# 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 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

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

OMB Nos. 1210-0110
1210-0089

**2016**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

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

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

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

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
LUCENT TECHNOLOGIES INC. PENSION PLAN

**1b** Three-digit plan number (PN) ▸ 002

**1c** Effective date of plan
10/01/1996

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)

ALCATEL-LUCENT USA INC.

600 MOUNTAIN AVENUE, ROOM 6D-401A
MURRAY HILL, NJ 07974

**2b** Employer Identification Number (EIN)
22-3408857

**2c** Plan Sponsor's telephone number
908-723-9869

**2d** Business code (see instructions)
334200

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

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

| | | | |
|---|---|---|---|
| SIGN HERE | Filed with authorized/valid electronic signature. | 10/11/2017 | SUSAN LEAR |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| SIGN HERE | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| SIGN HERE | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

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

Preparer's telephone number

**3a** Plan administrator's name and address [X] Same as Plan Sponsor

**3b** Administrator's EIN

**3c** Administrator's telephone number

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | |
|---|---|---|
| **5** Total number of participants at the beginning of the plan year | **5** | 23567 |
| **6** Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** Total number of active participants at the beginning of the plan year | **6a(1)** | 0 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 0 |
| **b** Retired or separated participants receiving benefits | **6b** | 22072 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 6 |
| **d** Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 22078 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 782 |
| **f** Total. Add lines **6d** and **6e**. | **6f** | 22860 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | |
| **h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1B 1E 1I 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)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

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

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

**a Pension Schedules**
- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [X] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**
- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .......................……..…. ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code______________________

# 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

**2016**

**This Form is Open to Public Inspection**

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**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. PENSION PLAN

**B** Three-digit plan number (PN) 002

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

**D** Employer Identification Number (EIN)
22-3408857

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

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

## Part I Basic Information

| | | | |
|---|---|---|---|
| **1** | Enter the valuation date: Month 01 Day 01 Year 2016 | | |
| **2** | Assets: | | |
| | **a** Market value | **2a** | 5738444000 |
| | **b** Actuarial value | **2b** | 5871352159 |

| | Funding target/participant count breakdown | (1) Number of participants | (2) Vested Funding Target | (3) Total Funding Target |
|---|---|---|---|---|
| **3** | **a** For retired participants and beneficiaries receiving payment | 23549 | 3499730477 | 3499730477 |
| | **b** For terminated vested participants | 18 | 3834951 | 3834951 |
| | **c** For active participants | 0 | 0 | 0 |
| | **d** Total | 23567 | 3503565428 | 3503565428 |

| | | | |
|---|---|---|---|
| **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** | 3.91 % |
| **6** | Target normal cost | **6** | 4801392 |

**Statement by Enrolled Actuary**

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

**SIGN HERE**

Signature of actuary — Date: 09/15/2017

LAWRENCE A. GOLDEN
Type or print name of actuary

17-04197
Most recent enrollment number

AON CONSULTING, INC.
Firm name

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

400 ATRIUM DRIVE
SOMERSET, NJ 08873
Address of the firm

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

## Part II Beginning of Year Carryover and Prefunding Balances

| | (a) Carryover balance | (b) Prefunding balance |
|---|---|---|
| 7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year) | 457277746 | 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) | 457277746 | 0 |
| 10 Interest on line 9 using prior year's actual return of 0.28 % | 1280378 | 0 |
| 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(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 3.58 % | | 0 |
| b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return | | |
| 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) | 307968615 | 0 |

## Part III Funding Percentages

| | | |
|---|---|---|
| 14 Funding target attainment percentage | 14 | 158.79% |
| 15 Adjusted funding target attainment percentage | 15 | 167.58% |
| 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 | 151.06% |
| 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 | 0 |
| b Contributions made to avoid restrictions adjusted to valuation date | 19b | 0 |
| c Contributions allocated toward minimum required contribution for current year adjusted to valuation date | 19c | 0 |

20 Quarterly contributions and liquidity shortfalls:

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

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

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

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

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

**21** Discount rate:

| | 1st segment | 2nd segment | 3rd segment | |
|---|---|---|---|---|
| **a** Segment rates: | % | % | % | [X] N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | |
| **22** Weighted average retirement age | **22** | |

**23** Mortality table(s) (see instructions) [ ] Prescribed - combined [X] Prescribed - separate [ ] Substitute

## Part VI Miscellaneous Items

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

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

**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. [ ] Yes [X] 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** | 0 |
| **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** | 4801392 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 4801392 |

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

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

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

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

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

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

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

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

**a** Schedule elected [ ] 2 plus 7 years [ ] 15 years

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

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

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2016**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
LUCENT TECHNOLOGIES INC. PENSION PLAN

**B** Three-digit plan number (PN) ▶ 002

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

**D** Employer Identification Number (EIN)
22-3408857

## Part I Service Provider Information (see instructions)

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

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

**(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)

HEWITT ASSOCIATES LLC

36-2235791

| (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? |
|---|---|---|---|---|---|---|
| 15 50 | NONE | 5814241 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

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

UNITED HEALTHCARE

36-2739571

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 13 50 | NONE | 1527878 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

EXPRESS SCRIPTS, INC

22-3461740

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 13 50 | NONE | 1153019 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

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

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

AETNA

06-6033492

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 13 50 | NONE | 530279 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

AON CONSULTING, INC.

22-2232264

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 11 50 | NONE | 436511 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(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 | 340209 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

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

SEYFARTH SHAW

36-2152202

| (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 | 156289 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

TRUVEN HEALTH ANALYTICS

06-1467923

| (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? |
|---|---|---|---|---|---|---|
| 15 50 | NONE | 153230 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

ALCATEL-LUCENT USA INC.

22-3408857

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered “Yes” to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 35 50 56 | EMPLOYER | 146406 | Yes ☒ No ☐ | Yes ☐ No ☒ | 67 | Yes ☐ No ☒ |

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

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

MAX-IT MAILING

22-3788849

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 38 50 | NONE | 65505 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

UNIVERSAL MAILING SERVICE

22-2381663

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 38 50 | NONE | 30689 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

MCCARTER & ENGLISH

22-1534652

| (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 | 18687 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

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

CANDID LITHO

13-3574319

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 36 50 | NONE | 11505 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

TAB

22-3468457

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 50 99 | NONE | 6564 | Yes ☐ No ☒ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

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

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

## Part I Service Provider Information (continued)

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

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

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

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

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

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

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

## Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

| SCHEDULE D (Form 5500) | DFE/Participating Plan Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br>▶ **File as an attachment to Form 5500.** | **2016**<br><br>**This Form is Open to Public Inspection.** |

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
LUCENT TECHNOLOGIES INC. PENSION PLAN

**B** Three-digit plan number (PN) ▶ 002

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

**D** Employer Identification Number (EIN)
22-3408857

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

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

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

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

| **c** EIN-PN 22-3463544-001 | **d** Entity code M | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 5588752000 |
|---|---|---|---|

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

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

| **c** EIN-PN 13-6285055-001 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 2745000 |
|---|---|---|---|

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

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

| **c** EIN-PN 13-6285055-001 | **d** Entity code C | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) | 188880000 |
|---|---|---|---|

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

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

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

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

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

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

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

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

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

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

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

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

| | | |
|---|---|---|
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
| **a** Name of MTIA, CCT, PSA, or 103-12 IE: | | |
| **b** Name of sponsor of entity listed in (a): | | |
| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |

## Part II Information on Participating Plans (to be completed by DFEs)
(Complete as many entries as needed to report all participating plans)

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| SCHEDULE H (Form 5500) | Financial Information | OMB No. 1210-0110 |
|---|---|---|
| Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).<br>▶ **File as an attachment to Form 5500.** | **2016**<br>**This Form is Open to Public Inspection** |

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
LUCENT TECHNOLOGIES INC. PENSION PLAN

**B** Three-digit plan number (PN) ▶ 002

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

**D** Employer Identification Number (EIN)
22-3408857

## Part I Asset and Liability Statement

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

| Assets | | **(a)** Beginning of Year | **(b)** End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | 56571000 | 3869000 |
| **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) | 217887000 | 191625000 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | 5678867000 | 5588752000 |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | | |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **1d** Employer-related investments: | | | |
| **(1)** Employer securities | 1d(1) | | |
| **(2)** Employer real property | 1d(2) | | |
| **e** Buildings and other property used in plan operation | 1e | | |
| **f** Total assets (add all amounts in lines 1a through 1e) | 1f | 5953325000 | 5784246000 |
| **Liabilities** | | | |
| **g** Benefit claims payable | 1g | | |
| **h** Operating payables | 1h | 1350000 | 578000 |
| **i** Acquisition indebtedness | 1i | | |
| **j** Other liabilities | 1j | 116000 | 0 |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 1466000 | 578000 |
| **Net Assets** | | | |
| **l** Net assets (subtract line 1k from line 1f) | 1l | 5951859000 | 5783668000 |

## Part II Income and Expense Statement

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

| **Income** | | (a) Amount | (b) Total |
|---|---|---|---|
| **a Contributions:** | | | |
| **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | | |
| **(B)** Participants | 2a(1)(B) | | |
| **(C)** Others (including rollovers) | 2a(1)(C) | | |
| **(2)** Noncash contributions | 2a(2) | | |
| **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 0 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| **(B)** U.S. Government securities | 2b(1)(B) | | |
| **(C)** Corporate debt instruments | 2b(1)(C) | | |
| **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| **(E)** Participant loans | 2b(1)(E) | | |
| **(F)** Other | 2b(1)(F) | 938000 | |
| **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 938000 |
| **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| **(B)** Common stock | 2b(2)(B) | | |
| **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | | |
| **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| **(3)** Rents | 2b(3) | | |
| **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |
| **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | 391730000 |
| **(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 | | 392668000 |

### Expenses

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 565714000 | |
| **(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) | | 565714000 |
| **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) | 12076000 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 12076000 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 577790000 |

### Net Income and Reconciliation

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | -185122000 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | 31791000 |
| **(2)** From this plan | 2l(2) | | 14860000 |

## Part III Accountant's Opinion

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

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

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

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

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

**(1)** Name: PRICEWATERHOUSE COOPERS LLP **(2)** EIN: 13-4008324

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

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

## Part IV Compliance Questions

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

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

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 12000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | X | | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |
| o | Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? | 4o | | | |

**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) |
|---|---|---|
| NOKIA RETIREMENT PLAN | 22-3408857 | 007 |
| | | |
| | | |
| | | |

**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
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 3995103. (See instructions.)

## Part V Trust Information

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

| **6c** Name of trustee or custodian | **6d** Trustee's or custodian's telephone number |
|---|---|
| | |

| SCHEDULE R (Form 5500) | Retirement Plan Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).<br>▶ **File as an attachment to Form 5500.** | **2016**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

**A** Name of plan
LUCENT TECHNOLOGIES INC. PENSION PLAN

**B** Three-digit plan number (PN) ▶ 002

**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): 20-2387942 ____________

**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** 8

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

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

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

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

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

**6** **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

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

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

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

## Part III Amendments

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

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

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

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

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

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

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

**a** Name of contributing employer

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

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

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

**a** Name of contributing employer

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

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

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

**a** Name of contributing employer

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

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

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

**a** Name of contributing employer

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

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

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

**a** Name of contributing employer

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

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

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

**a** Name of contributing employer

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

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

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

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

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

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

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

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

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

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

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

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

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

**a** Enter the percentage of plan assets held as:

Stock: 15.0 % Investment-Grade Debt: 76.0 % High-Yield Debt: 3.0 % Real Estate: 5.0 % Other: 1.0 %

**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):

## Part VII IRS Compliance Questions

| | |
|---|---|
| **20a** Is the plan a 401(k) plan? If "No," skip b | ☐ Yes ☐ No |
| **20b** How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply: | ☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A |
| **21a** What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply: | ☐ Ratio percentage test ☐ Average benefit test ☐ N/A |
| **21b** Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules? | ☐ Yes ☐ No |

**22a** If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number __________.

**22b** If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.

# Financial Statements and Supplemental Schedules

Lucent Technologies Inc. Pension Plan
December 31, 2016 and 2015
With Report of Independent Auditors

Lucent Technologies Inc. Pension Plan

Financial Statements and
Supplemental Schedules

December 31, 2016 and 2015

## Contents


Report of Independent Auditors....1

Financial Statements

Statements of Net Assets Available for Benefits....3
Statement of Changes in Net Assets Available for Benefits....4
Statements of Accumulated Plan Benefits....5
Statement of Changes in Accumulated Plan Benefits....6
Notes to Financial Statements....7

Supplemental Schedules

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)....47
Schedule H, Line 4j – Schedule of Reportable Transactions....48

# Report of Independent Auditors

To the Administrator of Lucent Technologies Inc. Pension Plan

We have audited the accompanying financial statements of Lucent Technologies Inc. Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits and of accumulated plan benefits as of December 31, 2016, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the year then ended, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 our 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, we consider 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 Plan as of December 31, 2016, and the changes in its financial status for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*2015 Financial Statements*

The financial statements of the Plan as of December 31, 2015 and for the year then ended, were audited by other auditors whose report, dated October 5, 2016, expressed an unmodified opinion on those financial statements.

*Supplementary Information*

Our audit of the Plan's financial statements as of and for the year ended December 31, 2016 was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2016 and schedule of reportable transactions for the year ended December 31, 2016, are presented for the purpose 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 the Plan's 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 audit 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PricewaterhouseCoopers LLP

October 4, 2017

# Lucent Technologies Inc. Pension Plan

## Statements of Net Assets Available for Benefits

*(In Thousands)*

| | December 31 2016 | December 31 2015 |
|---|---|---|
| **Assets** | | |
| Investments, at fair value: | | |
| Plan interest in Lucent Technologies Inc. Master Pension Trust | **$ 5,588,752** | $ 5,678,867 |
| Common/Collective Trust Fund | **2,745** | 4,531 |
| Net assets held in 401(h) account | **189,050** | 213,415 |
| Net assets held in applicable life insurance account | **1** | - |
| Due from Nokia Retirement Plan, net | **373** | 55,603 |
| Due from Nokia Retirement Income Plan, net | **3,323** | 286 |
| Other asset | **-** | 620 |
| Receivables for accrued income | **2** | 3 |
| Total assets | **5,784,246** | 5,953,325 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | **578** | 1,350 |
| Mandatory portability transfers | **-** | 116 |
| Amounts related to obligation of 401(h) account | **189,050** | 213,415 |
| Amounts related to obligation of applicable life insurance account | **1** | - |
| Total liabilities | **189,629** | 214,881 |
| Net assets available for benefits | **$ 5,594,617** | $ 5,738,444 |

*See accompanying notes.*

## Lucent Technologies Inc. Pension Plan

## Statement of Changes in Net Assets Available for Benefits
*(In Thousands)*

Year Ended December 31, 2016

| | |
|---|---|
| **Additions** | |
| Plan interest in Lucent Technologies Inc. Master Pension Trust | $ 391,730 |
| Interest income | 16 |
| Total additions | 391,746 |
| | |
| **Deductions** | |
| Benefits paid to participants | 358,482 |
| Transfer to 401(h) account | 150,000 |
| Transfer to applicable life insurance account | 40,000 |
| Investment and administrative expenses | 2,514 |
| Pension Benefit Guaranty Corporation premiums | 1,508 |
| Total deductions | 552,504 |
| | |
| Net decrease before transfers | (160,758) |
| | |
| Transfer from Nokia Retirement Income Plan | 31,791 |
| Transfer to Nokia Retirement Plan, net | (14,858) |
| Mandatory portability transfers | (2) |
| | |
| Net decrease | (143,827) |
| | |
| **Net assets available for benefits** | |
| Beginning of year | 5,738,444 |
| End of year | $ 5,594,617 |

*See accompanying notes.*

Lucent Technologies Inc. Pension Plan

Statements of Accumulated Plan Benefits

*(In Thousands)*

| | December 31 | |
|---|---|---|
| | **2016** | **2015** |
| **Actuarial present value of accumulated plan benefits** | | |
| Vested benefits: | | |
| Participants currently receiving payments | **$ 3,151,238** | $ 3,137,855 |
| Other participants | **1,461** | 3,633 |
| Non-vested benefits* | **205,795** | 201,868 |
| Total actuarial present value of accumulated plan benefits | **$ 3,358,494** | $ 3,343,356 |

* *The non-vested benefits represent the Plan's death benefit provision.*

*See accompanying notes.*

Lucent Technologies Inc. Pension Plan

Statement of Changes in Accumulated Plan Benefits
*(In Thousands)*

Year Ended December 31, 2016

| | |
|---|---|
| Actuarial present value of accumulated plan benefits at beginning of year | $ 3,343,356 |
| Increase (decrease) during the period attributable to: | |
| Change in assumptions | 218,930 |
| Transfer from the Lucent Technologies Inc. Retirement Plan, net | 1,141 |
| Increase for interest due to the decrease in the discount period | 162,767 |
| Benefits paid | (358,482) |
| Difference between actual and expected experience | (9,218) |
| Net increase | 15,138 |
| Actuarial present value of accumulated plan benefits at end of year | $ 3,358,494 |

*See accompanying notes.*

## 1. Plan Description

The following description of the Lucent Technologies Inc. Pension Plan (the Plan or LTPP) provides only general information. Participants and others should refer to the Plan document and the Summary Plan Description for a more complete description of the Plan's provisions.

### General

The Plan is a noncontributory defined benefit pension plan established by Lucent Technologies Inc. (now known as Alcatel-Lucent USA Inc.) (the Company) as of October 1, 1996. It is a successor to the AT&T Pension Plan, in effect as of September 30, 1996, with respect to individuals transferred to the Plan pursuant to the Employee Benefits Agreement dated as of February 1, 1996, as amended, between AT&T Corp. and the Company.

On January 7, 2016, Nokia, a Finnish corporation headquartered in Espoo (Helsinki), Finland, acquired a controlling interest in Alcatel Lucent, the (indirect) parent company of the Company. On November 2, 2016, Nokia acquired a 100% interest in Alcatel Lucent. Notwithstanding this change in the identity of the Company's ultimate parent, the Company continues to be the sponsoring employer and administrator of the Plan.

Prior to December 31, 2005, the Plan covered both actively employed individuals as well as terminated and retired participants. On December 31, 2005, all actively employed participants in the Plan were transferred to a new plan established by the Company – the Nokia Retirement Plan (formerly, Lucent Technologies Inc. Retirement Plan) (the NRP) – leaving only terminated and retired participants in the Plan. Effective December 31, 2005, the Plan was closed to new participants, other than individuals who attain eligibility for a service pension or a disability pension under the provisions of the NRP; those NRP participants become participants in the LTPP on the day following their termination of employment. The associated assets and liabilities for such individuals' pension benefit are transferred from the NRP to the Plan. Effective January 1, 2011, NRP participants who are Business & Technical Associates who attain eligibility for a service pension or disability pension become participants in another defined benefit pension plan maintained by the Company – the Nokia Retirement Income Plan (formerly, Alcatel-Lucent Retirement Income Plan) (the NRIP) – rather than the Plan.

**1. Plan Description (continued)**

Since December 31, 2010, the Company has amended the Plan a number of times to implement various transfers of participants and beneficiaries from the Plan to the NRIP or to the NRP. These transfers – dubbed “Phase I,” “Phase II,” etc. – include a transfer of benefit obligations and assets from the Plan to the transferee plan. The transfers have been as follows:

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

- *Phase II.* On December 1, 2011, the following group of beneficiaries was transferred to NRIP: surviving spouses and surviving contingent beneficiaries in pay status (i.e., receiving monthly payments after having satisfied the administrative requirements to commence a survivor pension) of deceased participants who died prior to January 1, 2011.

- *Phase III.* On December 1, 2013, the following groups of participants and beneficiaries were transferred to the NRIP: (i) service pension eligible (SPE) participants who, when last actively employed, were not represented by the CWA or IBEW; (ii) non-SPE participants; (iii) alternate payees of participants who are in pay status as of September 1, 2013; and (iv) individuals who, as of September 1, 2013, are receiving payment of survivor benefits as the surviving spouses or surviving contingent beneficiaries of deceased participants who died prior to January 1, 2013.

**1. Plan Description (continued)**

- *Phase IV.* Phase IV was composed of three transfers as follows:

  – *Phase IV-A.* On December 1, 2015, two groups of participants and beneficiaries were transferred to NRIP: (i) all participants (former employees) in the LTPP as of December 1, 2015, except participants receiving or eligible to receive a service pension or a disability pension who, when last actively employed by a Participating Company (or a predecessor) (or any other entity that was a "participating company" with respect to a prior version of the LTPP or a predecessor plan to the LTPP), were represented for purposes of collective bargaining by the CWA, and (ii) all alternate payees of participants (former employees) in payment status as of September 1, 2015.

  – *Phase IV-B.* On December 1, 2015, the following group of beneficiaries was transferred to NRP: all surviving spouses in payment status as of September 1, 2015 except surviving spouses of participants (former employees) who died on or after January 1, 2015.

  – *Phase IV-C.* On December 31, 2015, the following group of beneficiaries was transferred to NRP: surviving beneficiaries in deferred status as of December 2, 2015 except surviving beneficiaries of participants who died on or after January 1, 2015.

Since its establishment, the Plan has included provisions permitting the transfer and use of excess pension assets to pay for (or reimburse the Company for the cost of providing) post-retirement health benefits in accordance with Section 420 of the Internal Revenue Code of 1986, as amended (the Code). Effective October 1, 2015, the Plan was amended to permit such transfers and such use of excess pension assets to be made for post-retirement life insurance benefits, in addition to post-retirement health benefits, consistent with changes made to Section 420 by the Moving Ahead for Progress in the 21st Century Act ("MAP-21"). Effective December 1, 2015, the Plan was amended, *inter alia*, to permit transfers of excess pension assets, and the use of such assets, with respect to participants who elect to receive the value of their remaining annuity payments under the Plan in a lump-sum distribution or whose remaining annuity payments under the Plan are otherwise settled, such as through a transfer to another pension plan pursuant to Section 414(l) of the Code or through the purchase of an irrevocable annuity contract, in accordance with the terms of the Private Letter Ruling issued by the Internal Revenue Service (IRS) to the Company on December 19, 2014 (PLR 201511044).

## 1. Plan Description (continued)

During the period commencing on November 3, 2014 and ending on April 30, 2015, certain participants were offered a one-time opportunity to elect immediate commencement of a Disability Replacement Pension Benefit (the DRP Benefit) equal to the actuarial present value of their monthly disability benefit under the Alcatel-Lucent Long-Term Disability Plan for Occupational Employees (which, effective January 1, 2015, became part of the Alcatel-Lucent Long-Term Disability Plan, now called the Nokia Long-Term Disability Plan). Payment of the DRP Benefit for those who timely elected to receive this benefit commenced on May 1, 2015.

Effective June 29, 2015, the Plan was amended to offer the Alcatel-Lucent Retiree Lump-Sum Window Program. This Program made available to certain participants, surviving beneficiaries and alternate payees of such participants, who began receiving retirement benefits on or after March 1, 1990 and were in payment status on June 13, 2015 in the form of monthly annuity payments, a one-time opportunity, during a limited window period during 2015, to convert such annuity payments into an actuarially equivalent, single, lump-sum payment. Certain former employees also had the opportunity to change their existing annuity form of payment to a different annuity option.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying financial statements of the Plan have been prepared on the accrual basis 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

## 2. Summary of Significant Accounting Policies (continued)

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, 2016 and 2015 under the minimum funding requirements of ERISA.

### Actuarial Present Value of Accumulated Plan Benefits

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

Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) beneficiaries of employees who have died. The accumulated plan benefits as of December 31, 2016 and 2015 are based on census data as of those dates. Benefits payable upon retirement, death, disability or withdrawal are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The assumption used to determine the actuarial present value of accumulated plan benefits as of December 31, 2016 and 2015, includes a Qualified Beneficiary Ratio, which is based on actual employee experience.

The change in assumptions reflects an increase of $239,811 due to the change in discount rate and a decrease of ($20,881) due to the change in mortality rate.

The mortality table used in determining the actuarial present value of accumulated plan benefits as of December 31, 2016 is Society of Actuaries RP-2014 amounts weighted, blue collar for occupational participants with MP-2016 generational projection scale. This was changed from the mortality table used in determining the actuarial present value of accumulated plan benefits as of December 31, 2015 of the Society of Actuaries RP-2014 amounts weighted, blue collar for occupational participants with MP-2015 generational projection scale.

**2. Summary of Significant Accounting Policies (continued)**

Interest assumptions of 4.16% and 5.14% were used to determine the actuarial present values of accumulated plan benefits at December 31, 2016 and 2015, 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 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 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 NRIP, NRP and the Plan. 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

**2. Summary of Significant Accounting Policies (continued)**

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

**Investment and Administrative Expenses**

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

**Pension Benefit Guaranty Corporation (PBGC) Premiums**

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

**New Accounting Pronouncements**

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)*, (ASU 2015-07). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient provided by Accounting Standards Codification 820, *Fair Value Measurement*. Disclosures about investments in certain entities that calculate net asset value per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient. ASU 2015-07 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented. Early application is permitted. Plan management is currently evaluating the effect that the provisions of ASU 2015-07 will have on the Plan's financial statements.

In February 2017, the FASB issued ASU No. 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting*. ASU No. 2017-06 requires the Plan's interest in the master trust and the change in that interest to be presented in separate line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively; it also requires disclosure of: the total master trust investment amounts by general type and the dollar amount of the Plan's interest in each general type of investment, the master trust's other assets and liabilities and the dollar amount of the Plan's interest

## 2. Summary of Significant Accounting Policies (continued)

in each balance, and the net appreciation/(depreciation) in the fair value of the investments of the master trust and investment income exclusive of such net appreciation/(depreciation); additionally, it requires a description of the basis used to allocate net assets and total investment income to the Plan, including the Plan's percentage interest in the master trust as of the date of each statement of net assets available for benefits presented; lastly, it removes investment disclosures about 401(h) account assets to be provided in health and welfare benefit plan financial statements. ASU No. 2017-06 is effective for fiscal years beginning after December 15, 2018, with early application permitted. Plan management is currently evaluating the impact on the Plan of adopting ASU No. 2017-06.

## 3. Tax Status

No provision for income taxes has been made. In this regard, the Internal Revenue Service (IRS) determined, and informed the Company by a letter dated March 20, 2014, that the Plan is designed in accordance with the applicable provisions of the Code. Subsequent to this determination by the IRS, the Company has adopted various amendments to the Plan, none of which, in the view of the Company, affects the tax-qualified status of the Plan. With respect to the operation of the Plan, the Plan administrator believes the Plan is being operated in compliance with applicable requirements of the Code. From time to time, the Plan administrator may uncover operational errors with respect to the Plan, and, when it does, it takes appropriate steps to remedy such errors. In the view of the Company and the Plan administrator, no such error has affected or affects the tax-qualified status of the Plan.

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, 2016, 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 2013.

**4. Termination Priorities**

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

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

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

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

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

**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 (BNYMellon 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.

*(In Thousands)*

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

As of December 31, 2016, the following plans participate in the MPT:

(1) the Plan,

(2) the NRP and

(3) the NRIP.

Each participating plan has an undivided interest in the MPT's various investment sleeves. At December 31, 2016 and 2015, the Plan's interest in the net assets of the MPT was 23.63% and 24.05%, respectively.

**Investment Sleeve Data**

The following table presents each investment sleeve and the percentage of ownership within the sleeve as of December 31, 2016 and 2015:

| | **NRIP** | | **LTPP** | | **NRP** | |
|---|---|---|---|---|---|---|
| | **2016 Sleeve %** | **2015 Sleeve %** | **2016 Sleeve %** | **2015 Sleeve %** | **2016 Sleeve %** | **2015 Sleeve %** |
| Global Equity | **83%** | 72% | **16%** | 27% | **1%** | 1% |
| Core Fixed Income - Occupational | **–** | – | **97%** | 96% | **3%** | 4% |
| Core Fixed Income - Management | **100%** | 100% | **–** | – | **–** | – |
| Corporate Bond - Management | **100%** | 100% | **–** | – | **–** | – |
| Corporate Bond - Occupational | **–** | – | **97%** | 96% | **3%** | 4% |
| TIPS | **75%** | 71% | **24%** | 28% | **1%** | 1% |
| High Yield Debt | **74%** | 75% | **25%** | 24% | **1%** | 1% |
| Private Equity | **82%** | 81% | **17%** | 18% | **1%** | 1% |
| Real Estate | **83%** | 82% | **16%** | 17% | **1%** | 1% |
| Absolute Return | **100%** | 100% | **–** | – | **–** | – |
| Russel Management Rebalancing | **100%** | 100% | **–** | – | **–** | – |
| Russel Occupational Inactive Rebalancing | **–** | – | **100%** | 100% | **–** | – |
| Russel Occupational Active Rebalancing | **–** | – | **–** | – | **100%** | 100% |

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

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.

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

*(In Thousands)*

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

The components of the net assets of the MPT as of December 31, 2016 and 2015 are summarized as follows:

| | December 31 | |
|---|---|---|
| | **2016** | **2015** |
| **Assets** | | |
| Investments, at fair value: | | |
| Cash and cash equivalents | **$ 1,037,071** | $ 913,127 |
| Government and U.S. Treasury obligations* | **4,817,843** | 4,212,429 |
| Fixed income securities* | **11,796,876** | 12,255,746 |
| Fixed income securities and repurchase agreements acquired with cash collateral | **2,443,881** | 1,824,052 |
| Common stock and other equities* | **1,728,111** | 1,659,805 |
| Common and collective trusts | **286,105** | 227,494 |
| Real estate | **942,272** | 1,035,499 |
| Limited partnership investments | **3,091,145** | 3,388,019 |
| Futures contracts | **10,807** | 11,009 |
| Forward foreign exchange contracts | **6,229** | 6,246 |
| Swap contracts | **12,406** | 7,220 |
| Options purchased | **391** | 90 |
| Total investments | **26,173,137** | 25,540,736 |
| | | |
| Net assets held in 401(h) account | **189,051** | 213,356 |
| Receivable for investments sold | **633,783** | 174,961 |
| Accrued income receivable | **180,003** | 187,339 |
| Due from brokers | **88,704** | 49,930 |
| Total assets | **27,264,678** | 26,166,322 |
| | | |
| **Liabilities** | | |
| Collateral held for loaned securities | **2,442,306** | 1,824,534 |
| Payable for investments purchased | **896,653** | 440,644 |
| Liability related to 401(h) account | **189,051** | 213,356 |
| Due to brokers | **20,897** | 18,706 |
| Futures contracts, at fair value | **14,556** | 5,616 |
| Forward foreign exchange contracts, at fair value | **6,888** | 2,572 |
| Swap contracts, at fair value | **21,564** | 26,769 |
| Accrued expenses and other liabilities | **22,069** | 18,604 |
| Options written, at fair value | **206** | 22 |
| Total liabilities | **3,614,190** | 2,550,823 |
| Net assets | **$ 23,650,488** | $ 23,615,499 |

* As of December 31, 2016 and 2015, the total fair value of securities on loan was $2,422,311 and $2,429,417, respectively. Of these securities on loan, $149,573 and $366,089 were equity securities and $2,272,738 and $2,063,328 were debt securities, respectively.

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

### Investment Income/(Loss)

The following table presents the investment income/(loss) for the MPT for the year ended December 31, 2016:

| | |
|---|---|
| Net appreciation in fair value of investments | $ 1,188,114 |
| Interest | 699,618 |
| Dividends | 49,819 |
| Net investment income from real estate | 56,131 |
| Net investment income from limited partnerships | 28,600 |
| Other income | 14,222 |
| Total investment income (loss) | $ 2,036,504 |

### 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 net asset value (NAV) is used as fair value. Additionally, the Committee reviews 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 Committee is comprised of a group of individuals that have differing perspectives on the valuation process and includes staff persons from ALIMCO's Operations, Compliance, Alternative Investments, Public Market Investments groups 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 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

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

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, publicly 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 the Investment Advisors, and/or ALIMCO 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 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 primarily 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. The MPT records real estate properties at their net asset value which is the appraised value of the property inclusive of any loans, receivables and/or payables at the property level.

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

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

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 funds.

The limited partnerships and commingled funds report 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 limited partnerships that are organized as investment companies or that report their holdings at fair value and commingled funds as valued by the general partners or investment managers of these entities. For those limited partnerships that do not carry their holdings at fair value, ALIMCO will estimate fair value as described below.

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 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/(loss) 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 MPT did not hold any individual investment that represented greater than 5% of the MPT's net asset value at December 31, 2016 and 2015.

At December 31, 2016 and 2015, cash and cash equivalents, and cash equivalents held in the 401(h) accounts, were primarily comprised of short term investment funds managed by JP Morgan

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

and BNYMellon. 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, 2016 and 2015, due to/from broker was comprised of margin posted for futures contracts and swap collateral.

**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/(loss) 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.

**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.

*(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, 2016 and 2015:

As of December 31, 2016:

| | Level 1** | Level 2** | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash equivalents[1] | $ 44,256 | $ 992,815 | $ – | $ 1,037,071 |
| Fixed income securities and repurchase agreements acquired with cash collateral: | | | | |
| Floating rate notes | – | 1,634,588 | – | 1,634,588 |
| Repurchase agreements | – | 786,522 | – | 786,522 |
| Commercial paper | – | 22,771 | – | 22,771 |
| Total | – | 2,443,881 | – | 2,443,881 |
| Common collective trusts | – | 286,105 | – | 286,105 |
| Domestic equity*[2] | 750,585 | – | – | 750,585 |
| International equity*[2] | 977,526 | – | – | 977,526 |
| Asset backed securities[3] | – | 55,059 | – | 55,059 |
| Corporate debt securities[3] | – | 10,747,533 | 85 | 10,747,618 |
| International government bonds[3] | 25,011 | 124,019 | – | 149,030 |
| Mortgage backed securities[3] | – | 249,034 | – | 249,034 |
| Government and U.S. treasury obligations | 3,956,659 | 861,184 | – | 4,817,843 |
| U.S. states and subdivisions[3] | – | 566,191 | – | 566,191 |
| Limited partnership investments | – | 465,685 | 2,625,460 | 3,091,145 |
| Real estate | – | – | 942,272 | 942,272 |
| Bank debt, other fixed income securities[3] | 8,750 | 1,979 | 19,215 | 29,944 |
| Interest rate swap contract[4] | – | 7,269 | – | 7,269 |
| Credit default swap contracts[4] | – | 5,137 | – | 5,137 |
| Options purchased | 275 | 116 | – | 391 |
| Futures contracts | 10,807 | – | – | 10,807 |
| Foreign exchange contracts | – | 6,229 | – | 6,229 |
| Total assets | $ 5,773,869 | $ 16,812,236 | $ 3,587,032 | $ 26,173,137 |
| | | | | |
| **Liabilities** | | | | |
| Written options | $ (57) | $ (149) | $ – | $ (206) |
| Futures contracts | (14,556) | – | – | (14,556) |
| Foreign exchange contracts | – | (6,888) | – | (6,888) |
| Interest rate swaps[5] | – | (14,545) | – | (14,545) |
| Credit default swaps[5] | – | (7,019) | – | (7,019) |
| Total liabilities | $ (14,613) | $ (28,601) | $ – | $ (43,214) |

* 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, 2016.

1 Comprised of interest bearing cash and cash equivalents.

2 Such strategies aggregate to $1,728,111, which is included in Common stock and other equities on the schedule of net assets of the MPT.

3 Such strategies aggregate to $11,796,876, which is included in Fixed income securities on the schedule of net assets of the MPT.

4 Such strategies aggregate to $12,406, which is included in Swap contracts – assets on the schedule of net assets of the MPT.

5 Such strategies aggregate to $21,564, which is included in Swap contracts – liabilities on the schedule of net assets of the MPT.

*(In Thousands)*

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

As of December 31, 2015:

| | Level 1** | Level 2** | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash equivalents[1] | $ 227,122 | $ 686,005 | $ – | $ 913,127 |
| Fixed income securities and repurchase agreements acquired with cash collateral: | | | | |
| Floating rate notes | – | 1,237,701 | – | 1,237,701 |
| Repurchase agreements | – | 576,352 | – | 576,352 |
| Commercial paper | – | 9,999 | – | 9,999 |
| Total | – | 1,824,052 | – | 1,824,052 |
| Common collective trusts | – | 227,494 | – | 227,494 |
| Domestic equity*[2] | 813,170 | – | – | 813,170 |
| International equity*[2] | 846,635 | – | – | 846,635 |
| Asset backed securities[3] | – | 79,684 | – | 79,684 |
| Corporate debt securities[3] | – | 10,931,621 | 180 | 10,931,801 |
| International government bonds[3] | 49,997 | 165,874 | – | 215,871 |
| Mortgage backed securities[3] | – | 369,266 | – | 369,266 |
| Government and U.S. treasury obligations | 3,288,259 | 924,170 | – | 4,212,429 |
| U.S. states and subdivisions[3] | – | 645,929 | – | 645,929 |
| Limited partnership investments | – | 498,866 | 2,889,153 | 3,388,019 |
| Real estate | – | – | 1,035,499 | 1,035,499 |
| Bank debt, other fixed income securities[3] | – | – | 13,195 | 13,195 |
| Interest rate swap contract[4] | – | 1,105 | – | 1,105 |
| Credit default swap contracts[4] | – | 6,115 | – | 6,115 |
| Options purchased | – | 90 | – | 90 |
| Futures contracts | 11,009 | – | – | 11,009 |
| Foreign exchange contracts | – | 6,246 | – | 6,246 |
| Total assets | $ 5,236,192 | $ 16,366,517 | $ 3,938,027 | $ 25,540,736 |
| | | | | |
| **Liabilities** | | | | |
| Written options | $ – | $ 22 | $ – | $ 22 |
| Futures contracts | 5,616 | – | – | 5,616 |
| Foreign exchange contracts | – | 2,572 | – | 2,572 |
| Interest rate swaps[5] | – | 19,074 | – | 19,074 |
| Credit default swaps[5] | – | 7,695 | – | 7,695 |
| Total liabilities | $ 5,616 | $ 29,363 | $ – | $ 34,979 |

* 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, 2015.

[1] Comprised of interest bearing cash and cash equivalents.

[2] Such strategies aggregate to $1,659,805, which is included in Common stock and other equities on the schedule of net assets of the MPT.

[3] Such strategies aggregate to $12,255,746, which is included in Fixed income securities on the schedule of net assets of the MPT.

[4] Such strategies aggregate to $7,220, which is included in Swap contracts – assets on the schedule of net assets of the MPT.

[5] Such strategies aggregate to $26,769, which is included in Swap contracts – liabilities on the schedule of net assets of the MPT.

*(In Thousands)*

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

The Plan also invests in certain common collective trusts (CCTs) which are held in segregated Plan accounts. The fair values of these CCTs amounted to $2,745 and $4,531 as of December 31, 2016 and 2015, respectively, and are categorized as Level 2.

The following table is a reconciliation of assets the MPT held during the year ended December 31, 2016 at fair value using significant unobservable inputs (Level 3):

As of December 31, 2016:

| | Beginning Balance January 1, 2016 | Realized Gains/ (Losses)* | Unrealized Gains/ (Losses)* | Purchases | Sales and Settlements | Transfers Out** | Transfers In** | Ending Balance, December 31, 2016 |
|---|---|---|---|---|---|---|---|---|
| Corporate debt securities | $ 180 | $ – | $ 15,537 | $ – | $ (15,632) | $ – | $ – | $ 85 |
| Bank debt, other fixed income securities | 13,195 | 507 | 3,499 | 18,263 | (16,249) | – | – | 19,215 |
| Limited partnership investments | 2,889,153 | 16,683 | 245,335 | 352,664 | (878,375) | – | – | 2,625,460 |
| Real estate | 1,035,499 | – | 28,271 | 13,422 | (134,920) | – | – | 942,272 |
| Total | $ 3,938,027 | $ 17,190 | $ 292,642 | $ 384,349 | $ (1,045,176) | $ – | $ – | $ 3,587,032 |

* 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/(loss) of the MPT and also include net investment income for real estate and limited partnership investments.

** There were no transfers in or out of Level 3 during 2016.

Net changes in unrealized appreciation/(depreciation) on Level 3 assets still held as of December 31, 2016 amounted to $292,642 and are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income/(loss) of the MPT.

## 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, 2016:

| | For the Year Ended December 31, 2016 | | | |
|---|---|---|---|---|
| | **Fair Value** | **Valuation Technique** | **Unobservable Inputs** | **Range of Inputs** |
| Corporate debt securities | $ 85 | **Broker Quotes** | – | – |
| Bank debt, other fixed income securities | $ 19,215 | **Broker Quotes** | – | – |
| Limited partnership investments | $ 2,605,336 | **Net Asset Value as Practical Expedient** | – | – |
| Real estate[2] | $ 942,272 | **Discounted Cash Flows (DCF)** | **Discount Rate** | **6.00%–8.25%** |
| | | | **Exit Capitalization rate[3]** | **5.30%–8.00%** |
| | | | **DCF Term** | **10 years** |
| Oil and gas investments[1] | $ 20,124 | **DCF** | **Discount Rate** | **14%** |
| | | | **Commodity Price – Oil ($/BBL)[4]** | **$42–$50** |
| | | | **Commodity Price – Gas ($/MMCF)[4]** | **$3** |
| | | | **Production Volume – Oil (MMB)[4]** | **0.2–0.5 MMB** |
| | | | **Production Volume – Gas (MMCF)[4]** | **843–1,973 MMCF** |
| | | | **Capital and Operating Expenditures (in millions of $)[4]** | **$0–$16** |

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.

*(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, 2016:

| 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)] | $ 154,173 | $ – | $ – | Quarterly, Semi-Annually | 45–60 days |
| Event Driven Hedge Funds[(b)] | 149,010 | 182,873 | – | Quarterly, Annually | 30–90 days |
| Multi-strategy Hedge Funds[(c)] | – | 192,720 | – | Quarterly, Annually | 45–65 days |
| Relative Value Hedge Fund[(d)] | 104,666 | – | – | Monthly | 75–90 days |
| Opportunistic Hedge Funds[(e)] | – | 36,049 | 8,135 | Quarterly | 65 days |
| Directional Hedge Fund[(f)] | 57,836 | – | – | Quarterly | 60 days |
| Real Estate Funds[(g)] | – | 462,815 | 91,231 | N/A | |
| Private Equity Funds – Venture Capital[(h)] | – | 646,442 | 222,105 | N/A | |
| Private Equity Funds – Buyouts[(i)] | – | 904,978 | 431,230 | N/A | |
| Private Equity Funds – Special Situations[(j)] | – | 199,583 | 146,804 | N/A | |
| Total | $ 465,685 | $ 2,625,460 | $ 899,505 | | |

*(In Thousands)*

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

The following is a summary of investments where the MPT has used NAV to assess fair value as of December 31, 2015:

| 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] | $ 195,850 | $ – | $ – | Quarterly, Semi-Annually | 45–60 days |
| Event Driven Hedge Funds[b] | 142,919 | 171,944 | – | Quarterly, Annually | 30–90 days |
| Multi-strategy Hedge Funds[c] | – | 224,666 | – | Quarterly, Annually | 45–65 days |
| Relative Value Hedge Fund[d] | 104,401 | – | – | Monthly | 75–90 days |
| Opportunistic Hedge Funds[e] | – | 43,966 | 8,135 | Quarterly | 65 days |
| Directional Hedge Fund[f] | 55,696 | – | – | Quarterly | 60 days |
| Real Estate Funds[g] | – | 571,990 | 61,813 | N/A | |
| Private Equity Funds – Venture Capital[h] | – | 696,027 | 178,163 | N/A | |
| Private Equity Funds – Buyouts[i] | – | 954,411 | 515,422 | N/A | |
| Private Equity Funds – Special Situations[j] | – | 226,149 | 142,874 | N/A | |
| Total | $ 498,866 | $ 2,889,153 | $ 906,407 | | |

[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. This category of hedge funds held no 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, 2016 and 2015, this category held 5.69% and 6.35%, respectively, 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, 2016 and 2015, this category held 1.85% and 2.26%, respectively, of assets in side pockets. At December 31, 2016 and 2015, 48.66% and 41.0%, respectively, 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.

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

(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, 2016 and 2015, 15.21% and 31.01%, respectively, 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 or discounted cash flows. 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.

(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.

*(In Thousands)*

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

### Guarantees and Commitments

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, 2016:

| | Sovereign Debt Credit Default Swaps | Single Name Corporate Bond Credit Default Swaps | Basket of Investment Grade Securities Swaps |
|---|---|---|---|
| Fair value of sold protection | **$ (483)** | **$ (488)** | **$ 3,736** |
| Maximum undiscounted potential future payments | **$ 28,600** | **$ 41,422** | **$ 315,543** |
| Approximate term of the contracts | **Four to five years** | **Six months to five years** | **Three to forty-seven years** |
| Credit ratings of underlying instruments | **A to BBB-** | **A+ to BBB-** | **–** |

As of December 31, 2015:

| | Sovereign Debt Credit Default Swaps | Single Name Corporate Bond Credit Default Swaps | Basket of Investment Grade Securities Swaps |
|---|---|---|---|
| Fair value of sold protection | $ (413) | $ (341) | $ (3,425) |
| Maximum undiscounted potential future payments | $ 10,782 | $ 15,384 | $ 236,112 |
| Approximate term of the contracts | Five years | Eighteen months to five years | Two to forty-two years |
| Credit ratings of underlying instruments | AA- to BBB | AA- to BBB- | – |

At December 31, 2016, the MPT held seven written put option contracts that expire in January and February of 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 $185. The fair value of the written put options was ($206) which is located in options written at fair value on the schedule of net assets of the MPT.

At December 31, 2015, the MPT held two written put option contracts that expired in February and March of 2016. The maximum payout for a written put option is limited to the number of contracts written and the related strike prices and amounted to $69. The fair value of the written put options was ($22) which is located in options written at fair value on the schedule of net assets of the MPT.

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

**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 certain sovereign debt securities as collateral for securities on loan. Collateral equaling 102% of the fair value of domestic securities and 105% of the total fair value of non-U.S. securities on loan is required in accordance with the agreement. As of December 31, 2016 and 2015, the fair value of the securities on loan was $2,422,311 and $2,429,417, respectively. Such securities are recorded on the schedule of net assets of the MPT. The MPT received collateral from borrowers in the form of cash and securities. The MPT has the ability to repledge (rehypothicate) the cash; however the securities cannot be repledged. As of December 31, 2016 and 2015, the MPT held cash collateral of $2,442,306 and $1,824,534, respectively, in connection with loaned securities. The cash collateral was used to enter into repurchase agreements and to purchase various securities consistent with the investment guidelines including asset-backed floating notes, floating rate notes, commercial paper, certificates of deposit and time deposits. The fair value of these investments acquired with the cash collateral are $2,443,881 and $1,824,052 at December 31, 2016 and 2015, 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.

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 $78,077 and $694,249 at December 31, 2016 and 2015, respectively. Such securities are not reflected in the MPT's assets and liabilities. The MPT received interest and securities lending income in the amount of $11,200 in 2016 from the securities lending program; this income is included in other income on the schedule detailing investment income/(loss) 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, 2016 and 2015, repurchase agreements entered into with cash collateral were carried at $786,522 and $576,352, respectively, and the fair value of securities which the MPT held as collateral with respect to such repurchase agreements was $818,496 and $596,676, respectively. The carrying amounts approximate fair value and are recorded on the schedule of net assets of the MPT in fixed income securities and repurchase agreements acquired with cash collateral.

*(In Thousands)*

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

The following tables summarize the terms of the MPT's repurchase agreements that are embedded in the securities lending program.

For the year ending December 31, 2016:

| | Remaining Contractual Maturity of Agreements | | | | |
|---|---|---|---|---|---|
| **Description** | **Overnight and Continuous** | **Up to 30 Days** | **30–90 Days** | **Greater Than 90 Days** | **Net Amount** |
| **Repurchase Agreements** | | | | | |
| U.S. Treasury and agency securities | $ 458,322 | $ – | $ – | $ – | $ 458,322 |
| Corporate bonds | – | – | – | – | – |
| Equity securities | 150,000 | – | 149,400 | 28,800 | 328,200 |
| Total | $ 608,322 | $ – | $ 149,400 | $ 28,800 | $ 786,522 |

For the year ending December 31, 2015:

| | Remaining Contractual Maturity of Agreements | | | | |
|---|---|---|---|---|---|
| **Description** | **Overnight and Continuous** | **Up to 30 Days** | **30–90 Days** | **Greater Than 90 Days** | **Net Amount** |
| **Repurchase Agreements** | | | | | |
| U.S. Treasury and agency securities | $ 403,456 | $ – | $ – | $ – | $ 403,456 |
| Corporate bonds | 9,604 | – | – | – | 9,604 |
| Equity securities | – | – | 100,000 | 63,292 | 163,292 |
| Total | $ 413,060 | $ – | $ 100,000 | $ 63,292 | $ 576,352 |

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.

Under U.S. GAAP, the MPT is required to disclose its objectives 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 the gains and losses generated from derivative investing activity during the year ended December 31, 2016 on the schedule detailing investment income/(loss) 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/(loss) of the MPT. Futures contracts require collateral consisting of cash or liquid securities and daily variation margin settlements to be provided to 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, 2016 and 2015 was ($3,749) and $5,393, respectively, and are included in futures contracts assets and liabilities on the schedule of net assets of the MPT.

**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/(loss) of the MPT.

As of December 31, 2016 and 2015, the MPT held open forward foreign exchange contracts receivable and payable primarily in Australian Dollars, Norwegian Krone, Japanese Yen, Swiss Francs, British Pounds, Mexican Peso, Euros and U.S. Dollars. The total net fair value of forward foreign exchange contracts at December 31, 2016 and 2015 was ($659) and $3,674, respectively, which is included in forward foreign exchange contracts 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 investment income/(loss) 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.

**6. Derivative Financial Instruments (continued)**

As of December 31, 2016 and 2015, the MPT held written option contracts with a fair value of $206 and $22, respectively, which are included in options written at fair value 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, 2016 and 2015, the MPT has purchased options of $391 and $90, respectively, which are included in options purchased 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/(loss) 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 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, 2016 and 2015, 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 assets under swap contracts in the schedule of net assets of the MPT at December 31, 2016 and 2015 was $12,406 and $7,220 respectively. The fair value of swap contracts that are

*(In Thousands)*

## 6. Derivative Financial Instruments (continued)

included in liabilities under swap contracts at fair value in the schedule of net assets of the MPT at December 31, 2016 and 2015 was $21,564 and $26,769, respectively.

The MPT utilizes its Investment Advisors to conduct derivative trading on its behalf. Investment Advisors enter into International Swaps and Derivatives Association (ISDA) Master Agreements with counterparties. The ISDA Master 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 has not been added or netted against the fair value amounts.

### 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, 2016 and 2015, and their location on the schedule of net assets of the MPT. The fair values of these derivatives are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting as permitted by the MPT's Investment Advisors' bilateral ISDA Master Agreements.

| | **Derivative Contracts – Assets** | | | **Derivative Contracts – Liabilities** | | |
|---|---|---|---|---|---|---|
| **Derivative Contracts** | **2016** | **2015** | **Location on the Schedule of Net Assets** | **2016** | **2015** | **Location on the Schedule of Net Assets** |
| Foreign currency risk contracts[1] | **$ 6,564** | $ 7,021 | Futures contracts, at fair value and forward foreign exchange contracts, at fair value | **$ 7,780** | $ 3,143 | Futures contracts, at fair value, forward foreign exchange contracts, at fair value |
| Equity and fixed income price risk contracts[2] | **5,897** | 3,297 | Futures contracts, at fair value and swap contracts, at fair value | **5,269** | 1,014 | Futures contracts, at fair value and options written, at fair value |
| Interest rate risk contracts[3] | **12,236** | 8,132 | Swap contracts, at fair value, futures contracts, at fair value and options purchased, at fair value | **23,144** | 23,127 | Swap contracts, at fair value, futures contracts, at fair value and options written, at fair value |
| Credit risk contracts[4] | **5,136** | 6,115 | Swap contracts, at fair value | **7,021** | 7,695 | Swap contracts, at fair value |
| Total derivative contracts | **$ 29,833** | $ 24,565 | | **$ 43,214** | $ 34,979 | |

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

*(In Thousands)*

## 6. Derivative Financial Instruments (continued)

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, 2016, which are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income/(loss) of the MPT:

| | |
|---|---|
| **Derivative contracts** | |
| Foreign currency risk contracts | $ (4,830) |
| Equity and fixed income price risk contracts | 34,720 |
| Interest rate risk contracts | 11,406 |
| Credit risk contracts | (1,602) |
| Total derivative contracts | $ 39,694 |

The following tables summarize 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, 2016 and 2015:

| | December 31, 2016 | |
|---|---|---|
| | **Assets** | **Liabilities** |
| **Derivative contracts-average quarterly notional amounts** | | |
| Interest rate risk contracts[1] | **$ 2,006,155** | **$ 1,501,486** |
| Credit rate risk contracts[2] | **$ 421,555** | **$ 8,213** |
| Equity and fixed income price risk contracts[3] | **$ 495,545** | **$ 101,510** |
| **Derivative contracts-average quarterly number of contracts** | | |
| Foreign currency risk contracts[4] | **998** | **871** |

**6. Derivative Financial Instruments (continued)**

| | December 31, 2015 | |
|---|---|---|
| | **Assets** | **Liabilities** |
| **Derivative contracts-average quarterly notional amounts** | | |
| Interest rate risk contracts[1] | $ 2,455,000 | $ 2,422,786 |
| Credit rate risk contracts[2] | $ 491,655 | $ – |
| Equity and fixed income price risk contracts[3] | $ 313,253 | $ 80,668 |
| **Derivative contracts-average quarterly number of contracts** | | |
| Foreign currency risk contracts[4] | 1,006 | 2,227 |

[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 (notional values) and total return swaps (notionals).
[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).

**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, 2016 and 2015 was $21,564 and $26,769, respectively, for which the MPT had posted collateral of $33,170 and $34,058, 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, 2016 and 2015 (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, 2016 may be different than the net liability amounts stated at December 31, 2016 and such differences could be material.

**Off-Setting Effects**

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 set off the amounts owed with the amounts owed by the other party, the MPT intends to offset, 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.

**6. Derivative Financial Instruments (continued)**

The following tables provide 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, 2016:

| Description | Assets Presented in the Schedule of Net Assets on a Gross Basis[1] | Gross Amounts not Offset in the Schedule of Net Assets: Financial Instruments | Gross Amounts not Offset in the Schedule of Net Assets: Collateral Received | Net Amount |
|---|---|---|---|---|
| Securities lending[2] | **$ 2,422,311** | **$ –** | **$ (2,422,311)** | **$ –** |

For the Year Ending December 31, 2015:

| Description | Assets Presented in the Schedule of Net Assets on a Gross Basis[1] | Gross Amounts not Offset in the Schedule of Net Assets: Financial Instruments | Gross Amounts not Offset in the Schedule of Net Assets: Collateral Received | Net Amount |
|---|---|---|---|---|
| Securities lending[2] | $ 1,824,052 | $ – | $ (1,824,052) | $ – |

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

[2] The amount of collateral presented is limited such that the net amount should not be less than zero.

**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.

**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, 2016 and 2015, including any unfunded commitments.

**8. Section 420 Transfers**

The Company made a "Collectively Bargained Transfer" of $150,000 in December 2016 of excess pension assets of the MPT held for the Plan to an account of the Plan under the MPT established under Section 401(h) of the Code, pursuant to Section 420 of the Code, to cover retiree health care costs for Plan participants. As further permitted by Section 420 of the Code, the Plan transferred $40,000 in December 2016 of excess pension assets to an applicable life insurance account established under Section 420(a) of the Code, pursuant to Section 420 of the Code, to fund a portion of retiree life insurance coverage.

In accordance with Section 401(h) and Section 420 of the Code, the Plan's investments in the 401(h) account and applicable life insurance account may not be used for or diverted to any purpose other than providing, respectively, health benefits and applicable life insurance benefits for the participants, as well as administration costs. The related obligations for health benefits and applicable life insurance benefits are not reported in the Plan's statement of accumulated plan benefits but are reported as obligations in the Nokia Retiree Welfare Benefits Plan (formerly, Alcatel-Lucent Retiree Welfare Benefits Plan).

At December 31, 2016 and 2015, 401(h) assets of $189,050 and $213,415, respectively, have yet to be transferred and are reflected as liabilities of the Plan. At December 31, 2016 and 2015, applicable life insurance assets of $1 and $0, respectively, have yet to be transferred and are reflected as liabilities of the Plan. These assets are classified as Level 2 in the fair value hierarchy.

**9. Party-In-Interest and Related-Party Transactions**

As described in Note 2, the Plan paid certain investment and administrative expenses of the Plan to various service providers, which are parties-in-interest under the provisions of ERISA. The payment of these expenses meets the requirements of one or more prohibited transaction exemptions under ERISA.

Certain MPT 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.

ALIMCO, a wholly owned subsidiary of the Company, provides fiduciary services and investment management services to the MPT. ALIMCO charges the MPT only for the costs that are incurred for providing such services to the MPT. For the years ended December 31, 2016 and 2015, the MPT incurred fiduciary service fees from ALIMCO of $5,587 and $5,484, respectively, which are included in management fees and expenses in the statements of changes in net assets of the MPT. At December 31, 2016 and 2015, the MPT had a payable due to ALIMCO of $2,340 and $2,385,

*(In Thousands)*

**9. Party-In-Interest and Related-Party Transactions (continued)**

respectively, which is included in accrued expenses and other liabilities on the statements of net assets of the MPT.

**10. Reconciliation of Financial Statements and Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

| | December 31 2016 | December 31 2015 |
|---|---|---|
| Net assets available for benefits per the financial statements | **$ 5,594,617** | $ 5,738,444 |
| Net assets held in 401(h) account included as assets in Form 5500 | **189,050** | 213,415 |
| Net assets held in applicable life insurance account included as assets in Form 5500 | **1** | – |
| Net assets available for benefits per the Form 5500 | **$ 5,783,668** | $ 5,951,859 |

The net assets of the 401(h) accounts included in the Form 5500 are not available to pay pension benefits but can be used only to pay retiree health benefits and applicable life insurance benefits, respectively.

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500 related to the 401(h) account and applicable life insurance account:

| | Year Ended December 31, 2016 | | | |
|---|---|---|---|---|
| | **Amounts per Financial Statements** | **401(h) Account** | **Applicable Life Insurance Account** | **Amounts per Form 5500** |
| Interest income | $ 16 | $ 921 | $ 1 | $ 938 |
| Transfer to 401(h) account | (150,000) | 150,000 | – | – |
| Transfer to applicable life insurance account | (40,000) | – | 40,000 | – |
| Benefit payments | (358,482) | (167,232) | (40,000) | (565,714) |
| Investment and administrative expenses/PBGC premiums | (4,022) | (8,054) | – | (12,076) |
| Net decrease | $ (552,488) | $ (24,365) | $ 1 | $ (576,852) |

**10. Reconciliation of Financial Statements and Form 5500 (continued)**

The net assets and related activity of the 401(h) account and applicable life insurance account are not included in the financial statements but are included in the Form 5500 because the assets are held by the MPT.

**11. Subsequent Events**

Management has evaluated subsequent events through October 4, 2017, the date the financial statements were available to be issued. There were no material subsequent events that occurred between January 1, 2017 through October 4, 2017.

# Supplemental Schedules

Lucent Technologies Inc. Pension Plan

EIN #22-3408857 Plan #002

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

December 31, 2016

| **(b) Identity of Issue, Borrower, Lessor or Similar Party** | **(c) Description of Investment** | **(d) Cost** | **(e) Current Value** |
|---|---|---|---|
| JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | $ 2,745,240 | $ 2,745,240 |
| **Asset held in 401(h) account** | | | |
| JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | $ 188,879,713 | $ 188,879,713 |

Lucent Technologies Inc. Pension Plan

EIN #22-3408857 Plan #002

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2016

**Single Transactions in Excess of Five Percent**

| Code | Shares | (a) Identity of Party Involved | (b) Description of Asset | (c) Purchase Price* | (d) Selling Price* | (g) Cost of Asset | (i) Net Gain or (Loss) |
|---|---|---|---|---|---|---|---|
| **Assets held in 401(h) account** | | | | | | | |
| S | 17,626,485 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | $ – | $ 17,626,485 | $ 17,626,485 | $ – |
| S | 17,362,909 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 17,362,909 | 17,362,909 | – |
| S | 31,099,193 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 31,099,193 | 31,099,193 | – |
| S | 13,754,703 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 13,754,703 | 13,754,703 | – |
| B | 150,051,251 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | 150,051,251 | – | – | – |
| S | 19,100,105 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 19,100,105 | 19,100,105 | – |
| **Assets held in applicable life insurance account** | | | | | | | |
| B | 39,999,500 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | 39,999,500 | – | – | – |
| S | 39,999,500 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 39,999,500 | 39,999,500 | – |

B = Bought, S = Sold
* At market

Lucent Technologies Inc. Pension Plan

EIN #22-3408857 Plan #002

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

Year Ended December 31, 2016

**Series of Transactions in Excess of Five Percent**

| Count | Shares | (a) Identity of Party Involved | (b) Description of Asset | (c) Purchase Price* | (d) Selling Price* | (g) Cost of Asset | (i) Net Gain or (Loss) |
|---|---|---|---|---|---|---|---|
| 29 | 17,622,360 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | $ 17,622,360 | $ – | $ – | $ – |
| 48 | 19,407,737 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 19,407,737 | 19,407,737 | – |
| **Assets held in 401(h) account** | | | | | | | |
| 12 | 150,792,973 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | 150,792,973 | – | – | – |
| 20 | 157,104,401 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 157,104,401 | 157,104,401 | – |
| **Assets held in applicable life insurance account** | | | | | | | |
| 2 | 39,999,791 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | 39,999,791 | – | – | – |
| 2 | 39,999,791 | JPMorgan Chase Bank, N.A. | JPMCB Liquidity Fund | – | 39,999,791 | 39,999,791 | – |

*There were no category (ii) or (iv) reportable transactions during 2016.*

* At market

# Schedule SB Attachment (Form 5500)—2016 Plan Year
# Lucent Technologies Inc. Pension Plan
# EIN: 22-3408857 PN: 002

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

| | |
|---|---|
| Interest Rates for Minimum and Maximum Funding Purposes | The full yield curve for the month preceding the month that includes the valuation date |
| Retirement Rates | See Table 1 |
| Mortality Rates | |
| Healthy and Disabled | 2016 Static Mortality for Annuitants and Non-Annuitants per § 1.430(h)(3)-1(e) |
| Withdrawal Rates | See Table 2 |
| Disability Rates | See Table 3 |
| Percent of Participants Who Have Qualified Beneficiaries | See Table 4 |
| Decrement Timing | Middle of year decrements |
| 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 $210,000. |
| Valuation of Plan Assets | 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.<br><br>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). |

| | |
|---|---|
| Expected Return on Assets | |
| 2014 Plan Year | 5.25% limited to 6.99% |
| 2015 Plan Year | 5.00% limited to 6.81% |
| Actuarial Method | Standard unit credit cost method |
| Valuation Date | January 1, 2016 |

Table 1

**Annual Rates of Retirement on Service Pension**

| | Rates of Retirement During Year of Age x to x + 1 | |
|---|---|---|
| **Age x** | **Male** | **Female** |
| 50 | 0.0515 | 0.0975 |
| 51 | 0.0426 | 0.0897 |
| 52 | 0.0434 | 0.0912 |
| 53 | 0.0525 | 0.1008 |
| 54 | 0.0689 | 0.1173 |
| 55 | 0.0912 | 0.1395 |
| 56 | 0.1187 | 0.1664 |
| 57 | 0.1499 | 0.1964 |
| 58 | 0.1836 | 0.2286 |
| 59 | 0.2187 | 0.2616 |
| 60 | 0.2543 | 0.2943 |
| 61 | 0.2888 | 0.3257 |
| 62 | 0.5345 | 0.5340 |
| 63 | 0.3213 | 0.3542 |
| 64 | 0.3758 | 0.3981 |
| 65 | 0.6780 | 0.6942 |
| 66 | 0.3951 | 0.4112 |
| 67 | 0.4130 | 0.4134 |
| 68 | 0.3842 | 0.4500 |
| 69 | 0.3947 | 0.4800 |
| 70 | 1.0000 | 1.0000 |

Source: Alcatel-Lucent Experience 2008–2012

Table 2

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

| | Rates of Withdrawal During Year of Service t to t + 1 | |
|---|---|---|
| **Service in Years t** | **Male** | **Female** |
| 0 | 0.3716 | 0.4460 |
| 1 | 0.3509 | 0.4089 |
| 2 | 0.3299 | 0.3753 |
| 3 | 0.3086 | 0.3450 |
| 4 | 0.2873 | 0.3177 |
| 5 | 0.2658 | 0.2934 |
| 6 | 0.2447 | 0.2717 |
| 7 | 0.2237 | 0.2523 |
| 8 | 0.2030 | 0.2354 |
| 9 | 0.1829 | 0.2204 |
| 10 | 0.1634 | 0.2073 |
| 11 | 0.1445 | 0.1958 |
| 12 | 0.1265 | 0.1857 |
| 13 | 0.1094 | 0.1769 |
| 14 | 0.0935 | 0.1691 |
| 15 | 0.0788 | 0.1622 |
| 16 | 0.0653 | 0.1557 |
| 17 | 0.0531 | 0.1499 |
| 18 | 0.0426 | 0.1440 |
| 19 | 0.0393 | 0.1383 |
| 20 | 0.0359 | 0.1323 |
| 21 | 0.0324 | 0.1260 |
| 22 | 0.0290 | 0.1190 |
| 23 | 0.0257 | 0.1112 |
| 24 | 0.0222 | 0.1025 |
| 25 | 0.0188 | 0.0924 |
| 26 | 0.0155 | 0.0809 |
| 27 | 0.0120 | 0.0678 |
| 28+ | 0.0086 | 0.0528 |

Source: Alcatel-Lucent Experience 2008–2012

Table 3

**Annual Rates of Retirement on Disability Pension**

| | Rates of Disability During Year of Age x to x + 1 | |
|---|---|---|
| **Age x** | **Male** | **Female** |
| 29 | 0.0000 | 0.0001 |
| 30 | 0.0001 | 0.0003 |
| 31 | 0.0001 | 0.0005 |
| 32 | 0.0002 | 0.0006 |
| 33 | 0.0002 | 0.0007 |
| 34 | 0.0003 | 0.0010 |
| 35 | 0.0003 | 0.0013 |
| 36 | 0.0003 | 0.0015 |
| 37 | 0.0004 | 0.0017 |
| 38 | 0.0005 | 0.0019 |
| 39 | 0.0006 | 0.0022 |
| 40 | 0.0007 | 0.0024 |
| 41 | 0.0008 | 0.0026 |
| 42 | 0.0009 | 0.0027 |
| 43 | 0.0009 | 0.0029 |
| 44 | 0.0010 | 0.0031 |
| 45 | 0.0012 | 0.0033 |
| 46 | 0.0014 | 0.0035 |
| 47 | 0.0016 | 0.0038 |
| 48 | 0.0018 | 0.0042 |
| 49 | 0.0021 | 0.0046 |
| 50 | 0.0025 | 0.0050 |
| 51 | 0.0028 | 0.0055 |
| 52 | 0.0033 | 0.0061 |
| 53 | 0.0038 | 0.0067 |
| 54 | 0.0043 | 0.0072 |
| 55 | 0.0046 | 0.0077 |
| 56 | 0.0049 | 0.0081 |
| 57 | 0.0053 | 0.0085 |
| 58 | 0.0062 | 0.0093 |
| 59 | 0.0075 | 0.0107 |
| 60 | 0.0095 | 0.0127 |
| 61 | 0.0122 | 0.0151 |
| 62 | 0.0159 | 0.0181 |
| 63 | 0.0206 | 0.0218 |
| 64 | 0.0262 | 0.0261 |

Source: Alcatel-Lucent Experience 2008–2012

[1] Before retirement eligibility.

Table 4

**Percent of Participants Who Have Qualified Beneficiaries**

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

Source: Alcatel-Lucent Experience 2008–2012

| | |
|---|---|
| **Plan Name** | **Lucent Technologies Inc. Pension Plan** |
| **Plan Sponsor EIN** | **22-3408857** |
| **ERISA Plan No.** | **002** |
| **Plan Year End** | **12/31/2016** |

**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 - FivePrcntTrans |

| SCHEDULE SB (Form 5500) | Single-Employer Defined Benefit Plan Actuarial Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).<br>▶ **File as an attachment to Form 5500 or 5500-SF.** | **2016**<br>**This Form is Open to Public Inspection** |

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **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. PENSION PLAN

**B** Three-digit plan number (PN) ▶ 002

**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 01 Day 01 Year 2016

**2** Assets:

| | | |
|---|---|---|
| **a** Market value | **2a** | 5,738,444,000 |
| **b** Actuarial value | **2b** | 5,871,352,159 |

| **3** Funding target/participant count breakdown | (1) Number of participants | (2) Vested Funding Target | (3) Total Funding Target |
|---|---|---|---|
| **a** For retired participants and beneficiaries receiving payment | 23,549 | 3,499,730,477 | 3,499,730,477 |
| **b** For terminated vested participants | 18 | 3,834,951 | 3,834,951 |
| **c** For active participants | 0 | 0 | 0 |
| **d** Total | 23,567 | 3,503,565,428 | 3,503,565,428 |

| | | |
|---|---|---|
| **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** | 3.91% |
| **6** Target normal cost | **6** | 4,801,392 |

**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. — 09/15/2017

Signature of actuary — Date

LAWRENCE A. GOLDEN — 1704197

Type or print name of actuary — Most recent enrollment number

AON CONSULTING, INC. — 732-302-2142

Firm name — Telephone number (including area code)

400 ATRIUM DRIVE
SOMERSET NJ 08873

Address of the firm

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

## Part II Beginning of Year Carryover and Prefunding Balances

| | (a) Carryover balance | (b) Prefunding balance |
|---|---|---|
| 7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year) | 457,277,746 | 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) | 457,277,746 | 0 |
| 10 Interest on line 9 using prior year's actual return of 0.28% | 1,280,378 | 0 |
| 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(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of 3.58% | | 0 |
| b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return | | |
| 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) | 307,968,615 | 0 |

## Part III Funding Percentages

| | | |
|---|---|---|
| 14 Funding target attainment percentage | 14 | 158.79% |
| 15 Adjusted funding target attainment percentage | 15 | 167.58% |
| 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 | 151.06% |
| 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 | 0 |
| b Contributions made to avoid restrictions adjusted to valuation date | 19b | 0 |
| c Contributions allocated toward minimum required contribution for current year adjusted to valuation date | 19c | 0 |

20 Quarterly contributions and liquidity shortfalls:

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

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

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

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

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

**21** Discount rate:

| | 1st segment: | 2nd segment: | 3rd segment: | |
|---|---|---|---|---|
| **a** Segment rates: | % | % | % | [X] N/A, full yield curve used |

| | | |
|---|---|---|
| **b** Applicable month (enter code) | **21b** | |
| **22** Weighted average retirement age | **22** | |

**23** Mortality table(s) (see instructions) [ ] Prescribed - combined [X] Prescribed - separate [ ] Substitute

## Part VI Miscellaneous Items

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

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

**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. [ ] Yes [X] 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** | 0 |
| **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** | 4,801,392 |
| **b** Excess assets, if applicable, but not greater than line 31a | **31b** | 4,801,392 |

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

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

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

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

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

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

**a** Schedule elected [ ] 2 plus 7 years [ ] 15 years

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

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

# Schedule SB Attachment (Form 5500)—2016 Plan Year
# Lucent Technologies Inc. Pension Plan
# EIN: 22-3408857 PN: 002

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

The carryover balance as of January 1, 2016 of $307,968,615 reflects the following adjustments:

1. The amount of $67,066 transferred from Nokia Retirement Plan (PN 007) to Lucent Technologies Inc. Pension Plan (PN 002) as a result of the true-up for internal plan transfers during 2013;

2. The amount of $1,151,031 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Plan (PN 007) as a result of the true-up for internal plan transfers during 2014;

3. The amount of $346,793 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Income Plan (PN 001) as a result of the true-up for internal transfers of certain participants during 2013 (referred to as “Phase III” transfers);

4. The amount of $147,456,624 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Income Plan (PN 001) as a result of internal transfers of certain participants during 2015 (referred to as “Phase IV-A” transfers);

5. The amount of $5,035,505 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Plan (PN 007) as a result internal transfers of certain participants during 2015 (referred to as “Phase IV-B” transfers);

6. The amount of $318,507 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Plan (PN 007) as a result internal transfers of certain participants during 2015 (referred to as “Phase IV-C” transfers);

7. The amount of $2,600,020 transferred from Nokia Retirement Plan (PN 007) to Lucent Technologies Inc. Pension Plan (PN 002) as a result of internal plan transfers during 2015; and

8. The amount of $1,051,865 earned as a result of interest adjustment for the timing of Transfer Events.

## Schedule SB, Line 22—Description of Weighted Average Retirement Age

This plan covers only inactive participants and therefore there is no weighted average retirement age computed.

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

| | |
|---|---|
| Interest Rates for Minimum and Maximum Funding Purposes | The full yield curve for the month preceding the month that includes the valuation date |
| Retirement Rates | See Table 1 |
| Mortality Rates | |
| Healthy and Disabled | 2016 Static Mortality for Annuitants and Non-Annuitants per § 1.430(h)(3)-1(e) |
| Withdrawal Rates | See Table 2 |
| Disability Rates | See Table 3 |
| Percent of Participants Who Have Qualified Beneficiaries | See Table 4 |
| Decrement Timing | Middle of year decrements |
| 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 $210,000. |
| Valuation of Plan Assets | 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.<br><br>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). |

| | |
|---|---|
| Expected Return on Assets | |
| 2014 Plan Year | 5.25% limited to 6.99% |
| 2015 Plan Year | 5.00% limited to 6.81% |
| Actuarial Method | Standard unit credit cost method |
| Valuation Date | January 1, 2016 |

Table 1

**Annual Rates of Retirement on Service Pension**

| | Rates of Retirement During Year of Age x to x + 1 | |
|---|---|---|
| **Age x** | **Male** | **Female** |
| 50 | 0.0515 | 0.0975 |
| 51 | 0.0426 | 0.0897 |
| 52 | 0.0434 | 0.0912 |
| 53 | 0.0525 | 0.1008 |
| 54 | 0.0689 | 0.1173 |
| 55 | 0.0912 | 0.1395 |
| 56 | 0.1187 | 0.1664 |
| 57 | 0.1499 | 0.1964 |
| 58 | 0.1836 | 0.2286 |
| 59 | 0.2187 | 0.2616 |
| 60 | 0.2543 | 0.2943 |
| 61 | 0.2888 | 0.3257 |
| 62 | 0.5345 | 0.5340 |
| 63 | 0.3213 | 0.3542 |
| 64 | 0.3758 | 0.3981 |
| 65 | 0.6780 | 0.6942 |
| 66 | 0.3951 | 0.4112 |
| 67 | 0.4130 | 0.4134 |
| 68 | 0.3842 | 0.4500 |
| 69 | 0.3947 | 0.4800 |
| 70 | 1.0000 | 1.0000 |

Source: Alcatel-Lucent Experience 2008–2012

Table 2

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

| | **Rates of Withdrawal During Year of Service t to t + 1** | |
|---|---|---|
| **Service in Years t** | **Male** | **Female** |
| 0 | 0.3716 | 0.4460 |
| 1 | 0.3509 | 0.4089 |
| 2 | 0.3299 | 0.3753 |
| 3 | 0.3086 | 0.3450 |
| 4 | 0.2873 | 0.3177 |
| 5 | 0.2658 | 0.2934 |
| 6 | 0.2447 | 0.2717 |
| 7 | 0.2237 | 0.2523 |
| 8 | 0.2030 | 0.2354 |
| 9 | 0.1829 | 0.2204 |
| 10 | 0.1634 | 0.2073 |
| 11 | 0.1445 | 0.1958 |
| 12 | 0.1265 | 0.1857 |
| 13 | 0.1094 | 0.1769 |
| 14 | 0.0935 | 0.1691 |
| 15 | 0.0788 | 0.1622 |
| 16 | 0.0653 | 0.1557 |
| 17 | 0.0531 | 0.1499 |
| 18 | 0.0426 | 0.1440 |
| 19 | 0.0393 | 0.1383 |
| 20 | 0.0359 | 0.1323 |
| 21 | 0.0324 | 0.1260 |
| 22 | 0.0290 | 0.1190 |
| 23 | 0.0257 | 0.1112 |
| 24 | 0.0222 | 0.1025 |
| 25 | 0.0188 | 0.0924 |
| 26 | 0.0155 | 0.0809 |
| 27 | 0.0120 | 0.0678 |
| 28+ | 0.0086 | 0.0528 |

Source: Alcatel-Lucent Experience 2008–2012

Table 3

**Annual Rates of Retirement on Disability Pension**

| | Rates of Disability During Year of Age x to x + 1 | |
|---|---|---|
| **Age x** | **Male** | **Female** |
| 29 | 0.0000 | 0.0001 |
| 30 | 0.0001 | 0.0003 |
| 31 | 0.0001 | 0.0005 |
| 32 | 0.0002 | 0.0006 |
| 33 | 0.0002 | 0.0007 |
| 34 | 0.0003 | 0.0010 |
| 35 | 0.0003 | 0.0013 |
| 36 | 0.0003 | 0.0015 |
| 37 | 0.0004 | 0.0017 |
| 38 | 0.0005 | 0.0019 |
| 39 | 0.0006 | 0.0022 |
| 40 | 0.0007 | 0.0024 |
| 41 | 0.0008 | 0.0026 |
| 42 | 0.0009 | 0.0027 |
| 43 | 0.0009 | 0.0029 |
| 44 | 0.0010 | 0.0031 |
| 45 | 0.0012 | 0.0033 |
| 46 | 0.0014 | 0.0035 |
| 47 | 0.0016 | 0.0038 |
| 48 | 0.0018 | 0.0042 |
| 49 | 0.0021 | 0.0046 |
| 50 | 0.0025 | 0.0050 |
| 51 | 0.0028 | 0.0055 |
| 52 | 0.0033 | 0.0061 |
| 53 | 0.0038 | 0.0067 |
| 54 | 0.0043 | 0.0072 |
| 55 | 0.0046 | 0.0077 |
| 56 | 0.0049 | 0.0081 |
| 57 | 0.0053 | 0.0085 |
| 58 | 0.0062 | 0.0093 |
| 59 | 0.0075 | 0.0107 |
| 60 | 0.0095 | 0.0127 |
| 61 | 0.0122 | 0.0151 |
| 62 | 0.0159 | 0.0181 |
| 63 | 0.0206 | 0.0218 |
| 64 | 0.0262 | 0.0261 |

Source: Alcatel-Lucent Experience 2008–2012

[1] Before retirement eligibility.

Table 4

**Percent of Participants Who Have Qualified Beneficiaries**

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

Source: Alcatel-Lucent Experience 2008–2012

## Schedule SB, Part V – Summary of Plan Provisions

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

| | |
|---|---|
| History | The Lucent Technologies Inc. Pension Plan ("LTPP" or the "Plan") 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. Pension Plan is a noncontributory defined benefit plan which covers (i) domestic represented and certain non-represented former occupational employees of the Company who terminated employment prior to January 1, 2006, and (ii) domestic represented and non-represented former occupational employees of the company who terminate employment after December 31, 2005 with a service pension or a disability pension under the provisions of the LTRP and with respect to whom assets and liabilities are transferred from the Lucent Technologies Inc. Retirement Plan (LTRP) to the Plan. Prior to December 31, 2005, the Plan covered both active and terminated employees.<br><br>Certain participants can transfer their accumulated interest in the Plan to 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. |

Normal Retirement Age and Vesting

The normal retirement age is age 65 with the completion of five years of vesting service. Employees with at least five years of vesting service are 100% vested in their pension benefit. Employees who terminate with less than five 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 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.

Retirement Eligibility and Early Retirement Reduction

Service pensions are provided when the following conditions are met:

| **Age** | | **Minimum Years of Net Credited Service** |
|---|---|---|
| 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.<br><br>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.<br><br>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:<br><br>▪ In the case of CWA participants who terminate prior to service pension eligibility after June 1, 2001 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.<br>▪ Single life annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.<br>▪ 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. Also, if the spouse dies after the joint and survivor pension has commenced, payments to the participant will be increased to the original amount prior to the joint and survivor reduction.

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

| | |
|---|---|
| Effect of Prior Voluntary/Involuntary Downsizing Programs | In 2001, 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. |

| | |
|---|---|
| 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.<br><br>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 2016

- Effective December 1, 2010, a certain group of participants from the Lucent Technologies Inc. Pension Plan was transferred into 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 Earning and Assistance Relief Act of 2008 (the “Heart Act”).
- Effective December 1, 2011, assets and liabilities for certain identified beneficiaries were transferred from the LTPP into the ALRIP. The beneficiaries transferred were: surviving spouses and surviving contingent beneficiaries in pay status (i.e. receiving monthly payments after having satisfied the administrative requirements to commence a survivor pension) of deceased participants who died prior to January 1, 2011.
- On December 29, 2011, the Plan was amended retroactive to January 1, 2011 to provide that the pensions of rehired Business & Technical Associates (BTAs) are to be transferred to ALRIP, rather than to Lucent Technologies Inc. Retirement Plan (“LTRP”).
- Effective June 22, 2012, the Plan was amended to provide a limited window under which certain participants who are eligible for a deferred vested benefit may elect to have their pension distribution in a lump sum.

- 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 in the LTRP who retire on or after January 1, 2013.
- In 2012, the Plan was amended for Section 420 transfers as a result of the Moving Ahead for Progress in the 21st Century Act (MAP-21).
- 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 2013 Lewisville, Texas Effects Agreement between the Company and the CWA.
- Effective December 1, 2013, the Plan was amended to transfer assets and liabilities of certain identified LTPP participants, alternate payees and beneficiaries ("2013 LTPP Transferees" of the Phase III transfer) from the Plan to the ALRIP.
- Effective January 1, 2014, the Company amended the Plan to reflect additional offers under the Special Voluntary Termination Program ("SVTP") that occurred during 2014 and to provide for enhanced 2013 SVTP benefits with respect to certain eligible employees.
- Effective October 1, 2014, there was an agreement between the Company and the CWA (signed on August 13, 2014) to increase the pension band monthly benefit amounts with respect to participants who retire on or after October 1, 2014 by 3.0%. The Plan was amended December 19, 2014 to reflect this plan amendment.
- Effective November 3, 2014, the Plan was amended to provide for a one-time opportunity for eligible individuals to elect to receive a special Disability Replacement Pension benefit in lieu of continuing long-term disability benefits.
- Effective January 1, 2015, the Plan was amended to eliminate the qualified preretirement survivor charge for Qualified Domestic Relations Orders (QDRO).
- Effective January 5, 2015, the Company amended the Plan to reflect additional offers under the Special Voluntary Termination Program ("SVTP") that occurred during 2015 and to provide for enhanced 2013 SVTP benefits with respect to certain eligible employees.
- Effective June 29, 2015, the Plan was amended to provide for a one-time voluntary Retiree Lump Sum Window ("RLSW") for certain participants, surviving annuitants, and alternate payees who were in payment status as of June 13, 2015.
- Effective October 1, 2015, the Plan was amended to extend the period for transfers of excess pension assets under Section 420 to December 31, 2025 and to permit transfers of excess pension assets with respect to participants who elect to receive the value of their remaining annuity payments in a lump-sum distribution or whose remaining annuity payments are otherwise settled,
- Effective December 1, 2015, the Plan was amended to (a) transfer the assets and liabilities of certain identified LTPP participants and alternate payees to the ALRIP ("Phase IV-A Transfer"); and (b) transfer the assets and liabilities of certain identified LTPP surviving spouses to the LTRP ("Phase IV-B Transfer").
- Effective December 31, 2015, the Plan was amended to transfer the assets and liabilities of certain identified LTPP surviving beneficiaries in deferred status to the LTRP ("Phase IV-C Transfer").

## Plan Amendments After 2015

None.

## Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

| | Monthly Pension Amount Effective | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **7/1/1998** | **7/1/1999** | **7/1/2000** | **7/1/2001** | **7/1/2002** | **7/01/2005** | **1/1/2013** | **On or After 10/1/2014** |
| **Pension** | **For Retirement On or After** | | | | | | | |
| **Band** | **5/31/1998** | **6/30/1999** | **6/30/2000** | **6/30/2001** | **6/30/2002** | **10/31/2004** | **1/1/2013** | **10/1/2014** |
| 101 | $25.96 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 102 | 27.07 | $28.15 | $28.99 | $29.86 | $30.76 | $34.45 | N/A | N/A |
| 103 | 28.16 | 29.29 | 30.17 | 31.08 | 32.01 | 35.85 | 36.93 | 38.04 |
| 104 | 29.25 | 30.42 | 31.33 | 32.27 | 33.24 | 37.23 | 38.35 | 39.50 |
| 105 | 30.35 | 31.56 | 32.51 | 33.49 | 34.49 | 38.63 | 39.79 | 40.98 |
| 106 | 31.46 | 32.72 | 33.70 | 34.71 | 35.75 | 40.04 | 41.24 | 42.48 |
| 107 | 32.57 | 33.87 | 34.89 | 35.94 | 37.02 | 41.46 | 42.70 | 43.98 |
| 108 | 33.65 | 35.00 | 36.05 | 37.13 | 38.24 | 42.83 | 44.11 | 45.43 |
| 109 | 34.76 | 36.15 | 37.23 | 38.35 | 39.50 | 44.24 | 45.57 | 46.94 |
| 110 | 35.85 | 37.28 | 38.40 | 39.55 | 40.74 | 45.63 | 47.00 | 48.41 |
| 111 | 36.95 | 38.43 | 39.58 | 40.77 | 41.99 | 47.03 | 48.44 | 49.89 |
| 112 | 38.03 | 39.55 | 40.74 | 41.96 | 43.22 | 48.41 | 49.86 | 51.36 |
| 113 | 39.14 | 40.71 | 41.93 | 43.19 | 44.49 | 49.83 | 51.32 | 52.86 |
| 114 | 40.22 | 41.83 | 43.08 | 44.37 | 45.70 | 51.18 | 52.72 | 54.30 |
| 115 | 41.32 | 42.97 | 44.26 | 45.59 | 46.96 | 52.60 | 54.18 | 55.81 |
| 116 | 42.43 | 44.13 | 45.45 | 46.81 | 48.21 | 54.00 | 55.62 | 57.29 |
| 117 | 43.51 | 45.25 | 46.61 | 48.01 | 49.45 | 55.38 | 57.04 | 58.75 |
| 118 | 44.61 | 46.39 | 47.78 | 49.21 | 50.69 | 56.77 | 58.47 | 60.22 |
| 119 | 45.71 | 47.54 | 48.97 | 50.44 | 51.95 | 58.18 | 59.93 | 61.73 |
| 120 | 46.80 | 48.67 | 50.13 | 51.63 | 53.18 | 59.56 | 61.35 | 63.19 |
| 121 | 47.89 | 49.81 | 51.30 | 52.84 | 54.43 | 60.96 | 62.79 | 64.67 |
| 122 | 49.00 | 50.96 | 52.49 | 54.06 | 55.68 | 62.36 | 64.23 | 66.16 |
| 123 | 50.08 | 52.08 | 53.64 | 55.25 | 56.91 | 63.74 | 65.65 | 67.62 |
| 124 | 51.17 | 53.22 | 54.82 | 56.46 | 58.15 | 65.13 | 67.08 | 69.09 |
| 125 | 52.29 | 54.38 | 56.01 | 57.69 | 59.42 | 66.55 | 68.55 | 70.61 |
| 126 | 53.35 | 55.48 | 57.14 | 58.85 | 60.62 | 67.89 | 69.93 | 72.03 |
| 127 | 54.46 | 56.64 | 58.34 | 60.09 | 61.89 | 69.32 | 71.40 | 73.54 |
| 128 | 55.55 | 57.77 | 59.50 | 61.29 | 63.13 | 70.71 | 72.83 | 75.01 |
| 129 | 56.66 | 58.93 | 60.70 | 62.52 | 64.40 | 72.13 | 74.29 | 76.52 |
| 130 | 57.74 | 60.05 | 61.85 | 63.71 | 65.62 | 73.49 | 75.69 | 77.96 |
| 131 | 58.86 | 61.21 | 63.05 | 64.94 | 66.89 | 74.92 | 77.17 | 79.49 |
| 132 | 59.93 | 62.33 | 64.20 | 66.13 | 68.11 | 76.28 | 78.57 | 80.93 |
| 133 | 61.04 | 63.48 | 65.38 | 67.34 | 69.36 | 77.68 | 80.01 | 82.41 |
| 134 | 62.16 | 64.65 | 66.59 | 68.59 | 70.65 | 79.13 | 81.50 | 83.95 |
| 135 | 63.22 | 65.75 | 67.72 | 69.75 | 71.84 | 80.46 | 82.87 | 85.36 |

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

The carryover balance as of January 1, 2016 of $307,968,615 reflects the following adjustments:

1. The amount of $67,066 transferred from Nokia Retirement Plan (PN 007) to Lucent Technologies Inc. Pension Plan (PN 002) as a result of the true-up for internal plan transfers during 2013;

2. The amount of $1,151,031 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Plan (PN 007) as a result of the true-up for internal plan transfers during 2014;

3. The amount of $346,793 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Income Plan (PN 001) as a result of the true-up for internal transfers of certain participants during 2013 (referred to as “Phase III” transfers);

4. The amount of $147,456,624 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Income Plan (PN 001) as a result of internal transfers of certain participants during 2015 (referred to as “Phase IV-A” transfers);

5. The amount of $5,035,505 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Plan (PN 007) as a result internal transfers of certain participants during 2015 (referred to as “Phase IV-B” transfers);

6. The amount of $318,507 transferred from Lucent Technologies Inc. Pension Plan (PN 002) to Nokia Retirement Plan (PN 007) as a result internal transfers of certain participants during 2015 (referred to as “Phase IV-C” transfers);

7. The amount of $2,600,020 transferred from Nokia Retirement Plan (PN 007) to Lucent Technologies Inc. Pension Plan (PN 002) as a result of internal plan transfers during 2015; and

8. The amount of $1,051,865 earned as a result of interest adjustment for the timing of Transfer Events.

# Schedule SB Attachment (Form 5500)—2016 Plan Year
# Lucent Technologies Inc. Pension Plan
# EIN: 22-3408857 PN: 002

## Schedule SB, Line 22—Description of Weighted Average Retirement Age

This plan covers only inactive participants and therefore there is no weighted average retirement age computed.

# Schedule SB Attachment (Form 5500)—2016 Plan Year
# Lucent Technologies Inc. Pension Plan
# EIN: 22-3408857   PN: 002

## Schedule SB, Part V – Summary of Plan Provisions

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

| | |
|---|---|
| History | The Lucent Technologies Inc. Pension Plan ("LTPP" or the "Plan") 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. Pension Plan is a noncontributory defined benefit plan which covers (i) domestic represented and certain non-represented former occupational employees of the Company who terminated employment prior to January 1, 2006, and (ii) domestic represented and non-represented former occupational employees of the company who terminate employment after December 31, 2005 with a service pension or a disability pension under the provisions of the LTRP and with respect to whom assets and liabilities are transferred from the Lucent Technologies Inc. Retirement Plan (LTRP) to the Plan. Prior to December 31, 2005, the Plan covered both active and terminated employees.<br><br>Certain participants can transfer their accumulated interest in the Plan to 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. |

Normal Retirement Age and Vesting

The normal retirement age is age 65 with the completion of five years of vesting service. Employees with at least five years of vesting service are 100% vested in their pension benefit. Employees who terminate with less than five 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 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.

Retirement Eligibility and Early Retirement Reduction

Service pensions are provided when the following conditions are met:

| **Age** | | **Minimum Years of Net Credited Service** |
|---|---|---|
| 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.<br><br>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.<br><br>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:<br><br>▪ In the case of CWA participants who terminate prior to service pension eligibility after June 1, 2001 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.<br>▪ Single life annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.<br>▪ 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. Also, if the spouse dies after the joint and survivor pension has commenced, payments to the participant will be increased to the original amount prior to the joint and survivor reduction.

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

Effect of Prior Voluntary/Involuntary Downsizing Programs

In 2001, 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.

| | |
|---|---|
| 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.<br><br>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 2016

- Effective December 1, 2010, a certain group of participants from the Lucent Technologies Inc. Pension Plan was transferred into 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 Earning and Assistance Relief Act of 2008 (the “Heart Act”).
- Effective December 1, 2011, assets and liabilities for certain identified beneficiaries were transferred from the LTPP into the ALRIP. The beneficiaries transferred were: surviving spouses and surviving contingent beneficiaries in pay status (i.e. receiving monthly payments after having satisfied the administrative requirements to commence a survivor pension) of deceased participants who died prior to January 1, 2011.
- On December 29, 2011, the Plan was amended retroactive to January 1, 2011 to provide that the pensions of rehired Business & Technical Associates (BTAs) are to be transferred to ALRIP, rather than to Lucent Technologies Inc. Retirement Plan (“LTRP”).
- Effective June 22, 2012, the Plan was amended to provide a limited window under which certain participants who are eligible for a deferred vested benefit may elect to have their pension distribution in a lump sum.

- 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 in the LTRP who retire on or after January 1, 2013.
- In 2012, the Plan was amended for Section 420 transfers as a result of the Moving Ahead for Progress in the 21st Century Act (MAP-21).
- 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 2013 Lewisville, Texas Effects Agreement between the Company and the CWA.
- Effective December 1, 2013, the Plan was amended to transfer assets and liabilities of certain identified LTPP participants, alternate payees and beneficiaries ("2013 LTPP Transferees" of the Phase III transfer) from the Plan to the ALRIP.
- Effective January 1, 2014, the Company amended the Plan to reflect additional offers under the Special Voluntary Termination Program ("SVTP") that occurred during 2014 and to provide for enhanced 2013 SVTP benefits with respect to certain eligible employees.
- Effective October 1, 2014, there was an agreement between the Company and the CWA (signed on August 13, 2014) to increase the pension band monthly benefit amounts with respect to participants who retire on or after October 1, 2014 by 3.0%. The Plan was amended December 19, 2014 to reflect this plan amendment.
- Effective November 3, 2014, the Plan was amended to provide for a one-time opportunity for eligible individuals to elect to receive a special Disability Replacement Pension benefit in lieu of continuing long-term disability benefits.
- Effective January 1, 2015, the Plan was amended to eliminate the qualified preretirement survivor charge for Qualified Domestic Relations Orders (QDRO).
- Effective January 5, 2015, the Company amended the Plan to reflect additional offers under the Special Voluntary Termination Program ("SVTP") that occurred during 2015 and to provide for enhanced 2013 SVTP benefits with respect to certain eligible employees.
- Effective June 29, 2015, the Plan was amended to provide for a one-time voluntary Retiree Lump Sum Window ("RLSW") for certain participants, surviving annuitants, and alternate payees who were in payment status as of June 13, 2015.
- Effective October 1, 2015, the Plan was amended to extend the period for transfers of excess pension assets under Section 420 to December 31, 2025 and to permit transfers of excess pension assets with respect to participants who elect to receive the value of their remaining annuity payments in a lump-sum distribution or whose remaining annuity payments are otherwise settled,
- Effective December 1, 2015, the Plan was amended to (a) transfer the assets and liabilities of certain identified LTPP participants and alternate payees to the ALRIP ("Phase IV-A Transfer"); and (b) transfer the assets and liabilities of certain identified LTPP surviving spouses to the LTRP ("Phase IV-B Transfer").

- Effective December 31, 2015, the Plan was amended to transfer the assets and liabilities of certain identified LTPP surviving beneficiaries in deferred status to the LTRP ("Phase IV-C Transfer").

## Plan Amendments After 2015

None.

## Other Information to Fully and Fairly Disclose the Actuarial Position of the Plan

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

| | Monthly Pension Amount Effective | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 7/1/1998 | 7/1/1999 | 7/1/2000 | 7/1/2001 | 7/1/2002 | 7/01/2005 | 1/1/2013 | On or After 10/1/2014 |
| | For Retirement On or After | | | | | | | |
| Pension Band | 5/31/1998 | 6/30/1999 | 6/30/2000 | 6/30/2001 | 6/30/2002 | 10/31/2004 | 1/1/2013 | 10/1/2014 |
| 101 | $25.96 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 102 | 27.07 | $28.15 | $28.99 | $29.86 | $30.76 | $34.45 | N/A | N/A |
| 103 | 28.16 | 29.29 | 30.17 | 31.08 | 32.01 | 35.85 | 36.93 | 38.04 |
| 104 | 29.25 | 30.42 | 31.33 | 32.27 | 33.24 | 37.23 | 38.35 | 39.50 |
| 105 | 30.35 | 31.56 | 32.51 | 33.49 | 34.49 | 38.63 | 39.79 | 40.98 |
| 106 | 31.46 | 32.72 | 33.70 | 34.71 | 35.75 | 40.04 | 41.24 | 42.48 |
| 107 | 32.57 | 33.87 | 34.89 | 35.94 | 37.02 | 41.46 | 42.70 | 43.98 |
| 108 | 33.65 | 35.00 | 36.05 | 37.13 | 38.24 | 42.83 | 44.11 | 45.43 |
| 109 | 34.76 | 36.15 | 37.23 | 38.35 | 39.50 | 44.24 | 45.57 | 46.94 |
| 110 | 35.85 | 37.28 | 38.40 | 39.55 | 40.74 | 45.63 | 47.00 | 48.41 |
| 111 | 36.95 | 38.43 | 39.58 | 40.77 | 41.99 | 47.03 | 48.44 | 49.89 |
| 112 | 38.03 | 39.55 | 40.74 | 41.96 | 43.22 | 48.41 | 49.86 | 51.36 |
| 113 | 39.14 | 40.71 | 41.93 | 43.19 | 44.49 | 49.83 | 51.32 | 52.86 |
| 114 | 40.22 | 41.83 | 43.08 | 44.37 | 45.70 | 51.18 | 52.72 | 54.30 |
| 115 | 41.32 | 42.97 | 44.26 | 45.59 | 46.96 | 52.60 | 54.18 | 55.81 |
| 116 | 42.43 | 44.13 | 45.45 | 46.81 | 48.21 | 54.00 | 55.62 | 57.29 |
| 117 | 43.51 | 45.25 | 46.61 | 48.01 | 49.45 | 55.38 | 57.04 | 58.75 |
| 118 | 44.61 | 46.39 | 47.78 | 49.21 | 50.69 | 56.77 | 58.47 | 60.22 |
| 119 | 45.71 | 47.54 | 48.97 | 50.44 | 51.95 | 58.18 | 59.93 | 61.73 |
| 120 | 46.80 | 48.67 | 50.13 | 51.63 | 53.18 | 59.56 | 61.35 | 63.19 |
| 121 | 47.89 | 49.81 | 51.30 | 52.84 | 54.43 | 60.96 | 62.79 | 64.67 |
| 122 | 49.00 | 50.96 | 52.49 | 54.06 | 55.68 | 62.36 | 64.23 | 66.16 |
| 123 | 50.08 | 52.08 | 53.64 | 55.25 | 56.91 | 63.74 | 65.65 | 67.62 |
| 124 | 51.17 | 53.22 | 54.82 | 56.46 | 58.15 | 65.13 | 67.08 | 69.09 |
| 125 | 52.29 | 54.38 | 56.01 | 57.69 | 59.42 | 66.55 | 68.55 | 70.61 |
| 126 | 53.35 | 55.48 | 57.14 | 58.85 | 60.62 | 67.89 | 69.93 | 72.03 |
| 127 | 54.46 | 56.64 | 58.34 | 60.09 | 61.89 | 69.32 | 71.40 | 73.54 |
| 128 | 55.55 | 57.77 | 59.50 | 61.29 | 63.13 | 70.71 | 72.83 | 75.01 |
| 129 | 56.66 | 58.93 | 60.70 | 62.52 | 64.40 | 72.13 | 74.29 | 76.52 |
| 130 | 57.74 | 60.05 | 61.85 | 63.71 | 65.62 | 73.49 | 75.69 | 77.96 |
| 131 | 58.86 | 61.21 | 63.05 | 64.94 | 66.89 | 74.92 | 77.17 | 79.49 |
| 132 | 59.93 | 62.33 | 64.20 | 66.13 | 68.11 | 76.28 | 78.57 | 80.93 |
| 133 | 61.04 | 63.48 | 65.38 | 67.34 | 69.36 | 77.68 | 80.01 | 82.41 |
| 134 | 62.16 | 64.65 | 66.59 | 68.59 | 70.65 | 79.13 | 81.50 | 83.95 |
| 135 | 63.22 | 65.75 | 67.72 | 69.75 | 71.84 | 80.46 | 82.87 | 85.36 |

| | |
|---|---|
| **Plan Name** | **Lucent Technologies Inc. Pension Plan** |
| **Plan Sponsor EIN** | **22-3408857** |
| **ERISA Plan No.** | **002** |
| **Plan Year End** | **12/31/2016** |

**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 |

**LUCENT TECHNOLOGIES INC. PENSION PLAN, PN 002**
**EIN 22 - 3408857**
**ATTACHMENT TO 2016 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 12/31/2015 |
|---|---|---|---|
| Nokia Retirement Income Plan | 22-3408857 | 001 | 135.97% |
| Lucent Technologies Inc. Pension Plan | 22-3408857 | 002 | 158.79% |
| Nokia Retirement Plan | 22-3408857 | 007 | 122.36% |

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.