectively, and are included in the cash collateral invested in fixed income securities and repurchase agreements on the schedule of net assets of the MPT.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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 \$467,541 and \$2,734,877 at December 31, 2013 and 2012, 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 \$7,564 in 2013 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, 2013 and 2012, repurchase agreements entered into with cash collateral were carried at \$851,617 and \$550,628, respectively, and the fair value of securities which the MPT holds as collateral with respect to such repurchase agreements is \$888,778 and \$561,642, 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, 2013, the MPT held no direct repurchase agreements. 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 except for repurchase agreements which are indemnified by BNYMellon Bank. 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013 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, 2013 and 2012 was (\$4,066) and (\$18,243), respectively, and are included in futures contracts assets and liabilities on the schedule of net assets of the MPT.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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 gain/loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

As of December 31, 2013 and 2012, 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, 2013 and 2012 was (\$2,534) and \$3,649, 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 gain/loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

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

As of December 31, 2013 and 2012, the MPT held written option contracts with a fair value of \$761 and \$1,495, 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, 2013 and 2012, the MPT has purchased options of \$3,572 and \$2,275, 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

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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, 2013 and 2012, 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, 2013 and 2012 are \$8,758 and \$11,593, 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, 2013 and 2012 are \$10,875 and \$21,786, 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013 and 2012, 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	Derivative Contracts – Assets			Derivative Contracts – Liabilities		
	2013	2012	Location on the Schedule of Net Assets	2013	2012	Location on the Schedule of Net Assets
Foreign currency risk contracts ¹	\$ 5,173	\$ 4,627	Futures contracts, at fair value and foreign exchange contracts, at fair value	\$ 6,719	\$ –	Futures contracts, at fair value, foreign exchange contracts, at fair value
Equity and fixed income price risk contracts ²	13,759	3,267	Futures contracts, at fair value and swap contracts, at fair value	2,075	2,415	Futures contracts, at fair value and options written, at fair value
Interest rate risk contracts ³	29,018	11,648	Swap contracts, at fair value, futures contracts, at fair value and options purchased, at fair value	50,265	47,354	Swap contracts, at fair value, futures contracts, at fair value and options written, at fair value
Credit risk contracts ⁴	6,120	8,275	Swap contracts, at fair value	917	2,055	Swap contracts, at fair value
Total derivative contracts	<u>\$ 54,070</u>	<u>\$ 27,817</u>		<u>\$ 59,976</u>	<u>\$ 51,824</u>	

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, 2013, 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	\$ 6,802
Equity and fixed income price risk contracts	73,990
Interest rate risk contracts	(146,735)
Credit risk contracts	(5,579)
Total derivative contracts	<u>\$ (71,522)</u>

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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, 2013:

	<u>Assets</u>	<u>Liabilities</u>
Derivative contracts-average quarterly notional amounts		
Interest rate risk contracts ¹	\$ 2,721,801	\$ 2,567,643
Credit rate risk contracts ²	411,133	—
Equity and fixed income price risk contracts ³	412,325	183,972
Derivative contracts-average quarterly number of contracts		
Foreign currency risk contracts ⁴	2,014	1,242
Equity and fixed income price risk contracts ³	2,137	81

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

² Includes credit default swaps (notionals).

³ Includes index futures (notionals) and options contracts (contracts) on fixed income securities, equity index swaps (notionals) and total return swaps (notionals).

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

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(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:

	<u>Assets</u>	<u>Liabilities</u>
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 (contracts) 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 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).

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

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, 2013 and 2012, is \$10,875 and \$21,786, respectively, for which the MPT had posted collateral of \$12,228 and \$21,889, 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, 2013 and 2012 (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, 2013, may be different than the net liability amounts stated at December 31, 2013, and such differences could be material.

The MPT is required to disclose the impact of offsetting assets and liabilities presented in the schedule of net assets of the MPT to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. The assets and liabilities that would be subject to offsetting are derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the MPT to another party are determinable, the MPT has the right to setoff the amounts owed with the amounts owed by the other party, the MPT intends to setoff, and the MPT's right of setoff is enforceable by law.

When the MPT has a basis to conclude that a legally enforceable netting arrangement exists between the MPT and the counterparty, the MPT may offset these assets and liabilities in its schedule of net assets of the MPT. The MPT records its derivative investments on a gross basis in the schedule of net assets of the MPT.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

The following table provides disclosure regarding the potential effect of offsetting recognized assets and liabilities presented in the schedule of net assets of the MPT had the MPT applied these netting provisions:

For the Year Ending December 31, 2013:

Description	Assets Presented in the Schedule of Net Assets on a Gross Basis ¹	Gross Amounts not Offset in the Schedule of Net Assets		Net Amount
		Financial Instruments	Collateral Received	
Futures	\$ 38,589	\$ (26,313)	\$ –	\$ 12,276
Foreign Exchange Contracts	3,151	(2,640)	–	511
Swaps and Options ²	12,330	(1,590)	(4,663)	6,077
Fixed Income securities and Repurchase Agreements acquired with cash collateral	4,485,188	–	(4,485,188)	–
Total	\$ 4,539,258	\$ (30,543)	\$ (4,489,851)	\$ 18,864

Description	Liabilities Presented in the Schedule of Net Assets on a Gross Basis ¹	Gross Amounts not Offset in the Schedule of Net Assets		Net Amount
		Financial Instruments	Collateral Received	
Futures	\$ 42,655	\$ (26,313)	\$ (14,547)	\$ 1,795
Foreign Exchange Contracts	5,685	(2,640)	–	3,045
Swaps and Options ²	11,636	(1,590)	(9,113)	933
Total	\$ 59,976	\$ (30,543)	\$ (23,660)	\$ 5,773

¹ The MPT does not offset in the schedule of net assets of the MPT.

² Swaps and options that are subject to the same ISDA agreement and allowable netting arrangements have been combined.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

For the Year Ending December 31, 2012:

Description	Assets Presented in the Schedule of Net Assets on a Gross Basis ¹	Gross Amounts not Offset in the Schedule of Net Assets		Net Amount
		Financial Instruments	Collateral Received	
Repurchase Agreements	\$ 114,900	\$ —	\$ (114,900)	\$ —
Futures	10,300	(8,629)	—	1,671
Foreign Exchange Contracts	3,649	—	—	3,649
Swaps and Options ²	13,868	(430)	(8,376)	5,062
Fixed Income securities and Repurchase Agreements acquired with cash collateral	2,365,792	—	(2,365,792)	—
Total	\$ 2,508,509	\$ (9,059)	\$ (2,489,068)	\$ 10,382

Description	Liabilities Presented in the Schedule of Net Assets on a Gross Basis ¹	Gross Amounts not Offset in the Schedule of Net Assets		Net Amount
		Financial Instruments	Collateral Received	
Futures	\$ 28,543	\$ (8,629)	\$ (19,712)	\$ 202
Swaps and Options ²	23,281	(430)	(19,153)	3,698
Total	\$ 51,824	\$ (9,059)	\$ (38,865)	\$ 3,900

¹ The MPT does not offset in the schedule of net assets of the MPT.

² Swaps and options that are subject to the same ISDA agreement and allowable netting arrangements have been combined.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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.

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, 2013 and 2012, 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.

Lucent Technologies Inc. Retirement Plan

Notes to Financial Statements (continued)

(In Thousands)

9. Subsequent Events

Management has evaluated subsequent events through October 3, 2014, the date the financial statements were available to be issued. There were no material subsequent events that occurred between January 1, 2014 through October 3, 2014 that required disclosure in the financial statements.

Supplemental Schedules

Lucent Technologies Inc. Retirement Plan

EIN 22-3408857 Plan No. 007

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

December 31, 2013

Name of Issuer and Title of Issue	Description	Cost	Fair Value
JPMCB LIQUIDITY FUND	Common/Collective Trust	\$ 246,612	\$ 246,612

Lucent Technologies Inc. Retirement Plan

EIN 22-3408857 Plan No. 007

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2013

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	66,717	JPMCB LIQUIDITY FUND	\$ —	\$ 66,717	\$ —	\$ —	\$ —
S	82,582	JPMCB LIQUIDITY FUND	—	—	82,582	82,582	—
B	289,099	JPMCB LIQUIDITY FUND	—	289,099	—	—	—
S	20,901	JPMCB LIQUIDITY FUND	—	—	20,901	20,901	—
S	41,600	JPMCB LIQUIDITY FUND	—	—	41,600	41,600	—
S	70,623	JPMCB LIQUIDITY FUND	—	—	70,623	70,623	—
S	62,538	JPMCB LIQUIDITY FUND	—	—	62,538	62,538	—
B	43,753	JPMCB LIQUIDITY FUND	—	43,753	—	—	—
S	67,503	JPMCB LIQUIDITY FUND	—	—	67,503	67,503	—
S	187,839	JPMCB LIQUIDITY FUND	—	—	187,839	187,839	—
S	24,651	JPMCB LIQUIDITY FUND	—	—	24,651	24,651	—
B	187,720	JPMCB LIQUIDITY FUND	—	187,720	—	—	—
S	93,500	JPMCB LIQUIDITY FUND	—	—	93,500	93,500	—
S	86,384	JPMCB LIQUIDITY FUND	—	—	86,384	86,384	—
S	44,695	JPMCB LIQUIDITY FUND	—	—	44,695	44,695	—

B = Bought, S = Sold

*At market

Lucent Technologies Inc. Retirement Plan

EIN 22-3408857 Plan No. 007

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2013

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	177,138	JPMCB LIQUIDITY FUND	\$ —	\$ 177,138	\$ —	\$ —	\$ —
S	53,306	JPMCB LIQUIDITY FUND	—	—	53,306	53,306	—
S	91,773	JPMCB LIQUIDITY FUND	—	—	91,773	91,773	—
B	2,148,807	JPMCB LIQUIDITY FUND	—	2,148,807	—	—	—
S	2,053,066	JPMCB LIQUIDITY FUND	—	—	2,053,066	2,053,066	—
S	38,579	JPMCB LIQUIDITY FUND	—	—	38,579	38,579	—
S	40,907	JPMCB LIQUIDITY FUND	—	—	40,907	40,907	—
S	37,289	JPMCB LIQUIDITY FUND	—	—	37,289	37,289	—
S	28,979	JPMCB LIQUIDITY FUND	—	—	28,979	28,979	—
B	232,900	JPMCB LIQUIDITY FUND	—	232,900	—	—	—
S	20,800	JPMCB LIQUIDITY FUND	—	—	20,800	20,800	—
S	22,566	JPMCB LIQUIDITY FUND	—	—	22,566	22,566	—
S	45,401	JPMCB LIQUIDITY FUND	—	—	45,401	45,401	—
S	80,663	JPMCB LIQUIDITY FUND	—	—	80,663	80,663	—

B = Bought, S = Sold

*At market

Lucent Technologies Inc. Retirement Plan

EIN 22-3408857 Plan No. 007

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2013

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	173,459	JPMCB LIQUIDITY FUND	\$ —	\$ —	\$ 173,459	\$ 173,459	\$ —
B	1,704,604	JPMCB LIQUIDITY FUND	—	1,704,604	—	—	—
B	273,387	JPMCB LIQUIDITY FUND	—	273,387	—	—	—
S	1,583,873	JPMCB LIQUIDITY FUND	—	—	1,583,873	1,583,873	—
S	28,042	JPMCB LIQUIDITY FUND	—	—	28,042	28,042	—
S	78,142	JPMCB LIQUIDITY FUND	—	—	78,142	78,142	—
S	20,854	JPMCB LIQUIDITY FUND	—	—	20,854	20,854	—
S	59,099	JPMCB LIQUIDITY FUND	—	—	59,099	59,099	—
B	8,358,219	JPMCB LIQUIDITY FUND	—	8,358,219	—	—	—
S	8,299,280	JPMCB LIQUIDITY FUND	—	—	8,299,280	8,299,280	—
S	63,873	JPMCB LIQUIDITY FUND	—	—	63,873	63,873	—

B = Bought, S = Sold

*At market

Lucent Technologies Inc. Retirement Plan

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

Year Ended December 31, 2013

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)
14	13,492,510	JPMCB LIQUIDITY FUND	\$13,492,510	\$ –	\$ –	\$ –
41	13,624,704	JPMCB LIQUIDITY FUND	–	13,624,704	13,624,704	–

There were no category (ii) or (iv) reportable transactions during 2013.

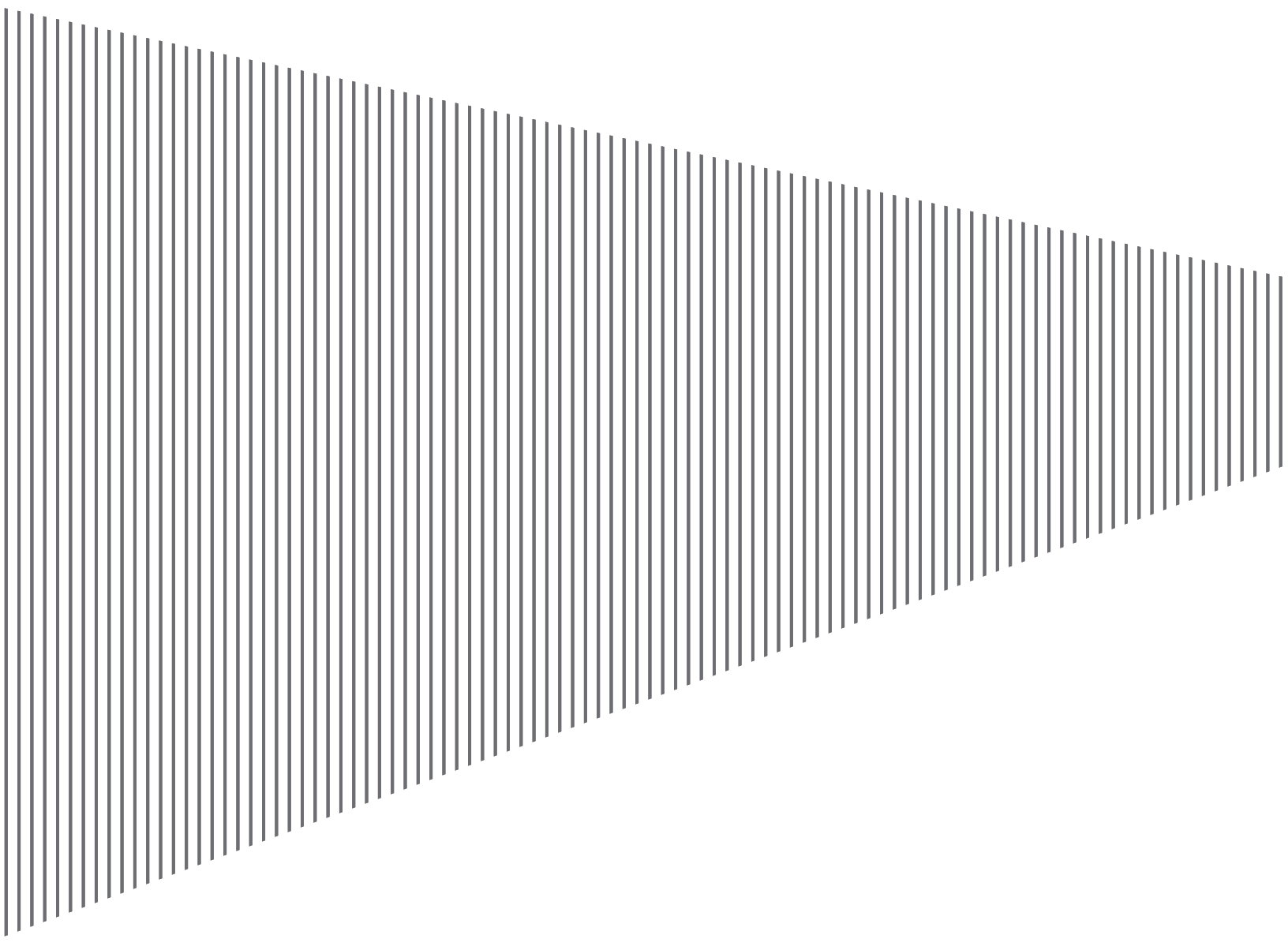
*At market

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**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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

2013**This Form is Open to Public
Inspection**

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

► **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

LUCENT TECHNOLOGIES INC. RETIREMENT PLAN

B Three-digit
plan number (PN) ►

007

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 2013**2** Assets:**a** Market value **2a** 220,770,400**b** Actuarial value **2b** 207,509,447**3** Funding target/participant count breakdown:**a** For retired participants and beneficiaries receiving payment **3a** (1) Number of participants 29 (2) Funding Target 4,425,622**b** For terminated vested participants **3b** 139 3,842,289**c** For active participants:(1) Non-vested benefits **3c(1)** 21,629,619(2) Vested benefits **3c(2)** 113,818,701(3) Total active **3c(3)** 1,279 135,448,320**d** Total **3d** 1,447 143,716,231**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** 6.45 %**6** Target normal cost **6** 5,447,505**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.

Signature of actuary

09/09/2014

Date

LAWRENCE A. GOLDEN

14-04197

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 ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	6,481,087	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)	6,481,087	0
10	Interest on line 9 using prior year's actual return of <u>10.73</u> %	695,421	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of <u>7.16</u> % except as otherwise provided (see instructions)		
	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		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	6,845,671	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	139.62 %
15	Adjusted funding target attainment percentage	15	144.38 %
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	154.00 %
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

*Line 13a was reduced by \$330,837 as a result of 2012 internal transfers

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

21 Discount rate:				
a Segment rates:	1st segment: 4.94 %	2nd segment: 6.15 %	3rd segment: 6.76 %	<input type="checkbox"/> N/A, full yield curve used
b Applicable month (enter code).....				21b 0
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> 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.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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	5,447,505	
b Excess assets, if applicable, but not greater than line 31a	31b	5,447,505	
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		
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	<input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years		
b Eligible plan year(s) for which the election in line 41a was made	<input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
EIN: 22-3408857 PN: 007

Schedule SB, Line 13(a) – Carryover Balance at Beginning of Current Year

The carryover balance as of 1/1/2013 of \$6,845,671 reflects the amount of \$330,837 transferred out among Alcatel-Lucent Retirement Income Plan (PN 001), Lucent Technologies Inc. Pension Plan (PN 002) and Lucent Technologies Inc. Retirement Plan (PN 003) as a result of the internal plan transfers during 2012.

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Age x	Rates of Retirement	
	Male	Female
50	0.0343	0.0650
51	0.0284	0.0598
52	0.0289	0.0608
53	0.0350	0.0672
54	0.0459	0.0782
55	0.0608	0.0930
56	0.0791	0.1109
57	0.0999	0.1309
58	0.1224	0.1524
59	0.1458	0.1744
60	0.1695	0.1962
61	0.1925	0.2171
62	0.3563	0.3560
63	0.2142	0.2361
64	0.2505	0.2654
65	0.4520	0.4628
66	0.2634	0.2741
67	0.2753	0.2756
68	0.2561	0.3000
69	0.2631	0.3200
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.

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

Schedule SB, Line 26 – Schedule of Active Participant Data as of January 1, 2013 - Average Compensation

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	2	N/A	16	N/A																	18
25-29	3	N/A	33	48,118																	36
30-34	1	N/A	20	49,400	2	N/A	4	N/A	1	N/A											28
35-39			12	N/A	7	N/A	24	62,954	44	68,715	4	N/A									91
40-44			23	52,882	7	N/A	36	64,710	73	66,391	93	71,136	23	72,154							255
45-49			18	N/A	5	N/A	17	N/A	24	66,035	123	71,135	110	72,021	1	N/A					298
50-54			8	N/A	3	N/A	18	N/A	15	N/A	67	68,971	71	70,592	47	69,034	1	N/A			230
55-59			4	N/A	3	N/A	8	N/A	14	N/A	35	68,123	36	66,476	56	67,363	19	N/A	6	N/A	181
60-64			3	N/A			1	N/A	8	N/A	12	N/A	20	67,232	17	N/A	13	N/A	27	69,051	101
65-69							3	N/A	1	N/A	5	N/A	2	N/A	3	N/A	4	N/A	20	73,020	38
70+					1	N/A											1	N/A	1	N/A	3
Total:	6		137		28		111		180		339		262		124		38		54		1,279

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
EIN: 22-3408857 PN: 007

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

Interest Rates for Minimum Funding Purposes	Based on segment rates with no lookback (as of January 2013), each adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21
1st Segment Rate	4.94%
2nd Segment Rate	6.15%
3rd Segment Rate	6.76%
Interest Rates for Maximum Funding Purposes	Based on segment rates with no lookback (as of January 2013), without regard to the MAP-21 interest rate corridor
1st Segment Rate	1.62%
2nd Segment Rate	4.40%
3rd Segment Rate	5.45%
Retirement Rates	See Table 1
Mortality Rates Healthy and Disabled	2013 Static Mortality for annuitants and non-annuitants per § 1.430(h)(3)-1(e)
Withdrawal Rates	See Table 2
Disability Rates	See Table 3
Salary Increase Rates	See Table 4
Percent of Participants Who Have Qualified Beneficiaries	See Table 5
Normal and Alternate Forms of Pension Benefits	See Table 6
Decrement Timing	Middle of year decrements

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
EIN: 22-3408857 PN: 007

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

Surviving Spouse Benefit	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.
Benefit Limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$205,000.
Valuation of Plan Assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected Return on Assets	
2011 Plan Year	6.00% limited to 6.46%
2012 Plan Year	5.75% limited to 7.52%
Actuarial Method	Standard unit credit cost method
Valuation Date	January 1, 2013

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 1
 Annual Rates of Retirement on Service Pension

Age x	Rates of Retirement during year of age x to x + 1	
	Male	Female
48	0.0684	0.0973
49	0.0474	0.0772
50	0.0343	0.0650
51	0.0284	0.0598
52	0.0289	0.0608
53	0.0350	0.0672
54	0.0459	0.0782
55	0.0608	0.0930
56	0.0791	0.1109
57	0.0999	0.1309
58	0.1224	0.1524
59	0.1458	0.1744
60	0.1695	0.1962
61	0.1925	0.2171
62	0.3563	0.3560
63	0.2142	0.2361
64	0.2505	0.2654
65	0.4520	0.4628
66	0.2634	0.2741
67	0.2753	0.2756
68	0.2561	0.3000
69	0.2631	0.3200
70	1.0000	1.0000

Source : Lucent Experience 1996-2005

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
EIN: 22-3408857 PN: 007

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

Table 2

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	0.2477	0.2973
1	0.2339	0.2726
2	0.2199	0.2502
3	0.2057	0.2300
4	0.1915	0.2118
5	0.1772	0.1956
6	0.1631	0.1811
7	0.1491	0.1682
8	0.1353	0.1569
9	0.1219	0.1469
10	0.1089	0.1382
11	0.0963	0.1305
12	0.0843	0.1238
13	0.0729	0.1179
14	0.0623	0.1127
15	0.0525	0.1081
16	0.0435	0.1038
17	0.0354	0.0999
18	0.0284	0.0960
19	0.0262	0.0922
20	0.0239	0.0882
21	0.0216	0.0840
22	0.0193	0.0793
23	0.0171	0.0741
24	0.0148	0.0683
25	0.0125	0.0616
26	0.0103	0.0539
27	0.0080	0.0452
28	0.0057	0.0352

Source: Alcatel-Lucent Experience 2005-2009

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 3
Annual Rates of Retirement on Disability Pension*

Age x	Rates of Disability 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

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 4
Annual Rates of Salary Increase

Service in Years t	Rates of Salary increases during year t to t + 1
0	0.16000
1	0.15000
2	0.14318
3	0.12462
4	0.10808
5	0.09344
6	0.08060
7	0.06944
8	0.05988
9	0.05178
10	0.04505
11	0.03958
12	0.03526
13	0.03198
14	0.02964
15	0.02812
16	0.02732
17	0.02712
18	0.02744
19	0.02814
20	0.02913
21	0.03030
22	0.03154
23	0.03274
24	0.03380
25	0.03460
26	0.03504
27	0.03500
28	0.03440
29	0.03310
30	0.03101
31 or more	0.02802

Source: Lucent Experience 2002-2005

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Table 5
 Percent 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%

Source: Updated for 2006 – 2009 Alcatel-Lucent experience

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Table 6

Normal and Alternative Forms of Pension Benefits

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 LTRP

	Male	Female
Life Annuity	35%	75%
50% Joint & Survivor	35%	20%
100% Joint & Survivor	30%	5%
Lump Sum	<u>0%</u>	<u>0%</u>
	100%	100%

- Form of Payment Election Assumptions for Termination

	LTRP	
	Male	Female
Deferred Life Annuity	50%	50%
Lump Sum	<u>50%</u>	<u>50%</u>
	100%	100%

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Schedule SB, Part V – Summary of Plan Provisions

The following summary describes principal plan provisions assumed in calculating the cost of your pension plan.

General Information

History

The Lucent Technologies Inc. Retirement Plan ("LTRP" or the "Plan") was spun off from the Lucent Technologies Pension Plan ("LTPP") effective December 31, 2005. The assets and liabilities spun-off into the LTRP as of that date were for active participants only.

The LTPP was established as of October 1, 1996 as a result of the restructuring of AT&T. The LTPP assets and liabilities for active and inactive participants were spun-off from the AT&T Pension Plan ("AT&T PP") as of that date. The plan provisions of the spun-off plan were the same as those of the AT&T PP at the time of the spin-off. All prior service and compensation under the AT&T PP were also counted for benefit and eligibility purposes under the LTPP.

Plan Provisions

The Lucent Technologies Inc. Retirement Plan is a noncontributory defined benefit pension plan. Most domestic non-management employees and employees who have reached age 21 with one year of service, participate in the Plan.

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.

The assets and liabilities of the LTRP participants who retire from active service are transferred to the LTPP effective the day following the last day on the payroll and the benefits of such participants are paid from the LTPP. The corresponding assets and liabilities of deferred vested participants are retained by the LTRP and are paid by the LTRP.

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, 2002 under the LTPP are 100% vested as a result of the requirements of Section 420 of the Internal Revenue Code, in connection with the transfer of excess LTPP assets to cover retiree medical claims.

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Schedule SB, Part V – Summary of Plan Provisions

Retirement Eligibility and Early Retirement Reduction

Service pensions are provided when the following conditions are met:

<u>Age</u>		<u>Minimum Years of Net Credited Service</u>
65	and	10
55	and	20
50	and	25
Any age	and	30

If the employee has less than 30 years of service, the service pension amount is discounted by one-half percent (0.5%) for each full or partial month by which the employee's age at retirement is less than 55 years. If the employee has at least 30 years of service, the service pension amount is not discounted for age.

Pension Amount

The monthly pension amount prior to any early retirement reduction is determined as the sum of the following:

- (1) The dollar amount corresponding to the appropriate pension band assigned to an employee (See Pension Band Table at the end of this summary) multiplied by the employee's years and months of service at retirement, or termination, if earlier.
- (2) The product of (1) .001, (2) the employee's average annual amount of differentials and other special payments paid over the last 36 months of service and (3) the employee's years and months of service.

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 discounted for age.

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

Any 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 one of the foregoing minimum age and net credited service requirements for retirement eligibility may elect to commence receipt of pension benefits deferred to age 65 in one of the following forms:

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- In the case of CWA participants who terminate prior to service pension eligibility, a single lump sum of the present value of the deferred to 65 benefit (in the case of an employee who is legally married), if the spouse provides written notarized consent. (This provision first became effective under the LTPP for terminations after June 1, 2001.)
- 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 the spouse as a joint annuitant if the employee is legally married. The actuarial reduction is 12%.

Any employee who retires on or after attaining one of the foregoing minimum age and net credited service requirements 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. The actuarial reduction is 8%.
- Actuarially reduced 75% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married. The actuarial reduction is 12%.
- 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. The actuarial reduction is 15%.
- 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. The actuarial reduction is 5%.

In 2004, the charge for surviving spouse coverage for death of terminated vested participants before pension payments begin was eliminated.

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

- (1) In 2001, 2002 and 2003, certain employees were involuntarily (in some cases voluntarily) terminated and offered additional benefits they could take as a pension or a lump sum.

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Death Benefits

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 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 an 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 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 survivor annuity, and without any discount for early retirement.

Certain mandatory beneficiaries of active employees and retired employees receiving Service or Disability Pensions are eligible for Death Benefits. For eligible beneficiaries of active employees, the benefit is equal to one year's pay at the date of death. For eligible beneficiaries of retired employees, the benefit is generally equal to one year's pay at retirement.

Plan Amendments Prior to 2013

The Plan changes below became effective after the spinoff of the Plan from the LTPP:

- Effective January 1, 2008, the Plan was amended to implement the terms of a Settlement Agreement between the Company and the International Brotherhood of Electrical Workers, International Brotherhood of Electrical Workers Local 2020, and International Brotherhood of Electrical Workers Local 1141 (collectively, the "IBEW") and the terms of a Settlement Agreement between the Company and the Communications Workers of America ("CWA"), wherein affected employees would receive enhanced pension benefits.
- Effective January 1, 2008, the Plan was amended to include language to comply with PPA'06 requirements (e.g. including new mortality and interest assumptions).
- Effective as of January 1, 2008, the Plan was amended to provide a lump-sum form of payment for participants, who, while employed, were represented by the International Brotherhood of Electrical Workers and who terminate employment on or after October 19, 2007.
- The Plan was amended to provide for certain enhanced pension benefits associated with: (a) the plant shutdown of the Merrimack Valley Works facility (effective January 1, 2008), (b) the Lisle Facility Closing Agreement, the Charlotte Facility Closing Agreement, and the Whippany Facility Closing Agreement (all effective January 1, 2009) and (c) the Enhanced Transition Leave of Absence – Holmdel Closing Agreement (effective July 1, 2009).

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- Effective January 1, 2008, the Plan was amended to implement the terms of a certain Grievance Settlement Agreement and Settlement Agreement between the Company and the Communications Workers of America (“CWA”), wherein affected employees who were involuntarily separated from service between 2002 and 2007 became eligible for certain enhanced pension benefits. Effective January 1, 2008, the Plan was also amended to implement the terms of a certain Closing Agreement between the Company and the CWA, pursuant to which certain then-currently-employed employees represented for collective bargaining purposes by the CWA and whose employment was involuntarily terminated after November 1, 2007 became eligible to receive certain enhanced pension benefits.
- On November 30, 2009, the Plan was amended retroactive to January 1, 2009 to include the Joint and 75% Survivor option required under the PPA '06 and to allow the non-spousal beneficiary to rollover a distribution to a retirement account.
- On December 18, 2009, the Company and the CWA agreed to offer a special voluntary termination program (the “2009 Special Voluntary Termination Program” (SVTP)) to certain CWA-represented Installers who elected to terminate under the SVTP and receive enhanced pension benefits. The Plan was amended to provide for the SVTP benefit.
- On December 30, 2009, corollary amendments to the Plan were made necessary to reflect the freeze of the Alcatel-Lucent Retirement Income Plan (“ALRIP”).
- 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”).
- On December 29, 2011, the Plan was amended retroactive to January 1, 2011 to provide that the pensions of service-pension eligible and disability pension eligible Business & Technical Associates (BTAs) are to be transferred to the ALRIP, rather than to LTRP.
- On December 28, 2012, the collective bargaining agreement with the CWA was extended for one year. Under the Agreement, active pension bands in the LTRP were increased 3.0%. The Plan was amended to reflect this plan amendment which will apply to participants who retire on or after January 1, 2013.

All amendments noted above are reflected in this valuation.

Plan Amendment After 2012

The following was not reflected in this valuation.

- Effective January 8, 2013, the Company amended the Plan to implement the terms of paragraph 7 of the 2013 Collective Bargaining Agreement Extension Memorandum of Agreement and the CWA related to the 2013 Special Voluntary Termination Program (“SVTP”). Under the SVTP, employees who volunteer are eligible for enhanced pension benefits.
- Effective September 16, 2013, modified the definition of Lawful Spouse.
- Effective November 19, 2013, the Plan was amended to implement the terms of the Lewisville, Texas Effects Agreement between the Company and the CWA.

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- Effective December 1, 2013, the Plan was amended to address rehire scenario for participants whose pension was transferred from LTPP to ARLIP.

Pension Band	Monthly Pension Amount Effective							
	7/1/95	7/1/98	7/1/99	7/1/00	7/1/01	7/1/02	7/01/05	1/1/2013
	For Retirement on or after							
	5/28/95	5/31/98	6/30/99	6/30/00	6/30/01	6/30/02	10/31/04	1/1/2013
101	\$24.26	\$25.96	N/A	N/A	N/A	N/A	N/A	N/A
102	25.30	27.07	\$28.15	\$28.99	\$29.86	\$30.76	\$34.45	N/A
103	26.32	28.16	29.29	30.17	31.08	32.01	35.85	36.93
104	27.34	29.25	30.42	31.33	32.27	33.24	37.23	38.35
105	28.36	30.35	31.56	32.51	33.49	34.49	38.63	39.79
106	29.40	31.46	32.72	33.70	34.71	35.75	40.04	41.24
107	30.44	32.57	33.87	34.89	35.94	37.02	41.46	42.70
108	31.45	33.65	35.00	36.05	37.13	38.24	42.83	44.11
109	32.49	34.76	36.15	37.23	38.35	39.50	44.24	45.57
110	33.50	35.85	37.28	38.40	39.55	40.74	45.63	47.00
111	34.53	36.95	38.43	39.58	40.77	41.99	47.03	48.44
112	35.54	38.03	39.55	40.74	41.96	43.22	48.41	49.86
113	36.58	39.14	40.71	41.93	43.19	44.49	49.83	51.32
114	37.59	40.22	41.83	43.08	44.37	45.70	51.18	52.72
115	38.62	41.32	42.97	44.26	45.59	46.96	52.60	54.18
116	39.65	42.43	44.13	45.45	46.81	48.21	54.00	55.62
117	40.66	43.51	45.25	46.61	48.01	49.45	55.38	57.04
118	41.69	44.61	46.39	47.78	49.21	50.69	56.77	58.47
119	42.72	45.71	47.54	48.97	50.44	51.95	58.18	59.93
120	43.74	46.80	48.67	50.13	51.63	53.18	59.56	61.35
121	44.76	47.89	49.81	51.30	52.84	54.43	60.96	62.79
122	45.79	49.00	50.96	52.49	54.06	55.68	62.36	64.23
123	46.80	50.08	52.08	53.64	55.25	56.91	63.74	65.65
124	47.82	51.17	53.22	54.82	56.46	58.15	65.13	67.08
125	48.87	52.29	54.38	56.01	57.69	59.42	66.55	68.55
126	49.86	53.35	55.48	57.14	58.85	60.62	67.89	69.93
127	50.90	54.46	56.64	58.34	60.09	61.89	69.32	71.40
128	51.92	55.55	57.77	59.50	61.29	63.13	70.71	72.83
129	52.95	56.66	58.93	60.70	62.52	64.40	72.13	74.29
130	53.96	57.74	60.05	61.85	63.71	65.62	73.49	75.69
131	55.01	58.86	61.21	63.05	64.94	66.89	74.92	77.17
132	56.01	59.93	62.33	64.20	66.13	68.11	76.28	78.57
133	57.05	61.04	63.48	65.38	67.34	69.36	77.68	80.01
134	58.09	62.16	64.65	66.59	68.59	70.65	79.13	81.50
135	59.08	63.22	65.75	67.72	69.75	71.84	80.46	82.87

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

Age x	Rates of Retirement	
	Male	Female
50	0.0343	0.0650
51	0.0284	0.0598
52	0.0289	0.0608
53	0.0350	0.0672
54	0.0459	0.0782
55	0.0608	0.0930
56	0.0791	0.1109
57	0.0999	0.1309
58	0.1224	0.1524
59	0.1458	0.1744
60	0.1695	0.1962
61	0.1925	0.2171
62	0.3563	0.3560
63	0.2142	0.2361
64	0.2505	0.2654
65	0.4520	0.4628
66	0.2634	0.2741
67	0.2753	0.2756
68	0.2561	0.3000
69	0.2631	0.3200
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, 2013 - Average Compensation

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	2	N/A	16	N/A																	18
25-29	3	N/A	33	48,118																	36
30-34	1	N/A	20	49,400	2	N/A	4	N/A	1	N/A											28
35-39			12	N/A	7	N/A	24	62,954	44	68,715	4	N/A									91
40-44			23	52,882	7	N/A	36	64,710	73	66,391	93	71,136	23	72,154							255
45-49			18	N/A	5	N/A	17	N/A	24	66,035	123	71,135	110	72,021	1	N/A					298
50-54			8	N/A	3	N/A	18	N/A	15	N/A	67	68,971	71	70,592	47	69,034	1	N/A			230
55-59			4	N/A	3	N/A	8	N/A	14	N/A	35	68,123	36	66,476	56	67,363	19	N/A	6	N/A	181
60-64			3	N/A			1	N/A	8	N/A	12	N/A	20	67,232	17	N/A	13	N/A	27	69,051	101
65-69							3	N/A	1	N/A	5	N/A	2	N/A	3	N/A	4	N/A	20	73,020	38
70+					1	N/A											1	N/A	1	N/A	3
Total:	6		137		28		111		180		339		262		124		38		54		1,279

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Schedule SB, Line 13(a) – Carryover Balance at Beginning of Current Year

The carryover balance as of 1/1/2013 of \$6,845,671 reflects the amount of \$330,837 transferred out among Alcatel-Lucent Retirement Income Plan (PN 001), Lucent Technologies Inc. Pension Plan (PN 002) and Lucent Technologies Inc. Retirement Plan (PN 003) as a result of the internal plan transfers during 2012.

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Interest Rates for Minimum Funding Purposes	Based on segment rates with no lookback (as of January 2013), each adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21
1st Segment Rate	4.94%
2nd Segment Rate	6.15%
3rd Segment Rate	6.76%
Interest Rates for Maximum Funding Purposes	Based on segment rates with no lookback (as of January 2013), without regard to the MAP-21 interest rate corridor
1st Segment Rate	1.62%
2nd Segment Rate	4.40%
3rd Segment Rate	5.45%
Retirement Rates	See Table 1
Mortality Rates Healthy and Disabled	2013 Static Mortality for annuitants and non-annuitants per § 1.430(h)(3)-1(e)
Withdrawal Rates	See Table 2
Disability Rates	See Table 3
Salary Increase Rates	See Table 4
Percent of Participants Who Have Qualified Beneficiaries	See Table 5
Normal and Alternate Forms of Pension Benefits	See Table 6
Decrement Timing	Middle of year decrements

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

Surviving Spouse Benefit	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.
Benefit Limits	Projected benefits are limited by the current IRC section 415 maximum benefit of \$205,000.
Valuation of Plan Assets	<p>Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.</p> <p>A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).</p>
Expected Return on Assets	
2011 Plan Year	6.00% limited to 6.46%
2012 Plan Year	5.75% limited to 7.52%
Actuarial Method	Standard unit credit cost method
Valuation Date	January 1, 2013

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

Table 1
Annual Rates of Retirement on Service Pension

Age x	Rates of Retirement during year of age x to x + 1	
	Male	Female
48	0.0684	0.0973
49	0.0474	0.0772
50	0.0343	0.0650
51	0.0284	0.0598
52	0.0289	0.0608
53	0.0350	0.0672
54	0.0459	0.0782
55	0.0608	0.0930
56	0.0791	0.1109
57	0.0999	0.1309
58	0.1224	0.1524
59	0.1458	0.1744
60	0.1695	0.1962
61	0.1925	0.2171
62	0.3563	0.3560
63	0.2142	0.2361
64	0.2505	0.2654
65	0.4520	0.4628
66	0.2634	0.2741
67	0.2753	0.2756
68	0.2561	0.3000
69	0.2631	0.3200
70	1.0000	1.0000

Source : Lucent Experience 1996-2005

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 2

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	0.2477	0.2973
1	0.2339	0.2726
2	0.2199	0.2502
3	0.2057	0.2300
4	0.1915	0.2118
5	0.1772	0.1956
6	0.1631	0.1811
7	0.1491	0.1682
8	0.1353	0.1569
9	0.1219	0.1469
10	0.1089	0.1382
11	0.0963	0.1305
12	0.0843	0.1238
13	0.0729	0.1179
14	0.0623	0.1127
15	0.0525	0.1081
16	0.0435	0.1038
17	0.0354	0.0999
18	0.0284	0.0960
19	0.0262	0.0922
20	0.0239	0.0882
21	0.0216	0.0840
22	0.0193	0.0793
23	0.0171	0.0741
24	0.0148	0.0683
25	0.0125	0.0616
26	0.0103	0.0539
27	0.0080	0.0452
28	0.0057	0.0352

Source: Alcatel-Lucent Experience 2005-2009

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 3
Annual Rates of Retirement on Disability Pension*

Age x	Rates of Disability 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

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 4
Annual Rates of Salary Increase

Service in Years t	Rates of Salary increases during year t to t + 1
0	0.16000
1	0.15000
2	0.14318
3	0.12462
4	0.10808
5	0.09344
6	0.08060
7	0.06944
8	0.05988
9	0.05178
10	0.04505
11	0.03958
12	0.03526
13	0.03198
14	0.02964
15	0.02812
16	0.02732
17	0.02712
18	0.02744
19	0.02814
20	0.02913
21	0.03030
22	0.03154
23	0.03274
24	0.03380
25	0.03460
26	0.03504
27	0.03500
28	0.03440
29	0.03310
30	0.03101
31 or more	0.02802

Source: Lucent Experience 2002-2005

Schedule SB Attachment (Form 5500)—2013 Plan Year
 Lucent Technologies Inc. Retirement Plan
 EIN: 22-3408857 PN: 007

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

Table 5
 Percent 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%

Source: Updated for 2006 – 2009 Alcatel-Lucent experience

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
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Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Table 6

Normal and Alternative Forms of Pension Benefits

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 LTRP

	Male	Female
Life Annuity	35%	75%
50% Joint & Survivor	35%	20%
100% Joint & Survivor	30%	5%
Lump Sum	<u>0%</u>	<u>0%</u>
	100%	100%

- Form of Payment Election Assumptions for Termination

	LTRP	
	Male	Female
Deferred Life Annuity	50%	50%
Lump Sum	<u>50%</u>	<u>50%</u>
	100%	100%

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
EIN: 22-3408857 PN: 007

Schedule SB, Part V – Summary of Plan Provisions

The following summary describes principal plan provisions assumed in calculating the cost of your pension plan.

General Information

History

The Lucent Technologies Inc. Retirement Plan ("LTRP" or the "Plan") was spun off from the Lucent Technologies Pension Plan ("LTPP") effective December 31, 2005. The assets and liabilities spun-off into the LTRP as of that date were for active participants only.

The LTPP was established as of October 1, 1996 as a result of the restructuring of AT&T. The LTPP assets and liabilities for active and inactive participants were spun-off from the AT&T Pension Plan ("AT&T PP") as of that date. The plan provisions of the spun-off plan were the same as those of the AT&T PP at the time of the spin-off. All prior service and compensation under the AT&T PP were also counted for benefit and eligibility purposes under the LTPP.

Plan Provisions

The Lucent Technologies Inc. Retirement Plan is a noncontributory defined benefit pension plan. Most domestic non-management employees and employees who have reached age 21 with one year of service, participate in the Plan.

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.

The assets and liabilities of the LTRP participants who retire from active service are transferred to the LTPP effective the day following the last day on the payroll and the benefits of such participants are paid from the LTPP. The corresponding assets and liabilities of deferred vested participants are retained by the LTRP and are paid by the LTRP.

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, 2002 under the LTPP are 100% vested as a result of the requirements of Section 420 of the Internal Revenue Code, in connection with the transfer of excess LTPP assets to cover retiree medical claims.

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
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Schedule SB, Part V – Summary of Plan Provisions

Retirement Eligibility and Early Retirement Reduction

Service pensions are provided when the following conditions are met:

<u>Age</u>		<u>Minimum Years of Net Credited Service</u>
65	and	10
55	and	20
50	and	25
Any age	and	30

If the employee has less than 30 years of service, the service pension amount is discounted by one-half percent (0.5%) for each full or partial month by which the employee's age at retirement is less than 55 years. If the employee has at least 30 years of service, the service pension amount is not discounted for age.

Pension Amount

The monthly pension amount prior to any early retirement reduction is determined as the sum of the following:

- (1) The dollar amount corresponding to the appropriate pension band assigned to an employee (See Pension Band Table at the end of this summary) multiplied by the employee's years and months of service at retirement, or termination, if earlier.
- (2) The product of (1) .001, (2) the employee's average annual amount of differentials and other special payments paid over the last 36 months of service and (3) the employee's years and months of service.

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 discounted for age.

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

Any 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 one of the foregoing minimum age and net credited service requirements for retirement eligibility may elect to commence receipt of pension benefits deferred to age 65 in one of the following forms:

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
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Schedule SB, Part V – Summary of Plan Provisions

- In the case of CWA participants who terminate prior to service pension eligibility, a single lump sum of the present value of the deferred to 65 benefit (in the case of an employee who is legally married), if the spouse provides written notarized consent. (This provision first became effective under the LTPP for terminations after June 1, 2001.)
- 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 the spouse as a joint annuitant if the employee is legally married. The actuarial reduction is 12%.

Any employee who retires on or after attaining one of the foregoing minimum age and net credited service requirements 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. The actuarial reduction is 8%.
- Actuarially reduced 75% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married. The actuarial reduction is 12%.
- 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. The actuarial reduction is 15%.
- 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. The actuarial reduction is 5%.

In 2004, the charge for surviving spouse coverage for death of terminated vested participants before pension payments begin was eliminated.

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

- (1) In 2001, 2002 and 2003, certain employees were involuntarily (in some cases voluntarily) terminated and offered additional benefits they could take as a pension or a lump sum.

Schedule SB Attachment (Form 5500)—2013 Plan Year
Lucent Technologies Inc. Retirement Plan
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Schedule SB, Part V – Summary of Plan Provisions

Death Benefits

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 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 an 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 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 survivor annuity, and without any discount for early retirement.

Certain mandatory beneficiaries of active employees and retired employees receiving Service or Disability Pensions are eligible for Death Benefits. For eligible beneficiaries of active employees, the benefit is equal to one year's pay at the date of death. For eligible beneficiaries of retired employees, the benefit is generally equal to one year's pay at retirement.

Plan Amendments Prior to 2013

The Plan changes below became effective after the spinoff of the Plan from the LTPP:

- Effective January 1, 2008, the Plan was amended to implement the terms of a Settlement Agreement between the Company and the International Brotherhood of Electrical Workers, International Brotherhood of Electrical Workers Local 2020, and International Brotherhood of Electrical Workers Local 1141 (collectively, the "IBEW") and the terms of a Settlement Agreement between the Company and the Communications Workers of America ("CWA"), wherein affected employees would receive enhanced pension benefits.
- Effective January 1, 2008, the Plan was amended to include language to comply with PPA'06 requirements (e.g. including new mortality and interest assumptions).
- Effective as of January 1, 2008, the Plan was amended to provide a lump-sum form of payment for participants, who, while employed, were represented by the International Brotherhood of Electrical Workers and who terminate employment on or after October 19, 2007.
- The Plan was amended to provide for certain enhanced pension benefits associated with: (a) the plant shutdown of the Merrimack Valley Works facility (effective January 1, 2008), (b) the Lisle Facility Closing Agreement, the Charlotte Facility Closing Agreement, and the Whippany Facility Closing Agreement (all effective January 1, 2009) and (c) the Enhanced Transition Leave of Absence – Holmdel Closing Agreement (effective July 1, 2009).

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Schedule SB, Part V – Summary of Plan Provisions

- Effective January 1, 2008, the Plan was amended to implement the terms of a certain Grievance Settlement Agreement and Settlement Agreement between the Company and the Communications Workers of America (“CWA”), wherein affected employees who were involuntarily separated from service between 2002 and 2007 became eligible for certain enhanced pension benefits. Effective January 1, 2008, the Plan was also amended to implement the terms of a certain Closing Agreement between the Company and the CWA, pursuant to which certain then-currently-employed employees represented for collective bargaining purposes by the CWA and whose employment was involuntarily terminated after November 1, 2007 became eligible to receive certain enhanced pension benefits.
- On November 30, 2009, the Plan was amended retroactive to January 1, 2009 to include the Joint and 75% Survivor option required under the PPA '06 and to allow the non-spousal beneficiary to rollover a distribution to a retirement account.
- On December 18, 2009, the Company and the CWA agreed to offer a special voluntary termination program (the “2009 Special Voluntary Termination Program” (SVTP)) to certain CWA-represented Installers who elected to terminate under the SVTP and receive enhanced pension benefits. The Plan was amended to provide for the SVTP benefit.
- On December 30, 2009, corollary amendments to the Plan were made necessary to reflect the freeze of the Alcatel-Lucent Retirement Income Plan (“ALRIP”).
- 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”).
- On December 29, 2011, the Plan was amended retroactive to January 1, 2011 to provide that the pensions of service-pension eligible and disability pension eligible Business & Technical Associates (BTAs) are to be transferred to the ALRIP, rather than to LTRP.
- On December 28, 2012, the collective bargaining agreement with the CWA was extended for one year. Under the Agreement, active pension bands in the LTRP were increased 3.0%. The Plan was amended to reflect this plan amendment which will apply to participants who retire on or after January 1, 2013.

All amendments noted above are reflected in this valuation.

Plan Amendment After 2012

The following was not reflected in this valuation.

- Effective January 8, 2013, the Company amended the Plan to implement the terms of paragraph 7 of the 2013 Collective Bargaining Agreement Extension Memorandum of Agreement and the CWA related to the 2013 Special Voluntary Termination Program (“SVTP”). Under the SVTP, employees who volunteer are eligible for enhanced pension benefits.
- Effective September 16, 2013, modified the definition of Lawful Spouse.
- Effective November 19, 2013, the Plan was amended to implement the terms of the Lewisville, Texas Effects Agreement between the Company and the CWA.

Schedule SB Attachment (Form 5500)—2013 Plan Year
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Schedule SB, Part V – Summary of Plan Provisions

- Effective December 1, 2013, the Plan was amended to address rehire scenario for participants whose pension was transferred from LTPP to ARLIP.

Pension Band	Monthly Pension Amount Effective							
	7/1/95	7/1/98	7/1/99	7/1/00	7/1/01	7/1/02	7/01/05	1/1/2013
	For Retirement on or after							
	5/28/95	5/31/98	6/30/99	6/30/00	6/30/01	6/30/02	10/31/04	1/1/2013
101	\$24.26	\$25.96	N/A	N/A	N/A	N/A	N/A	N/A
102	25.30	27.07	\$28.15	\$28.99	\$29.86	\$30.76	\$34.45	N/A
103	26.32	28.16	29.29	30.17	31.08	32.01	35.85	36.93
104	27.34	29.25	30.42	31.33	32.27	33.24	37.23	38.35
105	28.36	30.35	31.56	32.51	33.49	34.49	38.63	39.79
106	29.40	31.46	32.72	33.70	34.71	35.75	40.04	41.24
107	30.44	32.57	33.87	34.89	35.94	37.02	41.46	42.70
108	31.45	33.65	35.00	36.05	37.13	38.24	42.83	44.11
109	32.49	34.76	36.15	37.23	38.35	39.50	44.24	45.57
110	33.50	35.85	37.28	38.40	39.55	40.74	45.63	47.00
111	34.53	36.95	38.43	39.58	40.77	41.99	47.03	48.44
112	35.54	38.03	39.55	40.74	41.96	43.22	48.41	49.86
113	36.58	39.14	40.71	41.93	43.19	44.49	49.83	51.32
114	37.59	40.22	41.83	43.08	44.37	45.70	51.18	52.72
115	38.62	41.32	42.97	44.26	45.59	46.96	52.60	54.18
116	39.65	42.43	44.13	45.45	46.81	48.21	54.00	55.62
117	40.66	43.51	45.25	46.61	48.01	49.45	55.38	57.04
118	41.69	44.61	46.39	47.78	49.21	50.69	56.77	58.47
119	42.72	45.71	47.54	48.97	50.44	51.95	58.18	59.93
120	43.74	46.80	48.67	50.13	51.63	53.18	59.56	61.35
121	44.76	47.89	49.81	51.30	52.84	54.43	60.96	62.79
122	45.79	49.00	50.96	52.49	54.06	55.68	62.36	64.23
123	46.80	50.08	52.08	53.64	55.25	56.91	63.74	65.65
124	47.82	51.17	53.22	54.82	56.46	58.15	65.13	67.08
125	48.87	52.29	54.38	56.01	57.69	59.42	66.55	68.55
126	49.86	53.35	55.48	57.14	58.85	60.62	67.89	69.93
127	50.90	54.46	56.64	58.34	60.09	61.89	69.32	71.40
128	51.92	55.55	57.77	59.50	61.29	63.13	70.71	72.83
129	52.95	56.66	58.93	60.70	62.52	64.40	72.13	74.29
130	53.96	57.74	60.05	61.85	63.71	65.62	73.49	75.69
131	55.01	58.86	61.21	63.05	64.94	66.89	74.92	77.17
132	56.01	59.93	62.33	64.20	66.13	68.11	76.28	78.57
133	57.05	61.04	63.48	65.38	67.34	69.36	77.68	80.01
134	58.09	62.16	64.65	66.59	68.59	70.65	79.13	81.50
135	59.08	63.22	65.75	67.72	69.75	71.84	80.46	82.87

LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007
EIN 22 - 3408857
ATTACHMENT TO 2013 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 12/31/2012
Alcatel-Lucent Retirement Income Plan	22-3408857	001	119.3%
Lucent Technologies Inc. Pension Plan	22-3408857	002	133.6%
Lucent Technologies Inc. Retirement Plan	22-3408857	007	139.6%

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.

Plan Name	Lucent Technologies Inc. Retirement Plan
Plan Sponsor EIN	22-3408857
ERISA Plan No.	007
Plan Year End	12/31/2013

The required attachment noted below is included within the Accountant's Opinion attachment to the
Form 5500 Schedule H, Part III, which consists of the entire Audit report issued by the Plan's
Independent Qualified Public Accountant (IQPA).

Form/Schedule	Line Item	Description
5500 Schedule H	Line 4i	Schedule of Assets (Held at End of Year)

Plan Name	Lucent Technologies Inc. Retirement Plan
Plan Sponsor EIN	22-3408857
ERISA Plan No.	007
Plan Year End	12/31/2013

The required attachment noted below is included within the Accountant's Opinion attachment to the
Form 5500 Schedule H, Part III, which consists of the entire Audit report issued by the Plan's
Independent Qualified Public Accountant (IQPA).

Form/Schedule	Line Item	Description
5500 Schedule H	Line 4j	Schedule of Reportable Transactions