

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 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 2009
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>ALCATEL DATA NETWORKS INC RETIREMENT PENSION PLAN</u>	1b Three-digit plan number (PN) ► <u>002</u> 1c Effective date of plan <u>01/01/1994</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>ALCATEL-LUCENT HOLDINGS INC.</u> <u>600 MOUNTAIN AVE,ROOM 7C406</u> <u>MURRAY HILL, NJ 07974</u>	2b Employer Identification Number (EIN) <u>54-1025763</u> 2c Sponsor's telephone number <u>908-582-7140</u> 2d Business code (see instructions) <u>334410</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/12/2010</u>	<u>CASSANDRA LAMMERS</u>
	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

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

Form 5500 (2009)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ALCATEL-LUCENT HOLDINGS INC. 600 MOUNTAIN AVE, ROOM 7C406 MURRAY HILL, NJ 07974	3b Administrator's EIN 54-1025763 3c Administrator's telephone number 908-582-7140
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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
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5 Total number of participants at the beginning of the plan year	5	339
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	31
b Retired or separated participants receiving benefits.....	6b	6
c Other retired or separated participants entitled to future benefits.....	6c	280
d Subtotal. Add lines 6a , 6b , and 6c	6d	317
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	318
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	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1G 1I 3H

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ 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) ☒ Trust (4) ☐ General assets of the sponsor
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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) ☒ **R** (Retirement Plan Information)
(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☐ **A** (Insurance Information)
(4) ☒ **C** (Service Provider Information)
(5) ☒ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

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

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

A Name of plan <u>ALCATEL DATA NETWORKS INC RETIREMENT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ALCATEL-LUCENT HOLDINGS INC.</u>	D Employer Identification Number (EIN) <u>54-1025763</u>
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 <u>01</u> Day <u>01</u> Year <u>2009</u>	
2 Assets:	
a Market value	2a <u>3322453</u>
b Actuarial value	2b <u>3654698</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>4</u> <u>162042</u>
b For terminated vested participants	3b <u>303</u> <u>3266100</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>95208</u>
(2) Vested benefits	3c(2) <u>251751</u>
(3) Total active	3c(3) <u>32</u> <u>346959</u>
d Total	3d <u>339</u> <u>3775101</u>
4 If the plan is at-risk, check the box and complete items (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 at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>8.02</u> %
6 Target normal cost	6 <u>164000</u>

Statement by Enrolled Actuary

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

SIGN HERE	<u>10/04/2010</u>
Signature of actuary	Date
<u>DONALD PARSONS</u>	<u>08-05637</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>212-345-7307</u>
Firm name	Telephone number (including area code)
<u>1166 AVENUE OF THE AMERICAS</u> <u>NEW YORK, NY 10036-2708</u>	
Address of the firm	

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

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

Schedule SB (Form 5500) 2009
v.092308.1

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 (Item 13 from prior year)	262773	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	63390	0
9	Amount remaining (Item 7 minus item 8).....	199383	0
10	Interest on item 9 using prior year's actual return of <u>-22.40</u> %	-44662	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of _____ %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	154721	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	92.71 %
15	Adjusted funding target attainment percentage.....	15	96.81 %
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	97.42 %
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
04/14/2009	35000				
09/10/2010	133000				
			Totals ►	18(b)	168000
				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 contribution 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	150985
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If 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
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) 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 contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	164000
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	275124	55780
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	219780
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	68795	0
36 Additional cash requirement (item 34 minus item 35).....	36	150985
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	150985
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan ALCATEL DATA NETWORKS INC RETIREMENT PENSION PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 ALCATEL-LUCENT HOLDINGS INC.	D Employer Identification Number (EIN) 54-1025763

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 disclosure on eligible indirect compensation

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

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

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	EMPLOYER	28953	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

E&Y

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	NONE	50733	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

MERCER

13-2834414

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	39326	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

WATSON WYATT

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
14	NONE	37657	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 ☐

(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) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan ALCATEL DATA NETWORKS INC RETIREMENT 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 HOLDINGS INC.	D Employer Identification Number (EIN) 54-1025763	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	LUCENT TECH INC. MASTER PENSION TR
--	------------------------------------

b Name of sponsor of entity listed in (a):	ALCATEL-LUCENT USA INC.
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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)	3723000
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>ALCATEL DATA NETWORKS INC RETIREMENT PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALCATEL-LUCENT HOLDINGS INC.</u>	D Employer Identification Number (EIN) <u>54-1025763</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		133000
	(2) Participant contributions	1b(2)		
	(3) Other	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		5000
	(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)	199000	
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)	3174000	3723000
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	3373000	3861000

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	51000	56000
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	51000	56000

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	3322000	3805000
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Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	168000	
(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)		168000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1000	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	1000	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		2000

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (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
(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)		785000
(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		955000

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	308000	
(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)		308000
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)	164000	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		164000
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		472000

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		483000
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

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

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

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

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

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

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 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.).....		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.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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

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

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>ALCATEL DATA NETWORKS INC RETIREMENT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ALCATEL-LUCENT HOLDINGS INC.</u>	D Employer Identification Number (EIN) <u>54-1025763</u>

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	<u>0</u>
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): <u>13-3638651</u>		
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	<u>21</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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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	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 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
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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(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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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.
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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

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

Schedule R (Form 5500) 2009
v.092308.1

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 items 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 items 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 items 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 items 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 items 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 items 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 item 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 items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

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 item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Report of Independent Auditors

The Participants and Administrator
Alcatel Data Networks, Inc. Retirement Pension Plan

We have audited the accompanying statements of net assets available for benefits of Alcatel Data Networks, Inc. Retirement Pension Plan as of December 31, 2009 and 2008, the related statements of changes in net assets available for benefits for the years then ended and the statement of accumulated plan benefits as of December 31, 2008, and the statement of changes in accumulated plan benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the net assets available for benefits of the Plan at December 31, 2009, and the changes in its net assets available for benefits for the year then ended, and the financial status of the Plan at December 31, 2008, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of reportable transactions for the year ended December 31, 2009 is presented for purposes of additional analysis and is not a required part of the financial statements but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

October 8, 2010

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Alcatel Data Networks, Inc.
Retirement Pension Plan
Years Ended December 31, 2009 and 2008
With Report of Independent Auditors

Ernst & Young LLP

Alcatel Data Networks, Inc.
Retirement Pension Plan

Financial Statements and Supplemental Schedule

December 31, 2009 and 2008

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Report of Independent Auditors

The Participants and Administrator
Alcatel Data Networks, Inc. Retirement Pension Plan

We have audited the accompanying statements of net assets available for benefits of Alcatel Data Networks, Inc. Retirement Pension Plan as of December 31, 2009 and 2008, the related statements of changes in net assets available for benefits for the years then ended and the statement of accumulated plan benefits as of December 31, 2008, and the statement of changes in accumulated plan benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the net assets available for benefits of the Plan at December 31, 2009, and the changes in its net assets available for benefits for the year then ended, and the financial status of the Plan at December 31, 2008, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of reportable transactions for the year ended December 31, 2009 is presented for purposes of additional analysis and is not a required part of the financial statements but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

October 8, 2010

Alcatel Data Networks, Inc.
Retirement Pension Plan

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
	<i>(In Thousands)</i>	
Assets		
Investments at fair value:		
Plan interest in Lucent Technologies Inc. Master Pension Trust	\$ 3,723	\$ 3,174
Cash	5	—
Common/Collective Trust Fund	—	199
Contributions receivable	133	—
Total assets	<u>3,861</u>	<u>3,373</u>
Liabilities		
Accounts payable and accrued liabilities	56	51
Total liabilities	<u>56</u>	<u>51</u>
Net assets available for benefits	<u><u>\$ 3,805</u></u>	<u><u>\$ 3,322</u></u>

See accompanying notes.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2009	2008
	<i>(In Thousands)</i>	
Additions		
Plan interest in the Lucent Technologies Inc. Master Pension Trust	\$ 785	\$ (1,009)
Interest income	1	3
Contributions	168	—
Other	1	—
Total additions	<u>955</u>	<u>(1,006)</u>
Deductions		
Benefits paid to participants	308	43
Investment and administrative expenses	149	165
Pension Benefit Guaranty Corporation (PBGC) premiums	15	11
Total deductions	<u>472</u>	<u>219</u>
Net increase/(decrease)	<u>483</u>	<u>(1,225)</u>
Net assets available for benefits		
Beginning of period	3,322	4,547
End of period	<u>\$ 3,805</u>	<u>\$ 3,322</u>

See accompanying notes.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Statement of Accumulated Plan Benefits

December 31, 2008
(In Thousands)

Actuarial present value of accumulated plan benefits

Vested benefits:

Participants currently receiving payments

\$ 187

Active participants

421

Other participants

4,390

Non-vested benefits

118

Total actuarial present value of accumulated plan benefits

\$ 5,116

See accompanying notes.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Statement of Changes in Accumulated Plan Benefits

Year Ended December 31, 2008
(In Thousands)

Actuarial present value of accumulated plan benefits at beginning of period	\$ 4,960
Increase (decrease) during the period attributable to:	
Change in assumptions	(43)
Benefits accumulated and (gains) losses	(54)
Increase for interest due to the decrease in the discount period	296
Benefits paid	(43)
Net increase	<u>156</u>
Actuarial present value of accumulated plan benefits at end of period	<u>\$ 5,116</u>

See accompanying notes.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements

December 31, 2009
(In Thousands)

1. Plan Description

The following brief description of the Alcatel Data Networks, Inc. Retirement Pension Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan Document for a more complete description.

The Plan is a defined benefit plan covering substantially all salaried former employees of Alcatel Data Networks, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Effective March 1, 2007, the Plan was designated a participating plan in the Lucent Technologies Inc. Master Pension Trust (the “MPT”) and invested in certain sleeves within the MPT in accordance with the established asset allocation of the Plan.

History – The original sponsoring employer of the Plan was Alcatel Data Networks, Inc. That company was merged with and into Alcatel USA Marketing, Inc., a wholly owned subsidiary of Alcatel USA, Inc. (now known as Alcatel-Lucent Holdings Inc.) (the “Company”), as of January 1, 1999. Effective January 1, 1999, the Company became the Plan sponsor. The Plan was also amended to include Alcatel USA Marketing, Inc. (the survivor of the merger of Alcatel Data Networks, Inc. and Alcatel USA Marketing, Inc.) as a participating employer under the Plan as of December 31, 1998. The amendment had no effect on benefits.

Prior to December 31, 1999, employees became participants in the Plan as of their date of hire. Effective December 31, 1999, participation in the Plan was frozen.

Effective December 31, 2002, the Company elected to freeze pensionable earnings and credited service for all participants in the Plan. No other provisions of the Plan were affected.

On December 12, 2003, the Plan was amended to make the following two classes of employees eligible to participate in the Plan:

- individuals hired into non-union positions at the Raleigh, North Carolina facility during 2001 (i.e., between January 1, 2001 and December 31, 2001, inclusive) (the “Raleigh Facility Participants”); and

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

1. Plan Description (continued)

- individuals hired into non-union positions at the Longview, Texas facility during 2001 or 2002 (i.e., between January 1, 2001 and December 31, 2002, inclusive) (the “Longview Facility Participants”).

Raleigh Facility Participants and Longview Facility Participants accrued benefits under the Plan commencing with their date of hire through December 31, 2002 (the date when accruals under the Plan for all other participants previously ceased).

As further described in Note 9, during 2010, the Plan merged with another employee benefit plan sponsored by the Company.

Benefit Eligibility: Eligibility for benefits is determined by length of service. Participants must have five years of vesting service, as defined in the Plan, to be eligible to receive benefits under the Plan. Employees earned a year of credited service for each 365-day period that elapsed while the employee was entitled to service credit under the terms of the Plan document.

Contributions: The Company generally contributes the actuarially determined amounts necessary to provide the Plan with sufficient assets to meet the benefits payable to the Plan participants at normal retirement. The Company makes contributions to the Plan to meet the minimum funding requirements under ERISA, as determined by the Plan’s actuaries. Included in the minimum funding amount is a provision to reduce the deficit between the net assets available for benefits and accumulated plan benefits. The Company believes this provision is sufficient to reduce the deficit. No participant contributions are required or permitted.

Benefit Payments: Upon termination of service, forms of payment to a participant, as defined in the Plan document, include: (1) single life annuity, (2) joint and survivor annuity, (3) qualified joint and survivor annuity, (4) non-spousal joint and survivor annuity, or (5) lump-sum payment.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Codification ("ASC" or the "Codification") 105-10, *"The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles"*, (formerly Statement of Financial Accounting Standards ("SFAS") 168.) FASB ASC 105-10 establishes the ASC as the source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with U.S. GAAP. The Codification became the exclusive authoritative reference for annual periods ending on or after September 15, 2009. Updates to the Codification are issued as Accounting Standard Updates ("ASU") by the FASB. In these financial statements, a dual presentation of the Codification and the former reference has been adopted. The adoption of the Codification does not impact the Plan's financial statements except for references made to authoritative accounting literature in the footnotes.

Contributions and Actuarial Method

The Company's funding policy, subject to the minimum funding requirements of ERISA, is to contribute such amounts as are determined on an actuarial basis to provide the Plan with assets sufficient to meet benefit obligations for funding purposes. The Plan has met 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.

Accumulated plan benefits represent the actuarial present value of estimated future periodic payments, including lump-sum distributions, under the Plan's provisions that are attributable to services rendered by the participants through December 31, 2002. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries. Benefits payable under all circumstances – retirement, death, full and permanent disability, and termination of employment are included to the extent that they are deemed attributable to employee service rendered to the valuation date.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary, and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money through discounts for interest and the probability of payment (by means of decrements such as death, full and permanent disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Significant assumptions underlying the actuarial computations for 2009 and 2008, utilizing a beginning of plan year valuation date, are as follows. The interest assumption used to determine the actuarial present values of accumulated plan benefits was 6.05% at December 31, 2008 and 6% at December 31, 2007. The lump sum conversion rate was 4.79% at December 31, 2008 and December 31, 2007. The withdrawal and retirement rates vary based on age. For 2009, the mortality rate was the 2009 PPA separate static annuitant and non-annuitant mortality tables. For 2008, the mortality rate is The 1994 Group Annuity Reserve Tables for males and females.

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.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

2. Summary of Significant Accounting Policies (continued)

Benefit Payments

Benefit payments to participants are recorded upon distribution.

Investment and Administrative Expenses

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

Pension Benefit Guaranty Corporation (“PBGC”) Premiums

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year’s presentation.

New Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-6, *Improving Disclosures about Fair Value Measurements*, which amends ASC 820 (defined below) to require entities to disclose separately the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers, the reasons for any transfers in or out of Level 3, and information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis. In addition, ASU 2010-06 amends ASC 820 to clarify that reporting entities are required to provide fair value measurement disclosures for each “class” of assets and liabilities.

ASU 2010-6 is effective for the beginning of an entity’s first annual reporting period that begins after December 15, 2009 with the exception of the requirement to separately disclose purchases, sales, issuances, and settlements of recurring Level 3 measurements on a gross basis, which becomes effective for fiscal years beginning after December 15, 2010. The Plan does not believe the adoption of ASU 2010-6 will materially impact its financial statements.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

3. Tax Status

The Plan received a determination letter from the Internal Revenue Service dated August 9, 2010, stating that the Plan was in compliance with the applicable requirements of the Internal Revenue Code ("IRC"). The Plan Administrator believes that the Plan currently is designed and being operated in compliance with the applicable requirements of the IRC. Where the Plan Administrator has identified operational errors, the Plan Administrator has indicated that it has taken the necessary steps, or will take the necessary steps, to bring the Plan's operations into compliance with the IRC. Therefore, no provision for income taxes has been made.

4. Termination Priorities

The Plan may be terminated or amended at any time by the action of the Board of Directors of the Company. 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, the excess shall first be used to pay the expenses of the Plan termination and the balance, if any, shall revert to the Company.

5. Interest in Lucent Technologies Inc. Master Pension Trust

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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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 2009, the following plans participate in the MPT:

- (1) the Plan ("ADN"),
- (2) the Alcatel-Lucent Retirement Income Plan ("ALRIP"),
- (3) the Lucent Technologies Inc. Pension Plan ("LTPP"), and
- (4) the Lucent Technologies Inc. Retirement Plan ("LTRP").

Each participating plan has an undivided interest in the MPT's various investment sleeves. At December 31, 2009 and 2008, the Plan's interest in the net assets of the MPT was less than 1%.

The following table presents each investment sleeve and the percentage of ownership within the sleeve for the years ended December 31, 2009 and 2008:

Investment Sleeve Data

	ALRIP		LTPP		LTRP		ADN	
	2009	2008	2009	2008	2009	2008	2009	2008
	Sleeve	Sleeve	Sleeve	Sleeve	Sleeve	Sleeve	Sleeve	Sleeve
	%	%	%	%	%	%	%	%
Domestic Equity*	—	68%	—	31%	—	1%	100%	—
Developed International Equity*	—	79	—	20	—	1	100	—
Emerging Markets Equity*	—	76	—	23	—	1	—	—
Global Equity*	75	—	24	—	1	—	—	—
Core Fixed Income-LPF**	—	—	96	96	4	4	—	—
Core Fixed Income-LGC**	100	100	—	—	—	—	—	—
Corporate Bond Mgt*	100	—	—	—	—	—	—	—
Corporate Bond Occ*	—	—	96	—	4	—	—	—
TIPS	54	54	44	44	2	2	—	—
High Yield Debt	52	51	46	47	2	2	—	—
Private Equity	52	52	46	47	2	1	—	—
Real Estate	53	53	46	46	1	1	—	—
Absolute Return	100	100	—	—	—	—	—	—
Russell Mgt Rebalancing	100	—	—	—	—	—	—	—
Russell Occ Inac Rebalancing	—	—	100	—	—	—	—	—
Russell Occ Act Rebalancing	—	—	—	—	100	—	—	—

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

* In July 2009, the Alcatel-Lucent Board of Directors approved a change to the asset allocation of the ALRIP, LTPP and the LTRP. An allocation to Global Equity was added which replaced the allocation to Domestic Equity, Developed International Equity and Emerging Markets Equity. Additionally, an allocation to Corporate Bonds was added. The ADN Plan's asset allocation did not change.

** Certain prior year amounts have been reclassified to conform to the current year's presentation.

In the normal course of business, the MPT enters into contracts that contain indemnification clauses. Generally, the parties involved are indemnified from all claims, liabilities, losses, damages and expenses arising out of willful misconduct, bad faith or negligence. 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 Company ("ALIMCO") directs the Trustee to redeem units from the MPT to provide proper liquidity for each Participating Plan's benefit payments.

Investment transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date except for certain dividends from non-U.S. securities which are recorded as soon as the information is available after the ex-dividend date. Realized gains or losses on the sale of securities are determined based on average cost. Distributions from limited partnership investments are treated as interest and dividend 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 distributions are received from the real estate properties or limited partnerships.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

The components of the investments in MPT as of December 31, 2009 and 2008 are summarized as follows:

	December 31	
	2009	2008
Assets		
Investments, at fair value:		
Cash and cash equivalents	\$ 1,597,803	\$ 1,146,617
Cash collateral fund	3,854,068	3,711,869
Cash equivalents held in 401(h) account	263,306	275,940
Government and U.S. Treasury obligations*	6,988,487	9,996,112
Fixed income securities*	13,722,114	9,547,946
Common stock and other equities*	3,491,486	4,055,437
Common collective trusts	704,210	807,670
Real estate	1,109,223	1,435,337
Limited partnership investments	3,887,121	3,709,643
Other investments	—	177,448
Total investments	<u>35,617,818</u>	<u>34,864,019</u>
Receivable for investments sold	759,468	2,399,326
Accrued income receivable	273,870	240,619
Due from brokers	113,249	237,749
Total assets	<u>36,764,405</u>	<u>37,741,713</u>
Liabilities		
Collateral held for loaned securities	3,867,313	3,832,938
Payable for investments purchased	1,119,394	2,863,559
Securities sold, not yet purchased, at fair value	57,130	455,294
Liability related to 401(h) account	263,306	275,940
Due to brokers	77,667	217,101
Futures contracts, at fair value	24,100	—
Pending foreign exchange contracts	1,166	—
Swap contracts, at fair value	15,728	90,545
Accrued expenses and other liabilities	18,454	18,305
Outstanding options written, at fair value (premiums received \$3,251 in 2009 and \$5,282 in 2008)	4,343	17,718
Total liabilities	<u>5,448,601</u>	<u>7,771,400</u>
Net assets	<u>\$ 31,315,804</u>	<u>\$ 29,970,313</u>

* As of December 31, 2009 and 2008, the total fair value of securities on loan was \$3,833,871 and \$3,773,398, respectively. Of these securities on loan \$266,348 and \$375,978 were equity securities, and \$3,567,523 and \$3,397,420 were debt securities, respectively.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

Investment Income

The following table presents the investment income for the MPT for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Net appreciation/(depreciation) in fair value of investments	\$ 2,942,246	\$ (5,095,211)
Interest	988,274	1,242,071
Dividends	119,753	142,587
Net investment income from real estate	78,433	71,213
Net investment income from limited partnerships	25,220	74,941
Other income	32,083	66,259
Total investment income/(loss)	<u>\$ 4,186,009</u>	<u>\$ (3,498,140)</u>

For the years ended December 31, 2009 and 2008, the net appreciation/(depreciation) in fair value of investments in the MPT, including both realized gains and losses and unrealized appreciation/(depreciation), was comprised of the following:

	<u>2009</u>	<u>2008</u>
Fixed income securities	\$ 1,175,898	\$ (708,599)
Common stock and other equities	1,560,587	(2,857,317)
Real estate	(503,906)	(228,192)
Limited partnership investments	603,704	(955,873)
Other investments	105,963	(345,230)
	<u>\$ 2,942,246</u>	<u>\$ (5,095,211)</u>

Investment Valuation

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 the last reported bid price on the principal

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

securities exchanges or listed market on which such securities are traded. Fixed income securities, securities sold not yet purchased and securities not traded on an exchange or a listed market are valued at the bid price or the average of the bid and asked prices on the valuation date obtained from published sources where available, or are valued with consideration of trading activity or any other relevant information such as independent broker quotations. Fair values of investments in restricted securities, private equity direct investments, publically traded investments and other securities for which market quotations are not readily available, or for which market quotations may be considered unreliable, are estimated in good faith by ALIMCO and/or the Investment Advisors, under consistently applied procedures deemed to be appropriate in the given circumstances. The methods and procedures to fair value these investments may include, but are not limited to the consideration of the following factors: comparisons with prices of comparable or similar securities, obtaining valuation-related information from issuers, using independent third party valuation specialists and pricing models, time value of money, volatility, current market and contractual prices of the underlying financial instrument, counterparty non-performance risk, and/or other analytical data relating to the investment and using other available indications of value, as applicable. Because of the inherent uncertainties of valuation, the 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. At December 31, 2009 and 2008, certain fixed income and equity securities for which market quotations are not readily available were valued at fair value as provided by the Investment Advisors with a total of \$42,649 and \$21,608, respectively.

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

Investments in real estate consist principally of wholly-owned core property investments, the fair values of which are reviewed on a quarterly basis by core property managers. These investments are valued at amounts based predominantly upon appraisal reports prepared by independent real estate appraisers on at least an annual basis.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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

The limited partnerships and commingled funds report net asset values of the MPT's investments in such vehicles on a periodic basis to the MPT. ALIMCO performs due diligence of various degrees on these limited partnerships and commingled funds. Investments in limited partnerships and commingled funds are carried at fair value, which generally represent the MPT's proportionate share of net assets of the limited partnerships and commingled funds as valued by the general partners of these entities. ALIMCO follows its valuation policy, and other due diligence and investment procedures, which includes evaluating information provided by management of these vehicles, to determine that such valuations 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. At December 31, 2009 and 2008, ALIMCO did not override any of the valuations provided by the general partners and commingled funds. Due to the inherent uncertainty of valuation for these investment vehicles, ALIMCO's estimate of fair value for these limited partnerships and commingled funds may differ from the values that would have been used had a ready and liquid market existed for such investments, and such differences could be material.

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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

The fair value of the MPT's assets and liabilities which qualify as financial instruments under ASC Topic 825, *Financial Instruments* approximates the carrying amounts presented in the schedule of net assets of the MPT.

The Plan's interest in the MPT exceeded 5% of its net assets available for benefits at December 31, 2009 and 2008. There was no individual investment or investments with the same issuer that equaled or exceeded 5% of the MPT's net assets at December 31, 2009 and 2008.

Collateral (net) held by brokers for futures contracts and swap contracts outstanding was \$146,028 and \$161,235 at December 31, 2009 and 2008, respectively. These amounts are included in due to/from brokers and government and U.S. treasury obligations on the schedule of net assets of the MPT.

At December 31, 2009, Cash and cash equivalents and Cash equivalents held in the 401(h) account were primarily comprised of short term investment funds held at BNY Mellon. The MPT considers all highly liquid investment instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

The MPT is subject to credit risk to the extent that BNY Mellon may be unable to fulfill its obligations to repay amounts owed to the MPT.

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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

Fair Value of Investments

In accordance with ASC 820, *Fair Value Measurements and Disclosures* (formerly known as SFAS 157), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability at the measurement date (an exit price). ASC 820 requires enhanced classification and disclosures about financial instruments carried at fair value and establishes a fair value hierarchy that prioritizes the inputs used in valuation models and techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly (inputs include quoted prices for similar assets or liabilities in active markets, interest rates 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, real estate properties and the MPT's interest in the Long-Term Investment Trust.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

The following is a summary of the inputs utilized in valuing the MPT's assets and liabilities carried at fair value as of December 31, 2009 and 2008:

As of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents ¹	\$ 56,020	\$ 1,805,089	\$ —	\$ 1,861,109
Cash collateral fund	—	3,854,068	—	3,854,068
Common collective trusts	—	704,210	—	704,210
Domestic equity* ²	1,494,995	8,964	—	1,503,959
International equity* ²	1,987,527	—	—	1,987,527
Asset backed securities ³	—	318,486	—	318,486
Corporate debt securities ³	9,093	11,954,758	194	11,964,045
International government bonds ³	57,115	143,973	—	201,088
Mortgage backed securities ³	—	731,879	—	731,879
Government & U.S. treasury obligations	4,160,778	2,827,709	—	6,988,487
U.S. states & subdivisions ³	—	407,001	—	407,001
Limited partnership investments	—	—	3,887,121	3,887,121
Real estate	—	—	1,109,223	1,109,223
Swaps, bank debt, other fixed income securities	—	44,696	54,919	99,615
Total assets	\$ 7,765,528	\$ 22,800,833	\$ 5,051,457	\$ 35,617,818
Liabilities				
Written options	\$ 239	\$ 4,104	\$ —	\$ 4,343
Futures contracts	24,100	—	—	24,100
Pending foreign exchange contracts	1,166	—	—	1,166
Government & U.S. treasury obligations	—	57,130	—	57,130
Derivative contracts	—	15,728	—	15,728
Total liabilities	\$ 25,505	\$ 76,962	\$ —	\$ 102,467

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

¹ Comprised of cash equivalents of \$1,597,803 and cash equivalents held in 401(h) account of \$263,306

² Such strategies aggregate to \$3,491,486, which is included in common stock and other equities on the schedule of net assets of the MPT

³ Such strategies aggregate to \$13,722,114, which is included in fixed income securities on the schedule of net assets of the MPT

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

As of December 31, 2008:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 2,524	\$ 1,136,919	\$ 7,174	\$ 1,146,617
Cash collateral fund	—	3,711,869	—	3,711,869
Cash held in 401 (h) account		275,940	—	275,940
Common collective trusts	—	—	807,670	807,670
Common stock and other equities	4,025,168	30,269	—	4,055,437
Fixed income securities	—	9,493,487	54,459	9,547,946
Government and Treasury obligations	4,324,144	5,671,968	—	9,996,112
Limited partnership investments	—	—	3,709,643	3,709,643
Real estate	—	—	1,435,337	1,435,337
Other investments	166,640	3,988	6,820	177,448
Total assets	<u>\$ 8,518,476</u>	<u>\$ 20,324,440</u>	<u>\$ 6,021,103</u>	<u>\$ 34,864,019</u>
Liabilities				
Outstanding options written	\$ 53	\$ 17,665	\$ —	\$ 17,718
Swap contracts	—	90,545	—	90,545
Securities sold, not yet purchased	—	455,294	—	455,294
Total liabilities	<u>\$ 53</u>	<u>\$ 563,504</u>	<u>\$ —</u>	<u>\$ 563,557</u>

The Plan also invested in certain common collective trusts (“CCTs”) which were held in segregated Plan accounts. The fair value of these CCTs was \$199 as of December 31, 2008 and was categorized as Level 2.

The following tables are a reconciliation of assets the MPT held during the years ended December 31, 2009 and December 31, 2008 at fair value using significant unobservable inputs (Level 3):

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

	As of December 31, 2009				
	Beginning Balance January 1, 2009	Net Realized and Unrealized Gains (Losses)**	Net Purchases (Sales) and Settlements	Net Transfers In (Out)	Ending Balance, December 31, 2009
Cash and cash equivalents	\$ 7,174	\$ —	\$ 359,759	\$ (366,933)	\$ —
Common collective trusts*	807,670	410,202	(513,662)	(704,210)	—
Corporate debt securities	36	(1,397)	—	1,555	194
Swaps, bank debt, other fixed income securities	61,243	13,430	(19,980)	226	54,919
Limited partnership investments	3,709,643	280,504	(103,026)	—	3,887,121
Real estate	1,435,337	(256,794)	(69,320)	—	1,109,223
Total	<u>\$ 6,021,103</u>	<u>\$ 445,945</u>	<u>\$ (346,229)</u>	<u>\$ (1,069,362)</u>	<u>\$ 5,051,457</u>

* Common Collective Trusts were reclassified to Level 2 as a result of current GAAP guidance.

** The above net gains on Level 3 assets are included in net appreciation/(depreciation) in fair value of investments in the schedule detailing investment income of the MPT.

As of December 31, 2008:

	<u>Assets</u>
Beginning balance as of January 1, 2008	\$ 9,138,007
Investments purchases (sales), net	(1,473,601)
Transfers in (out), net	(10,678)
Net losses*	(1,632,625)
Ending balance as of December 31, 2008	<u>\$ 6,021,103</u>

* The above net loss on Level 3 assets are included in net appreciation in fair value of investments in the schedule detailing investment income of the MPT.

Net changes in unrealized appreciation/(depreciation) on assets still held as of December 31, 2009 and December 31, 2008 amounted to (\$771,085) and \$1,276,826, respectively and are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

During the year ended December 31, 2009, the MPT adopted ASU 2009-12 *Investments in Certain Entities That Calculate Net Asset Value per Share* which provides additional guidance on measuring the fair value of certain entities that calculate a net asset value (“NAV”) or its equivalent, such as member units or an ownership interest in partners’ capital consistent with the measurement principles of FASB ASC 946, *Financial Services — Investment Companies* (formerly the *AICPA Accounting and Auditing Guide for Investment Companies*) (i.e., entities that measure investment assets at fair value on a recurring basis). Additionally, the MPT is required to disclose additional information regarding the nature of its investments in such entities as well as when MPT uses the NAV reported by such entities 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, 2009:

Description of Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Long/Short Hedge Funds ^(a)	\$ 180,812	\$ —	Quarterly, Semi-annually, Annually	45-60 days
Event Driven Hedge Funds ^(b)	385,552	—	Quarterly, Annually	30-90 days
Multi-strategy Hedge Funds ^(c)	163,212	—	Quarterly, Annually	45-90 days
Relative Value Hedge Fund ^(d)	40,266	—	Monthly	30 days
Real Estate Funds ^(e)	435,620	175,673		
Private Equity Funds – Venture Capital ^(f)	1,132,600	461,731		
Private Equity Funds – Buyouts ^(g)	1,198,048	563,465		
Private Equity Funds – Special Situations ^(h)	334,414	155,029		
Private Equity Funds – Direct Investments ⁽ⁱ⁾	16,597	—		
Total	<u>\$ 3,887,121</u>	<u>\$ 1,355,898</u>		

- (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 representing 11% of the value of this category cannot be redeemed until July 2010; the remaining investments in this category can be redeemed at any time subject to the redemption notice period of each respective hedge fund.
- (b) This category includes investments in hedge funds that invest in equities and fixed income to profit from economic, political and government driven events. 7% of this category is held in side pockets. 2% of this category had enacted the “gate” provisions within their governing documents.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

- (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. 10% of this category is held in side pockets. 4% of this category had enacted the “gate” provisions within their governing documents.
- (d) This category includes investments in hedge funds that involve taking simultaneous long and short positions in closely related markets in both equities and fixed income instruments. This category of hedge funds has no investments held in side pockets.
- (e) This category includes several real estate funds that invest in the U.S., Europe and Asia. The fair values of the investments in this category have been estimated using the net asset value of the MPT’s ownership interest in partners’ capital. These investments cannot be redeemed. Distributions from these funds will be received as the underlying investments of the funds are liquidated. It is estimated that the assets of the funds will be liquidated over the next 7 to 10 years.
- (f) 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 7 to 10 years from inception of the funds.
- (g) 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 7 to 10 years from inception of the funds.
- (h) 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 7 to 10 years from inception of the funds.
- (i) This category includes private equity funds that principally make direct investments in the equity securities of privately held companies structured through limited partnerships. The fair value of the investments in this category is measured using the aggregate asset value of the MPT’s pro-rata equity interest in each company. These investments cannot be redeemed. Distributions from these investments will be received by the MPT as the underlying equity interests are liquidated. The liquidation of this category of investments is anticipated to conclude over the next 3 to 5 years.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

Guarantees and Commitments

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

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

As of December 31, 2009:

	Single Name Corporate Bond Credit Default Swaps	Sovereign Debt Credit Default Swaps	Municipal Debt Credit Default Swaps
Fair value of sold protection	\$ 1,327	\$ 3	\$ 1
Maximum undiscounted potential future payments	\$ 30,300	\$ 3,600	\$ 900
Approximate term of the contracts	One to Five years	Two years	Ten years
Credit ratings of underlying instruments	AA+ to BB+	BBB to BBB-	AA to AA-

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

As of December 31, 2008:

	Single Name Corporate Bond Credit Default Swaps	Sovereign Debt Credit Default Swaps	Municipal Debt Credit Default Swaps
Fair value of sold protection	\$ 1,538	\$ 209	\$ (1)
Maximum undiscounted potential future payments	\$ 23,900	\$ 1,500	\$ 900
Purchased protection on the same underlying instruments, with the same credit terms, conditions and counterparties	\$ 4,800	\$ —	\$ —
Approximate term of the contracts	One to Five years	Ten years	Ten years
Credit ratings of underlying instruments	AAA to CC	AA to AA-	AA to AA-

At December 31, 2009, the MPT held 22 written put option contracts that are expiring at various times between January and September 2010. The maximum payout for a written put option is limited to the number of contracts written and the related strike prices and amounted to \$11,782. The fair value of the written put option was (\$4,026).

At December 31, 2008, the MPT held 10 written put option contracts that expired at various times between February and September 2009. The maximum payout for a written put option is limited to the number of contracts written and the related strike prices and amounted to \$5,892. The fair value of the written put option was (\$70).

Securities Lending

The MPT participates in an agency securities lending program with BNYMellon Bank, N.A. (“BNYMellon Bank”), an affiliate of the Trustee. The securities lending agreement requires that the MPT receive cash, letters of credit or U.S. Treasury securities as collateral for securities on loan, equaling 102% of the fair value of domestic securities and 105% of the total fair value of non-U.S. securities on loan. As of December 31, 2009 and 2008, the fair value of the securities on loan was \$3,833,871 and \$3,773,398, respectively. As of December 31, 2009 and 2008, the fair value of the associated collateral was \$3,973,547 and \$3,974,154, respectively, of which \$3,867,313 and \$3,832,938, respectively was received in cash and subsequently invested in a

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

pooled investment vehicle. The investments purchased with the cash collateral are included in the cash collateral fund on the schedule of net assets of the MPT at December 31, 2009 and 2008. The remaining collateral at December 31, 2009 and 2008 in the amount of \$106,234 and \$141,216, respectively, was received in the form of letters of credit and U.S. Treasuries, which the MPT cannot sell or repledge and accordingly are not reflected in the MPT's assets and liabilities. The MPT received interest and securities lending income in the amount of \$20,623 in 2009 and \$61,917 in 2008 from the securities lending program; this income is included in other income on the schedule detailing investment income of the MPT.

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

6. Derivative Financial Instruments

In the ordinary course of business, the MPT enters into various types of derivative transactions through its discretionary Investment Advisors. Derivative contracts serve as components of the MPT's investment strategies and are utilized primarily to structure and hedge investments to enhance performance and reduce risk to the MPT, as well as 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; quantitative disclosures of the location and gross fair value of derivative instruments reported in the schedule of net assets of the MPT and location of the gains and losses generated from derivative investing activity during the year ended December 31, 2009 and December 31, 2008 on the schedule detailing investment income of the MPT.

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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

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 is a party to off-balance sheet futures contracts. The MPT's Investment Advisors use index futures contracts to manage both short-term asset allocation and the duration of the fixed income portfolio. Most of the contracts have terms of less than one year. The credit risk of futures contracts is limited because they are standardized contracts traded on organized exchanges and are subject to daily cash settlement of the net change in value of open contracts. Fluctuation in unrealized gain or loss related to other futures contracts is recorded daily until realized on closing. Both realized and unrealized gain or loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT. Futures contracts require collateral consisting of cash or liquid securities and daily variation margin settlements to be made with brokers. Outstanding futures contracts held by the MPT consist primarily of S&P 500 index futures, Eurodollar futures and U.S. Treasury Note and exchange index futures. The total fair value of futures contracts at December 31, 2009 and 2008 was \$(24,100) and \$166,640, respectively, and are included in futures contracts and other investments, respectively on the schedule of net assets of the MPT.

Forward Contracts

In a forward foreign currency contract, one currency is exchanged for another on an agreed-upon date at an agreed-upon exchange rate. Management permits the MPT's Investment Advisors to 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. When the contract is closed, the MPT records a realized gain or loss equal to the difference between the cost of the contract at the time it was opened and the value at the time it was closed. Both realized and unrealized gain/loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

As of December 31, 2009 and 2008, the MPT held open forward foreign currency exchange contracts receivable and payable primarily in Canadian Dollars, Japanese Yen, Swiss Francs, British Pounds, and Euros and U.S. Treasury security forward contracts. The total fair value of forward contracts at December 31, 2009 and 2008 was (\$1,166) and \$3,967, respectively, which are included in pending foreign exchange contracts and other investments, respectively on the statement 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 of the MPT. The risks include price movements in the underlying securities, the possibility that options market may be illiquid, or the inability of the counterparties to fulfill their obligations under the contracts.

As of December 31, 2009 and 2008, the MPT had written option contracts outstanding consisting primarily of options on currency futures and options on fixed income securities which are included in outstanding options written on the schedule of net assets of the MPT.

Swaps

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 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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

income of the MPT. The Investment Advisors retained by the MPT enter into interest rate swaps as part of their investment strategy to hedge exposure to changes in interest rates and to enhance investment returns. The Investment Advisors also enter into credit default swaps in order to manage the credit exposure in the portfolio and to enhance investment returns.

A credit default swap represents an agreement in which one party, the protection buyer, pays a fixed fee, the premium, in return for a payment by the other party, the protection seller, contingent upon a specified default event relating to an underlying reference asset or pool of assets. While there is no default event, the protection buyer pays the protection seller the periodic premium. If the specified credit event occurs there is an exchange of cash flows and/or securities designed so that the net payment to the protection buyer reflects the loss incurred by creditors of the reference credit in the event of its default. The nature of the credit event is established by the buyer and seller at the inception of the transaction and such events include bankruptcy, insolvency, rating agency downgrade and failure to meet payment obligations when due. Risks 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, 2009 and 2008, the MPT had outstanding swap contracts consisting primarily of interest rate swap and credit default swap contracts. The fair value of swap contracts that are included in fixed income securities in the schedule of net assets of the MPT at December 31, 2009 and 2008 are \$33,491 and \$54,220, respectively.

The MPT generally enters into master netting agreements via its Investment Advisors' International Swaps and Derivatives Association ("ISDA") Master Agreements with its counterparties which allow it to offset amounts owed from the counterparty with amounts payable to the same counterparty. Each Investment Advisor retains separate ISDA agreements with the MPT's counterparties. In addition, any cash collateral payables and receivables associated with the derivatives have not been added or netted against the fair value amounts.

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

Information about Derivative Instruments and Derivative Activity

The following table sets forth the gross fair value of MPT's derivative asset and liability contracts by major risk type as of December 31, 2009 and their location on the schedule of net assets of the MPT. The fair values of these derivatives are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting as permitted by the MPT's Investment Advisors' bilateral ISDA Master Agreements.

Derivative Contracts	Derivative Contracts – Assets		Derivative Contracts – Liabilities	
	Fair Value	Location on the Schedule of Net Assets of the MPT	Fair Value	Location on the Schedule of Net Assets of the MPT
Foreign currency risk contracts ¹	\$ 17,320	Futures contracts, at fair value and pending foreign exchange contracts	\$ 7,874	Futures contracts, at fair value and pending foreign exchange contracts
Equity and fixed income price risk contracts ²	12,205	Futures contracts, at fair value	4,872	Futures contracts, at fair value and outstanding options written, at fair value
Interest rate risk contracts ³	38,149	Fixed income securities and futures contracts, at fair value	77,655	Swap contracts, at fair value, futures contracts, at fair value and outstanding options written, at fair value
Credit risk contracts ⁴	16,490	Fixed income securities	5,163	Swap Contracts, at fair value
Total Derivative Contracts	\$ 84,164		\$ 95,564	

¹ Includes futures contracts, options and foreign exchange contracts

² Includes index futures and option contracts on fixed income securities

³ Includes interest rate swaps, futures contracts and option contracts on fixed income securities

⁴ Includes credit default swaps and total return swaps

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(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, 2009 which are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT:

Derivative Contracts	Net Appreciation/ (Depreciation) in Fair Value of Investments
Foreign currency risk contracts	\$ 51,457
Equity and fixed income price risk contracts	129,611
Interest rate risk contracts	(117,351)
Credit risk contracts	(13,919)
Total Derivative Contracts	<u>\$ 49,798</u>

The following table summarizes the volume of MPT's derivative activity by presenting the average quarterly notional value of swap contracts outstanding and the average number of options and futures contracts outstanding by major risk type during the year ended December 31, 2009:

	Assets	Liabilities
Derivative Contracts-Average quarterly notional amounts		
Interest rate risk contracts ¹	\$ 3,696,425	\$ 1,332,848
Credit rate risk contracts ²	154,041	73,740
Equity and fixed income price risk contracts ³	840,129	219,900
Derivative Contracts-Average quarterly number of contracts		
Foreign currency risk contracts ⁴	6,783	296
Interest rate risk contracts ¹	—	449
Equity and fixed income price risk contracts ³	—	76

¹ Includes interest rate swaps, futures contracts and option contracts on fixed income securities

² Includes credit default swaps and total return swaps

³ Includes index futures and options contracts on fixed income securities

⁴ Includes futures contracts, options and foreign exchange contracts

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

6. Derivative Financial Instruments (continued)

Credit-Risk Related Contingent Features

The MPT's derivative contracts are subject to ISDA Master Agreements which generally contain certain covenants and other provisions that may affect the MPT in situations where the MPT is in a net liability position with its counterparties. These provisions require the MPT to 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 MPT 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 MPT and request immediate payment on all open derivative contracts, after the application of master netting arrangements ("credit-risk-related contingent features").

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position, prior to the application of master netting arrangements, as of December 31, 2009 is \$19,647 for which the MPT has posted collateral of \$11,141 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, 2009 (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, 2009 may be different than the net liability amounts stated at December 31, 2009 and such differences could be material. The Investment Advisors believe the likelihood of any provisions within the master netting agreements being triggered is minimal.

7. Off-Balance Sheet Risk and Risk Concentrations

In the normal course of its business, the MPT trades various financial instruments and enters into various investment activities with a variety of off-balance sheet risks including market, credit, liquidity, and risks associated with foreign investing.

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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

reflected in the statements of net assets. 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.

Credit risk is measured by the loss the MPT would incur if its counterparties failed to perform pursuant to the terms of their respective obligations. The MPT enters into financial futures contracts, 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. 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 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 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

Alcatel Data Networks, Inc.
Retirement Pension Plan

Notes to Financial Statements (continued)

(In Thousands)

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

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, 2009 and 2008, including any unfunded commitments.

8. Party-in-Interest Transactions

Certain Plan investments are shares of common collective trust funds managed by affiliates of the Trustee, and therefore, these transactions qualify as party-in-interest transactions.

Certain Master Trust investments are shares/units of the Company’s common stock and fixed income securities, therefore, transactions relating to these investments qualify as party-in-interest transactions.

9. Subsequent Events

Management has evaluated subsequent events through October 8, 2010, the date the financial statements were available to be issued. Except as disclosed below, there were no other material subsequent events that occurred between December 31, 2009 through October 8, 2010 that required disclosure in the financial statements.

Effective July 1, 2010, the Plan merged with the ALRIP, with the ALRIP being the surviving plan.

Supplemental Schedule

Alcatel Data Networks, Inc.
Retirement Pension Plan

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2009

Single Transactions in Excess of Five Percent

Code	Shares/ Par Value	Security Description	Cost of Purchase*	Proceeds From Sales*	Cost of Assets Disposed	Transaction Expense	Gain/ Loss
S	11,533	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	\$ —	\$ 11,533	\$ 11,533	\$ —	\$ —
S	156,701	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	156,701	156,701	—	—
B	35,000	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	35,000	—	—	—	—
S	24,009	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	24,009	24,009	—	—
S	21,865	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	21,865	21,865	—	—
S	18,895	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	18,895	18,895	—	—
B	30,781	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	30,781	—	—	—	—
S	29,900	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	29,900	29,900	—	—
B	42,815	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	42,815	—	—	—	—
S	36,801	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	36,801	36,801	—	—

B = Bought, S = Sold

* at market

Alcatel Data Networks, Inc.
Retirement Pension Plan

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

Year Ended December 31, 2009

Series of Transactions in Excess of Five Percent

Count	Shares/ Par Value	Security Description	Cost of Purchase*	Proceeds From Sales*	Cost of Assets Disposed	Gain/ Loss
11	127,976	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	\$ 127,976	\$ –	\$ –	\$ –
26	325,116	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	–	325,116	325,116	–

There were no category (ii) or (iv) transactions during 2009.

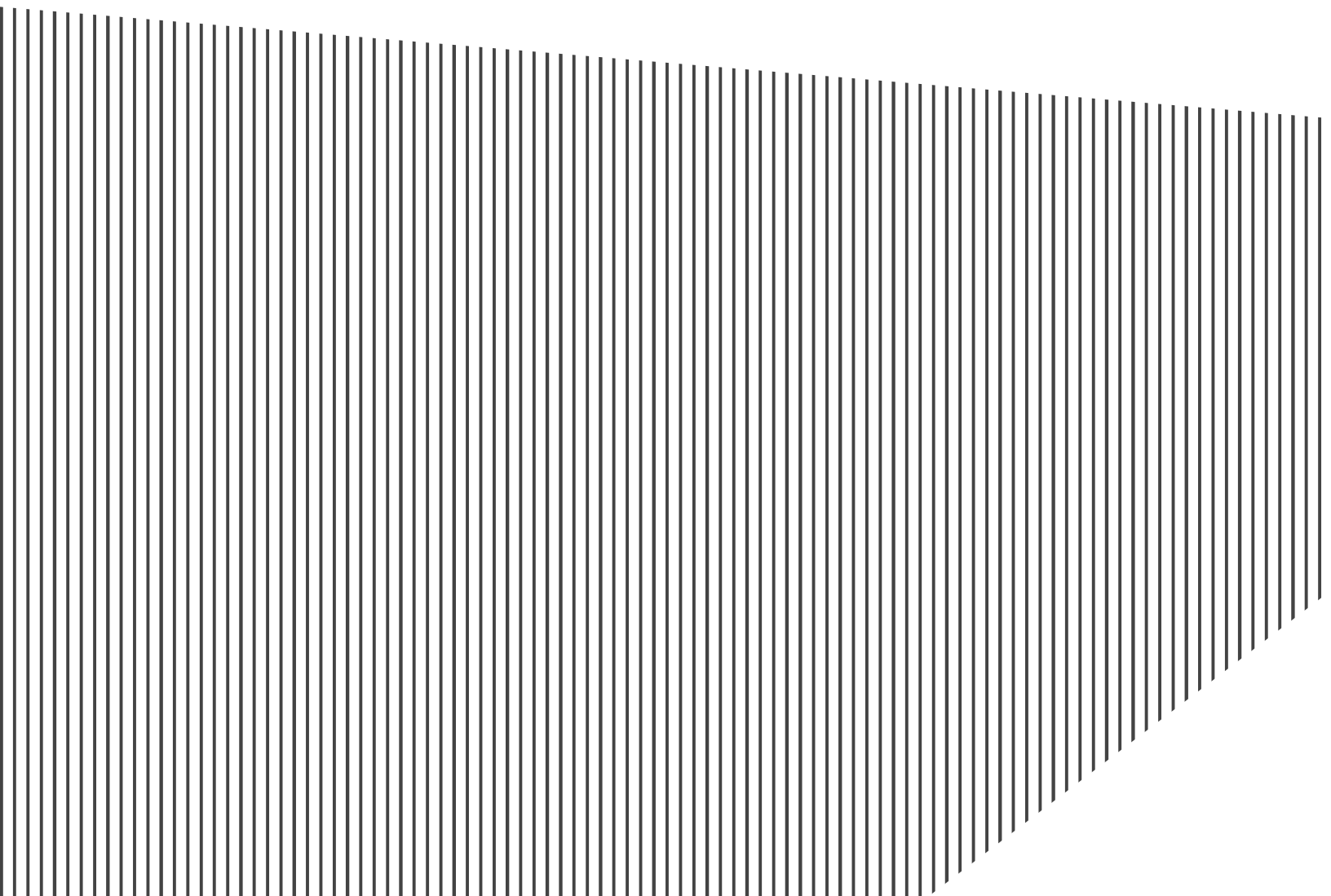
*at market

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Alcatel Data Networks, Inc.
Retirement Pension Plan

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2009

Single Transactions in Excess of Five Percent

Code	Shares/ Par Value	Security Description	Cost of Purchase*	Proceeds From Sales*	Cost of Assets Disposed	Transaction Expense	Gain/ Loss
S	11,533	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	\$ —	\$ 11,533	\$ 11,533	\$ —	\$ —
S	156,701	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	156,701	156,701	—	—
B	35,000	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	35,000	—	—	—	—
S	24,009	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	24,009	24,009	—	—
S	21,865	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	21,865	21,865	—	—
S	18,895	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	18,895	18,895	—	—
B	30,781	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	30,781	—	—	—	—
S	29,900	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	29,900	29,900	—	—
B	42,815	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	42,815	—	—	—	—
S	36,801	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	—	36,801	36,801	—	—

B = Bought, S = Sold

* at market

Alcatel Data Networks, Inc.
Retirement Pension Plan

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

Year Ended December 31, 2009

Series of Transactions in Excess of Five Percent

Count	Shares/ Par Value	Security Description	Cost of Purchase*	Proceeds From Sales*	Cost of Assets Disposed	Gain/ Loss
11	127,976	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	\$ 127,976	\$ –	\$ –	\$ –
26	325,116	COLLECTIVE US GOVT STIF 7 DTD VAR RT 12/31/2049 DD 10/30/08	–	325,116	325,116	–

There were no category (ii) or (iv) transactions during 2009.

*at market

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

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 59.

(A) Retirement Age	(B) Retirement Percent	(C) Lx	(D) Number of Employees expected to retire (B) x (C)	(E) (A) x (D)
55	15.00%	100	15	825
56	15.00%	85	13	714
57	15.00%	72	11	618
58	15.00%	61	9	534
59	15.00%	52	8	462
60	15.00%	44	7	399
61	15.00%	38	6	345
62	25.00%	32	8	497
63	15.00%	24	4	227
64	15.00%	20	3	196
65	100.00%	17	17	1,129
Total			100	5,947
Average Retirement Age				59

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

Actuarial assumptions

Discount rate elections		
▪ Funding	Full Yield Curve for November 2008 (October 2008 average rates)	
Mortality elections		
▪ Healthy participants	2009 PPA separate static annuitant and nonannuitant mortality tables.	
▪ Disabled participants	2009 PPA separate static annuitant and nonannuitant mortality tables.	
Other economic assumptions		
▪ Salary increases	N/A	
▪ Social Security wage base	N/A	
▪ Expected investment return	7.50% for 2008	
▪ Expenses	\$164,000 added to current year normal cost	
Demographic assumptions		
Withdrawal	See table of sample rates.	
Disability incidence	Wyatt 1985 Disability Study Class 1 pension male and female rates. See table of sample rates.	
Retirement age	See table of sample rates.	
Benefit commencement age for		
▪ Future vested deferred	Age at termination	
▪ Current vested deferred	Age 65	
Spouse assumptions	<u>Male participants</u>	<u>Female participants</u>
▪ Percentage married	65%	65%
▪ Spouse age difference	3 years younger	3 years older

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods *(continued)*

Form of payment	<u>Lump Sum</u>	<u>Single life</u>
▪ Active retirements	100%	0%
▪ Future disabilities	100%	0%
▪ Future deaths	100%	0%
▪ Future vested deferred	100%	0%
▪ Current vested deferred	0%	100%

Table of Sample Rates

Attained Age	Withdrawal	Percentage	
		Disability Incidence	
		Male	Female
20	14.9%	0.029%	0.030%
25	9.9	0.038	0.047
30	6.9	0.048	0.080
35	4.9	0.069	0.136
40	2.8	0.117	0.211
45	1.7	0.202	0.323
50	0.4	0.358	0.533
55	0.0	0.722	0.952
60	0.0	1.256	1.159

Attained Age	Percentage Retirement
55	15.0%
56	15.0
57	15.0
58	15.0
59	15.0
60	15.0
61	15.0
62	25.0
63	15.0
64	15.0
65	100.0

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods *(continued)*

Actuarial methods

Asset methods

We used financial data submitted by the trustee as of the valuation date without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

The asset valuation method is an annual average of the adjusted market value over the last 12 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate for the month prior to the 12 month period. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset valuation method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than market value.

Participant methods

We used the participant data supplied by the plan sponsor. We have reviewed the data and have no reason to doubt its substantial accuracy. Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities. No actuarial liability is included for participants who terminated nonvested prior to the valuation date.
- **Insurance contracts:** The plan does not have any insurance contracts.
- **Disabled participants:** The liabilities for participants on long-term disability have been included with the liabilities for terminated vested participants.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.

Benefits included or excluded

Unless noted below, all benefits provided by the plan are included in this valuation.

- **Plan amendments:** Amendments adopted after the valuation date or effective after the current plan year are excluded from the valuation.
- **Late retirement increases:** This valuation does not include late retirement actuarial increases for active or deferred vested participants.

- **Shutdown benefits:** We are not aware of any corporate actions that would create shutdown benefits; therefore, they are excluded.
- **IRC Section 415(b):** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **Benefit restrictions:** Benefit restrictions (if applicable) are ignored in this valuation.

Plan sponsor elections

Funding interest rate:

- Full yield curve with two month look-back

Valuation of lump sums based on IRC Section 417(e) assumptions:

- Lump sum benefit based on annuity substitution liability
- Adjustment to reflect five-year phase-in of PPA rates was not used
- Did not use generational mortality table option

Asset method:

The asset valuation method is an annual average of the adjusted market value over the last 12 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate for the month prior to the 12 month period. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

Minimum funding method

Target liability for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **accrued liability** is the present value of benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **normal cost** is the present value of the benefit deemed to accrue in the plan year. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual normal costs, and the plan's **funding target liability** is the sum of the accrued liabilities for all participants under the plan.

Schedule SB, Line 25 – Change in Methods

The asset methodology was changed from a two month average asset value to a 12 month average asset value.

The funding interest rate plan sponsor election was changed from the full yield curve with no look-back to the full yield curve with two month look-back.

Beginning with the 2009 valuation, expected administrative expenses are added to the normal cost.

Schedule SB, Line 26 – Schedule of Active Participant Data

Attained age	Years of credited service as of January 1, 2009									
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up
< 25	-	-	-	-	-	-	-	-	-	-
25 - 29	1	2	-	-	-	-	-	-	-	-
30 - 34	1	3	-	-	-	-	-	-	-	-
35 - 39	-	2	-	-	-	-	-	-	-	-
40 - 44	3	2	-	-	-	-	-	-	-	-
45 - 49	-	4	1	-	1	1	-	-	-	-
50 - 54	1	4	-	-	-	1	-	-	--	-
55 - 59	-	2	-	-	-	-	-	-	-	-
60 - 64	1	-	-	-	-	-	-	-	-	-
65 - 69	-	1	-	-	-	-	-	-	-	-
70+	-	1	-	-	-	-	-	-	-	-

Schedule SB, Line 32 – Schedule of Amortization Base

The shortfall amortization charge is the sum of the shortfall base amortization for each plan year covered under PPA. Although a shortfall base can be negative, the combined shortfall amortization charge cannot be negative.

Shortfall bases					
Year established		Outstanding balance	Years remaining	Installment	
2008	\$	318,008	6	\$	63,390
2009		(42,884)	7		(7,610)
Total	\$	275,124		\$	55,780

Schedule SB, Part V – Summary of Plan Provisions

Plan provisions

We have used and relied upon the plan documents, including amendments, supplied by the plan sponsor. The plan sponsor is solely responsible for the validity and completeness of this information.

Following is a summary of the major plan provisions used to determine the plan's financial position. It should not be used in determining plan benefits.

Effective date and plan year	Original plan: January 1, 1994 Restated plan: January 1, 2002 Plan year: January 1 to December 31
Most recent amendment	December 12, 2002
Definitions	
▪ Participating employees	Salaried employees paid from the Ashburn, Virginia payroll for periods prior to January 1, 2000, and previously paid from the Ashburn, Virginia payroll for periods on and after January 1, 2000. Participation is frozen effective December 31, 1999.
▪ Employee contributions	None required or allowed.
▪ Vesting credit service	A year is credited for each 365 day period completed on and after January 1, 1994, beginning with the first day of employment, and adjusted for certain absences. Partial credit is given for any period less than 365 days. Vesting service before 1994 is determined under the provisions of the prior plan.
▪ Accrued benefit	Accrued benefits were frozen as of December 12, 2002. Accrued benefits as of December 12, 2002, have been provided by the plan administrator.
Normal retirement	
▪ Eligibility	Later of age 65, or the earlier of the completion of 5 years of vesting service or the 5th anniversary of participation in the plan.
▪ Benefit	The accrued benefit, commencing the first day of the month coincident or next following the attainment of normal retirement age.

Early retirement	
▪ Eligibility	Termination of employment after attainment of age 55 and the completion of five or more years of vesting service and not eligible for disability pension. Minimum benefits under the prior plan, if applicable, may be payable earlier.
▪ Benefit	The accrued benefit, subject to the following reductions: (1) If sum of age and credited service after December 31, 1993, is less than 85 ("Rule of 85"), 3% per year prior to normal retirement date, subject to the minimum benefit provisions under Appendix A, B, C or D. (2) Otherwise, the accrued benefit is unreduced. A temporary life only benefit is payable until normal retirement date equal to $.0025 \times \text{average compensation} \times \text{credited service after December 31, 1993}$.
Late retirement	
▪ Eligibility	Employment after normal retirement date.
▪ Benefit	The accrued benefit as of the late retirement date, but not less than the actuarial equivalent value of the normal retirement benefit.
Deferred vested retirement	
▪ Eligibility	Earlier of five years of vesting service or the attainment of normal retirement age.
▪ Benefit	The accrued benefit. The benefit is actuarially reduced for commencement prior to normal retirement age.
Disability retirement	
▪ Eligibility	A participant is eligible for a disability pension if eligibility for long term disability benefits or Social Security disability benefits is met.
▪ Benefit	The disability pension is equal to the accrued benefit determined as of the earlier of the date of disability or December 31, 2002. Benefits ordinarily commence at the later of Normal Retirement Date or when LTD benefits cease. Participants under the prior plan may be eligible for earlier distribution of minimum benefits.
Pre-retirement death	
▪ Eligibility	Death benefits are payable to the surviving spouse provided the participant had completed 5 years of vesting service at the time of death.

Schedule SB, Part V – Summary of plan provisions *(continued)*

▪ Benefit	Prior to age 55, the actuarial equivalent of the deferred accrued benefit payable at normal retirement date, payable as a lump sum or a life annuity to the surviving spouse. After age 55, the actuarial equivalent of the early retirement benefit, payable as a lump sum or a life annuity to the surviving spouse. The benefit will not be less than the amount payable to the surviving spouse under the qualified J&S annuity provisions.
Form of benefits	
▪ Automatic form for unmarried participants	Single - Life annuity.
▪ Automatic form for married participants	50% joint & survivor annuity.
▪ Optional forms	▪ 75% or 100% qualified joint & survivor annuity ▪ 50%, 75% or 100% non-spousal joint & survivor annuity ▪ lump sum
Miscellaneous	
▪ Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2009, the limit is \$195,000.
▪ Changes since the prior valuation	Maximum benefits were updated from 2008 to 2009.

Schedule SB, Line 21b – Explanation of Discount Rate Applicable Month Discrepancy

The full yield curve with an applicable lookback month of November 2008 was used to value funding liabilities as of January 1, 2009.

The applicable month has not been entered here due to restrictions within the EFAST2 system which did not allow for an entry in line 21b if the "N/A, full yield curve used" option was selected in line 21a. Since the applicable month was the second month preceding the month including the valuation date (November 2008), "2" would have been entered in line 21b had the system allowed an entry.

Line 21b was completed on the pdf attachment of the Schedule SB.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2009**This Form is Open to Public
Inspection**

For calendar plan year 2009 or fiscal plan year beginning _____ and ending _____

▶ Round off amounts to nearest dollar.

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

A Name of plan

Alcatel Data Networks, Inc. Retirement 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 Holdings Inc.

D Employer Identification Number (EIN)

54-1025763

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500**Part I Basic Information****1** Enter the valuation date: Month 1 Day 1 Year 2009**2** Assets:

	2a	
a Market value.....	3,322,453	
b Actuarial value.....	3,654,698	

3 Funding target/participant count breakdown

(1) Number of participants

(2) Funding Target

		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	4	162,042
b For terminated vested participants	3b	303	3,266,100
c For active participants:			
(1) Non-vested benefits.....	3c(1)		95,208
(2) Vested benefits.....	3c(2)		251,751
(3) Total active	3c(3)	32	346,959
d Total.....	3d	339	3,775,101

4 If the plan is at-risk, check the box and complete items (a) and (b) ☐

	4a	4b
a Funding target disregarding prescribed at-risk assumptions		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....		

5 Effective interest rate..... **5** 8.02 %**6** Target normal cost..... **6** 164,000**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

Donald Parsons

Type or print name of actuary

Mercer

1166 Avenue of the Americas Firm name

New York NY 10036-2708

Address of the firm

10/4/2010

Date

08-05637

Most recent enrollment number

(212) 345-7307

Telephone number (including area code)

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

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

Schedule SB (Form 5500) 2009
v.092308.1

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 (Item 13 from prior year)	262,773	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	63,390	0
9 Amount remaining (Item 7 minus item 8).....	199,383	0
10 Interest on item 9 using prior year's actual return of <u>(22.40)</u> %	(44,662)	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of _____ %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	154,721	0

Part III Funding percentages

14 Funding target attainment percentage.....	14	92.71 %
15 Adjusted funding target attainment percentage.....	15	96.81 %
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	97.42 %
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
04/14/2009	35,000				
09/10/2010	133,000				
Totals ▶			18(b)	168,000	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 contribution 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	150,985

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 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
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 2
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) 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 contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	164,000
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	275,124	55,780
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33).....	34	219,780
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	68,795	0
36 Additional cash requirement (item 34 minus item 35).....	36	150,985
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	150,985
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0