

|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                         |
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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>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).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2010</b><br><br><b>This Form is Open to Public Inspection</b> |
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|                                                                                                          |                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                           |
| For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u> |                                                                                                                                                                                                                                           |
| <b>A</b> This return/report is for:                                                                      | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                         |
| <b>B</b> This return/report is:                                                                          | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| <b>C</b> If the plan is a collectively-bargained plan, check here. . . . .                               | <input checked="" type="checkbox"/>                                                                                                                                                                                                       |
| <b>D</b> Check box if filing under:                                                                      | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                 |

|                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--|
| <b>Part II</b>                                                                                                                                                                                                                                            | <b>Basic Plan Information</b> —enter all requested information                                                                                                                                                                                                                                                                         |                                                                     |                                                             |                                                             |  |
| <b>1a</b> Name of plan<br><u>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN</u>                                                                                                                                                                                 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>007</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/><u>12/31/2005</u></td> </tr> </table>                        | <b>1b</b> Three-digit plan number (PN) ▶                            | <u>007</u>                                                  | <b>1c</b> Effective date of plan<br><u>12/31/2005</u>       |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                                                                                  | <u>007</u>                                                                                                                                                                                                                                                                                                                             |                                                                     |                                                             |                                                             |  |
| <b>1c</b> Effective date of plan<br><u>12/31/2005</u>                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2a</b> Plan sponsor's name and address (employer, if for a single-employer plan)<br>(Address should include room or suite no.)<br><br><u>ALCATEL-LUCENT USA INC.</u><br><br><br><u>600 MOUNTAIN AVENUE, ROOM 7C406</u><br><u>MURRAY HILL, NJ 07974</u> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><b>2b</b> Employer Identification Number (EIN)<br/><u>22-3408857</u></td> </tr> <tr> <td><b>2c</b> Sponsor's telephone number<br/><u>908-582-7140</u></td> </tr> <tr> <td><b>2d</b> Business code (see instructions)<br/><u>334200</u></td> </tr> </table> | <b>2b</b> Employer Identification Number (EIN)<br><u>22-3408857</u> | <b>2c</b> Sponsor's telephone number<br><u>908-582-7140</u> | <b>2d</b> Business code (see instructions)<br><u>334200</u> |  |
| <b>2b</b> Employer Identification Number (EIN)<br><u>22-3408857</u>                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2c</b> Sponsor's telephone number<br><u>908-582-7140</u>                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2d</b> Business code (see instructions)<br><u>334200</u>                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |

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

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

|                  |                                                   |            |                                                              |
|------------------|---------------------------------------------------|------------|--------------------------------------------------------------|
| <b>SIGN HERE</b> | Filed with authorized/valid electronic signature. | 10/17/2011 | CASSANDRA LAMMERS                                            |
|                  | <b>Signature of plan administrator</b>            | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b> |                                                   |            |                                                              |
|                  | <b>Signature of employer/plan sponsor</b>         | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b> |                                                   |            |                                                              |
|                  | <b>Signature of DFE</b>                           | 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 (2010)  
v.092307.1

|                                                                                                                                                                                    |                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address (if same as plan sponsor, enter "Same")<br>ALCATEL-LUCENT USA INC.<br><br>600 MOUNTAIN AVENUE, ROOM 7C406<br>MURRAY HILL, NJ 07974 | <b>3b</b> Administrator's EIN<br>22-3408857<br><br><b>3c</b> Administrator's telephone number<br>908-582-7140 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                       |                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>4</b> 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:<br><br><b>a</b> Sponsor's name | <b>4b</b> EIN<br><br><b>4c</b> PN |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|

|                                                                         |          |      |
|-------------------------------------------------------------------------|----------|------|
| <b>5</b> Total number of participants at the beginning of the plan year | <b>5</b> | 1832 |
|-------------------------------------------------------------------------|----------|------|

|                                                                                                                                                        |           |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ). |           |      |
| <b>a</b> Active participants.....                                                                                                                      | <b>6a</b> | 1269 |
| <b>b</b> Retired or separated participants receiving benefits.....                                                                                     | <b>6b</b> | 12   |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                      | <b>6c</b> | 134  |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                               | <b>6d</b> | 1415 |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....                                              | <b>6e</b> | 2    |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                | <b>6f</b> | 1417 |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....         | <b>6g</b> |      |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....             | <b>6h</b> | 4    |

|                                                                                                                                      |          |  |
|--------------------------------------------------------------------------------------------------------------------------------------|----------|--|
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) ..... | <b>7</b> |  |
|--------------------------------------------------------------------------------------------------------------------------------------|----------|--|

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

1B 1E 1G 3F 3H

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

4L

|                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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

**a Pension Schedules**

- (1) ☒ **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)

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).<br><br>▶ <b>File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2010</b><br><br><b>This Form is Open to Public Inspection</b> |
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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.

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

|                                                                                                                                                                                                       |                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Part I</b>                                                                                                                                                                                         | <b>Basic Information</b>                                    |
| <b>1</b> Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>                                                                                                                     |                                                             |
| <b>2</b> Assets:                                                                                                                                                                                      |                                                             |
| <b>a</b> Market value .....                                                                                                                                                                           | <b>2a</b> <u>359566000</u>                                  |
| <b>b</b> Actuarial value .....                                                                                                                                                                        | <b>2b</b> <u>352473600</u>                                  |
| <b>3</b> Funding target/participant count breakdown                                                                                                                                                   |                                                             |
|                                                                                                                                                                                                       | <b>(1) Number of participants</b> <b>(2) Funding Target</b> |
| <b>a</b> For retired participants and beneficiaries receiving payment .....                                                                                                                           | <b>3a</b> <u>2</u> <u>2839836</u>                           |
| <b>b</b> For terminated vested participants .....                                                                                                                                                     | <b>3b</b> <u>155</u> <u>6880604</u>                         |
| <b>c</b> For active participants:                                                                                                                                                                     |                                                             |
| <b>(1)</b> Non-vested benefits .....                                                                                                                                                                  | <b>3c(1)</b> <u>29314509</u>                                |
| <b>(2)</b> Vested benefits .....                                                                                                                                                                      | <b>3c(2)</b> <u>180130541</u>                               |
| <b>(3)</b> Total active .....                                                                                                                                                                         | <b>3c(3)</b> <u>1675</u> <u>209445050</u>                   |
| <b>d</b> Total .....                                                                                                                                                                                  | <b>3d</b> <u>1832</u> <u>219165490</u>                      |
| <b>4</b> If the plan is at-risk, check the box and complete items (a) and (b) .....                                                                                                                   | <input type="checkbox"/>                                    |
| <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                             | <b>4a</b>                                                   |
| <b>b</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 ..... | <b>4b</b>                                                   |
| <b>5</b> Effective interest rate .....                                                                                                                                                                | <b>5</b> <u>6.63</u> %                                      |
| <b>6</b> Target normal cost .....                                                                                                                                                                     | <b>6</b> <u>7521859</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.

|                                                      |                                        |
|------------------------------------------------------|----------------------------------------|
| <b>SIGN HERE</b>                                     | <u>10/14/2011</u>                      |
| Signature of actuary                                 | Date                                   |
| <u>LAWRENCE A. GOLDEN</u>                            | <u>11-04197</u>                        |
| Type or print name of actuary                        | Most recent enrollment number          |
| <u>AON CONSULTING INC.</u>                           | <u>732-302-2142</u>                    |
| Firm name                                            | Telephone number (including area code) |
| <u>400 ATRIUM DRIVE</u><br><u>SOMERSET, NJ 08873</u> |                                        |
| Address of the firm                                  |                                        |

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

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

**Schedule SB (Form 5500) 2010**  
**v.092308.1**

| Part II   | Beginning of year carryover and prefunding balances                                             | (a) Carryover balance | (b) Prefunding balance |
|-----------|-------------------------------------------------------------------------------------------------|-----------------------|------------------------|
| <b>7</b>  | Balance at beginning of prior year after applicable adjustments (Item 13 from prior year) ..... | 10336143              | 0                      |
| <b>8</b>  | Portion used to offset prior year's funding requirement (Item 35 from prior year) .....         | 0                     | 0                      |
| <b>9</b>  | Amount remaining (Item 7 minus item 8).....                                                     | 10336143              | 0                      |
| <b>10</b> | Interest on item 9 using prior year's actual return of <u>17.01</u> % .....                     | 1758178               |                        |
| <b>11</b> | Prior year's excess contributions to be added to prefunding balance:                            |                       |                        |
| <b>a</b>  | Excess contributions (Item 38 from prior year) .....                                            |                       | 0                      |
| <b>b</b>  | Interest on (a) using prior year's effective rate of <u>8.11</u> % .....                        |                       | 0                      |
| <b>c</b>  | Total available at beginning of current plan year to add to prefunding balance .....            |                       | 0                      |
| <b>d</b>  | Portion of (c) to be added to prefunding balance.....                                           |                       | 0                      |
| <b>12</b> | Reduction in balances due to elections or deemed elections.....                                 | 0                     | 0                      |
| <b>13</b> | Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....               | 9346286               | 0                      |

| Part III  | Funding percentages                                                                                                                                             |           |          |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| <b>14</b> | Funding target attainment percentage.....                                                                                                                       | <b>14</b> | 156.56 % |
| <b>15</b> | Adjusted funding target attainment percentage.....                                                                                                              | <b>15</b> | 160.82 % |
| <b>16</b> | Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement..... | <b>16</b> | 175.49 % |
| <b>17</b> | If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....                                        | <b>17</b> | %        |

| Part IV   | Contributions and liquidity shortfalls                                         |                                   |                                 |
|-----------|--------------------------------------------------------------------------------|-----------------------------------|---------------------------------|
| <b>18</b> | Contributions made to the plan for the plan year by employer(s) and employees: |                                   |                                 |
|           | (a) Date<br>(MM-DD-YYYY)                                                       | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
|           |                                                                                |                                   |                                 |
|           |                                                                                |                                   |                                 |
|           |                                                                                |                                   |                                 |
|           |                                                                                |                                   |                                 |
|           |                                                                                |                                   |                                 |
|           |                                                                                |                                   |                                 |
|           | <b>Totals ▶</b>                                                                | <b>18(b)</b>                      | <b>18(c)</b>                    |
|           |                                                                                | 0                                 | 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.....                     | <b>19a</b> |  |
| b Contributions made to avoid restrictions adjusted to valuation date .....                                     | <b>19b</b> |  |
| c Contributions allocated toward minimum required contribution for current year adjusted to valuation date..... | <b>19c</b> |  |

**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 |
|                                                            |         |         |         |

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

|                                                                                                                                                                                              |                        |                        |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                        |                        |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>4.60 % | 2nd segment:<br>6.65 % | 3rd segment:<br>6.76 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code) .....                                                                                                                                                 | <b>21b</b>             |                        |                        | 0                                                   |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              | <b>22</b>              |                        |                        | 59                                                  |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                        |                        |                        |                                                     |

**Part VI Miscellaneous items**

|                                                                                                                                                                        |                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. .... | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....                                      | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....                             | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....                   | <b>27</b>                                                           |

**Part VII Reconciliation of unpaid minimum required contributions for prior years**

|                                                                                                                                     |           |   |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------|---|
| <b>28</b> Unpaid minimum required contribution for all prior years .....                                                            | <b>28</b> |   |
| <b>29</b> Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)..... | <b>29</b> |   |
| <b>30</b> Remaining amount of unpaid minimum required contributions (item 28 minus item 29) .....                                   | <b>30</b> | 0 |

**Part VIII Minimum required contribution for current year**

|                                                                                                                                                                                      |                     |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>31</b> Target normal cost, adjusted, if applicable (see instructions).....                                                                                                        | <b>31</b>           |                    |
| <b>32</b> Amortization installments:                                                                                                                                                 | Outstanding Balance | Installment        |
| <b>a</b> Net shortfall amortization installment .....                                                                                                                                |                     |                    |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       |                     |                    |
| <b>33</b> 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 ..... | <b>33</b>           |                    |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....                                                   | <b>34</b>           | 0                  |
|                                                                                                                                                                                      | Carryover balance   | Prefunding balance |
| <b>35</b> Balances used to offset funding requirement .....                                                                                                                          |                     | Total balance      |
|                                                                                                                                                                                      |                     | 0                  |
| <b>36</b> Additional cash requirement (item 34 minus item 35).....                                                                                                                   | <b>36</b>           | 0                  |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....                                                   | <b>37</b>           |                    |
| <b>38</b> Interest-adjusted excess contributions for current year (see instructions).....                                                                                            | <b>38</b>           | 0                  |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....                                                                       | <b>39</b>           | 0                  |
| <b>40</b> Unpaid minimum required contribution for all years .....                                                                                                                   | <b>40</b>           | 0                  |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        |  |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------|
| <b>SCHEDULE C</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b> |  | OMB No. 1210-0110                              |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        |  | <b>2010</b>                                    |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        |  | <b>This Form is Open to Public Inspection.</b> |

For calendar plan year 2010 or fiscal plan year beginning **01/01/2010** and ending **12/31/2010**

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

|               |                                                        |
|---------------|--------------------------------------------------------|
| <b>Part I</b> | <b>Service Provider Information (see instructions)</b> |
|---------------|--------------------------------------------------------|

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>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
|-------------------------------------------------------------------------------------------------------------------|

|                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation |
|------------------------------------------------------------------------------------------------------------------|

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
|-------------------------------------------------------------------------------------------------------------------|

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

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

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

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

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

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

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

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

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

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

AON

22-2608561

| <b>(b)</b><br>Service<br>Code(s) | <b>(c)</b><br>Relationship to<br>employer, employee<br>organization, or<br>person known to be<br>a party-in-interest | <b>(d)</b><br>Enter direct<br>compensation paid<br>by the plan. If none,<br>enter -0-. | <b>(e)</b><br>Did service provider<br>receive indirect<br>compensation? (sources<br>other than plan or plan<br>sponsor) | <b>(f)</b><br>Did indirect compensation<br>include eligible indirect<br>compensation, for which the<br>plan received the required<br>disclosures? | <b>(g)</b><br>Enter total indirect<br>compensation received by<br>service provider excluding<br>eligible indirect<br>compensation for which you<br>answered "Yes" to element<br>(f). If none, enter -0-. | <b>(h)</b><br>Did the service<br>provider give you a<br>formula instead of<br>an amount or<br>estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 11 50                            | NONE                                                                                                                 | 250016                                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                     | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                                          |                                                                                                                                                                                                          | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                        |

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

ERNST & YOUNG LLP

34-6565596

| <b>(b)</b><br>Service<br>Code(s) | <b>(c)</b><br>Relationship to<br>employer, employee<br>organization, or<br>person known to be<br>a party-in-interest | <b>(d)</b><br>Enter direct<br>compensation paid<br>by the plan. If none,<br>enter -0-. | <b>(e)</b><br>Did service provider<br>receive indirect<br>compensation? (sources<br>other than plan or plan<br>sponsor) | <b>(f)</b><br>Did indirect compensation<br>include eligible indirect<br>compensation, for which the<br>plan received the required<br>disclosures? | <b>(g)</b><br>Enter total indirect<br>compensation received by<br>service provider excluding<br>eligible indirect<br>compensation for which you<br>answered "Yes" to element<br>(f). If none, enter -0-. | <b>(h)</b><br>Did the service<br>provider give you a<br>formula instead of<br>an amount or<br>estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 10 50                            | NONE                                                                                                                 | 137829                                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                     | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                                          |                                                                                                                                                                                                          | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                        |

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

ING

04-3516284

| <b>(b)</b><br>Service<br>Code(s) | <b>(c)</b><br>Relationship to<br>employer, employee<br>organization, or<br>person known to be<br>a party-in-interest | <b>(d)</b><br>Enter direct<br>compensation paid<br>by the plan. If none,<br>enter -0-. | <b>(e)</b><br>Did service provider<br>receive indirect<br>compensation? (sources<br>other than plan or plan<br>sponsor) | <b>(f)</b><br>Did indirect compensation<br>include eligible indirect<br>compensation, for which the<br>plan received the required<br>disclosures? | <b>(g)</b><br>Enter total indirect<br>compensation received by<br>service provider excluding<br>eligible indirect<br>compensation for which you<br>answered "Yes" to element<br>(f). If none, enter -0-. | <b>(h)</b><br>Did the service<br>provider give you a<br>formula instead of<br>an amount or<br>estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 14 50                            | NONE                                                                                                                 | 377286                                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                     | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                                          |                                                                                                                                                                                                          | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                        |

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

ALCATEL-LUCENT USA INC.

22-3408857

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 35 50 56                      | EMPLOYER                                                                                                 | 4943                                                                          | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                         | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                                   | 74                                                                                                                                                                                     | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                 |

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

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

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

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

**Part I Service Provider Information (continued)**

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

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

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

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

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

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

| <b>(d)</b> Enter name and EIN (address) of source of indirect compensation | <b>(e)</b> 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.

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

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN;       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN;       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                                                                                                                                                                                                           |                                                                                                                                                                                                                              |                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE D</b><br><b>(Form 5500)</b><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small> | <b>DFE/Participating Plan Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2010</b><br><br><b>This Form is Open to Public Inspection.</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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

|               |                                                                                                                                                                                  |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b> | <b>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b><br>(Complete as many entries as needed to report all interests in DFEs) |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                           |                               |                                                                                                                      |
|-------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>LUCENT TECH INC. MASTER PENSION TRU</u> |                               |                                                                                                                      |
| <b>b</b> Name of sponsor of entity listed in (a): <u>ALCATEL-LUCENT USA INC.</u>          |                               |                                                                                                                      |
| <b>c</b> EIN-PN <u>22-3463544-001</u>                                                     | <b>d</b> Entity code <u>M</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>478319000</u> |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>JPMCB LIQUIDITY FUND</u>                |                               |                                                                                                                      |
| <b>b</b> Name of sponsor of entity listed in (a): <u>JPMORGAN CHASE BANK, N.A.</u>        |                               |                                                                                                                      |
| <b>c</b> EIN-PN <u>13-6285055-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1025000</u>   |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>COLLECTIVE US GOVERNMENT STIF</u>       |                               |                                                                                                                      |
| <b>b</b> Name of sponsor of entity listed in (a): <u>BANK OF NEW YORK MELLON</u>          |                               |                                                                                                                      |
| <b>c</b> EIN-PN <u>13-6154008-012</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>         |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                            |                               |                                                                                                                      |
| <b>b</b> Name of sponsor of entity listed in (a):                                         |                               |                                                                                                                      |
| <b>c</b> EIN-PN                                                                           | <b>d</b> Entity code          | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)                  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                            |                               |                                                                                                                      |
| <b>b</b> Name of sponsor of entity listed in (a):                                         |                               |                                                                                                                      |
| <b>c</b> EIN-PN                                                                           | <b>d</b> Entity code          | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)                  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:                                            |                               |                                                                                                                      |
| <b>b</b> Name of sponsor of entity listed in (a):                                         |                               |                                                                                                                      |
| <b>c</b> EIN-PN                                                                           | <b>d</b> Entity code          | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)                  |

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

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

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

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

|                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                      |                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | <b>Financial Information</b><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).<br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110                             |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                      | <b>2010</b>                                   |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                      | <b>This Form is Open to Public Inspection</b> |

|                                                                                            |                                                             |     |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----|
| For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010 |                                                             |     |
| <b>A</b> Name of plan<br>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN                          | <b>B</b> Three-digit plan number (PN) ►                     | 007 |
|                                                                                            |                                                             |     |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br>ALCATEL-LUCENT USA INC.   | <b>D</b> Employer Identification Number (EIN)<br>22-3408857 |     |

|               |                                      |
|---------------|--------------------------------------|
| <b>Part I</b> | <b>Asset and Liability Statement</b> |
|---------------|--------------------------------------|

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

| Assets                                                                                            |                 | (a) Beginning of Year | (b) End of Year |
|---------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>a</b> Total noninterest-bearing cash .....                                                     | <b>1a</b>       |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                      |                 |                       |                 |
| <b>(1)</b> Employer contributions .....                                                           | <b>1b(1)</b>    |                       |                 |
| <b>(2)</b> Participant contributions .....                                                        | <b>1b(2)</b>    |                       |                 |
| <b>(3)</b> Other.....                                                                             | <b>1b(3)</b>    |                       |                 |
| <b>c</b> General investments:                                                                     |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....  | <b>1c(1)</b>    |                       |                 |
| <b>(2)</b> U.S. Government securities.....                                                        | <b>1c(2)</b>    |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                           |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                        | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other.....                                                                         | <b>1c(3)(B)</b> |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                     |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                        | <b>1c(4)(A)</b> |                       |                 |
| <b>(B)</b> Common .....                                                                           | <b>1c(4)(B)</b> |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                              | <b>1c(5)</b>    |                       |                 |
| <b>(6)</b> Real estate (other than employer real property) .....                                  | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                               | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans .....                                                                | <b>1c(8)</b>    |                       |                 |
| <b>(9)</b> Value of interest in common/collective trusts.....                                     | <b>1c(9)</b>    | 1405000               | 1025000         |
| <b>(10)</b> Value of interest in pooled separate accounts.....                                    | <b>1c(10)</b>   |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                           | <b>1c(11)</b>   | 605435000             | 478319000       |
| <b>(12)</b> Value of interest in 103-12 investment entities .....                                 | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....        | <b>1c(13)</b>   |                       |                 |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts)..... | <b>1c(14)</b>   |                       |                 |
| <b>(15)</b> Other .....                                                                           | <b>1c(15)</b>   |                       |                 |

**1d** Employer-related investments:

|                                                                      |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 606840000             | 479344000       |

**Liabilities**

|                                                                           |           |           |           |
|---------------------------------------------------------------------------|-----------|-----------|-----------|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |           |           |
| <b>h</b> Operating payables .....                                         | <b>1h</b> | 190000    | 177000    |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |           |           |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> | 247084000 | 257697000 |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 247274000 | 257874000 |

**Net Assets**

|                                                           |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 359566000 | 221470000 |
|-----------------------------------------------------------|-----------|-----------|-----------|

**Part II Income and Expense Statement**

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

**Income**

|                                                                                                            |                 | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> |            |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> |            |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> |            |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 0         |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> |            |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> | 1000       |           |
| <b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                              | <b>2b(1)(G)</b> |            | 1000      |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> |            |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> |            |           |
| <b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                  | <b>2b(2)(D)</b> |            | 0         |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |            |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> |            |           |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....                  | <b>2b(4)(C)</b> |            | 0         |

|                                                                                                   |                 | (a) Amount | (b) Total |
|---------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>2b</b> (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....              | <b>2b(5)(A)</b> |            |           |
| (B) Other .....                                                                                   | <b>2b(5)(B)</b> |            |           |
| (C) Total unrealized appreciation of assets.<br>Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....    | <b>2b(5)(C)</b> |            | 0         |
| (6) Net investment gain (loss) from common/collective trusts .....                                | <b>2b(6)</b>    |            |           |
| (7) Net investment gain (loss) from pooled separate accounts .....                                | <b>2b(7)</b>    |            |           |
| (8) Net investment gain (loss) from master trust investment accounts .....                        | <b>2b(8)</b>    |            | 66334000  |
| (9) Net investment gain (loss) from 103-12 investment entities .....                              | <b>2b(9)</b>    |            |           |
| (10) Net investment gain (loss) from registered investment<br>companies (e.g., mutual funds)..... | <b>2b(10)</b>   |            |           |
| <b>c</b> Other income.....                                                                        | <b>2c</b>       |            |           |
| <b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....           | <b>2d</b>       |            | 66335000  |

**Expenses**

|                                                                                            |              |         |         |
|--------------------------------------------------------------------------------------------|--------------|---------|---------|
| <b>e</b> Benefit payment and payments to provide benefits:                                 |              |         |         |
| (1) Directly to participants or beneficiaries, including direct rollovers .....            | <b>2e(1)</b> | 3332000 |         |
| (2) To insurance carriers for the provision of benefits .....                              | <b>2e(2)</b> |         |         |
| (3) Other .....                                                                            | <b>2e(3)</b> |         |         |
| (4) Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....                | <b>2e(4)</b> |         | 3332000 |
| <b>f</b> Corrective distributions (see instructions) .....                                 | <b>2f</b>    |         |         |
| <b>g</b> Certain deemed distributions of participant loans (see instructions).....         | <b>2g</b>    |         |         |
| <b>h</b> Interest expense.....                                                             | <b>2h</b>    |         |         |
| <b>i</b> Administrative expenses: (1) Professional fees .....                              | <b>2i(1)</b> |         |         |
| (2) Contract administrator fees .....                                                      | <b>2i(2)</b> |         |         |
| (3) Investment advisory and management fees .....                                          | <b>2i(3)</b> |         |         |
| (4) Other .....                                                                            | <b>2i(4)</b> | 843000  |         |
| (5) Total administrative expenses. Add lines <b>2i(1)</b> through <b>(4)</b> .....         | <b>2i(5)</b> |         | 843000  |
| <b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | <b>2j</b>    |         | 4175000 |

**Net Income and Reconciliation**

|                                                                               |              |  |           |
|-------------------------------------------------------------------------------|--------------|--|-----------|
| <b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> ..... | <b>2k</b>    |  | 62160000  |
| <b>l</b> Transfers of assets:                                                 |              |  |           |
| (1) To this plan.....                                                         | <b>2l(1)</b> |  |           |
| (2) From this plan .....                                                      | <b>2l(2)</b> |  | 200256000 |

**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   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------|
| <b>a</b> 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>b</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  |          |
| <b>c</b> 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  |          |
| <b>d</b> 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  |          |
| <b>e</b> Was this plan covered by a fidelity bond?.....                                                                                                                                                                                                                                                         | X   |    | 10000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                                                                                                         |     | X  |          |
| <b>g</b> 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  |          |
| <b>h</b> 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  |          |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....                                                                                                                                                   | X   |    |          |
| <b>j</b> 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   |    |          |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....                                                                                                                                              |     | X  |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                                                                                                              |     | X  |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....                                                                                                                                                                                     |     |    |          |
| <b>n</b> 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) |
|---------------------------------------|--------------|-------------|
| LUCENT TECHNOLOGIES INC. PENSION PLAN | 22-3408857   | 002         |
| ALCATEL-LUCENT RETIREMENT INCOME PLAN | 22-3408857   | 001         |
| BELL ATLANTIC MASTER TRUST            | 25-1448208   | 020         |
| QWEST DEFINED BENEFIT/DC MASTER TRUST | 04-6944568   | 101         |

**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 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|--------|
| <b>a</b> Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....                 |     |    |        |
| <b>4a</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>b</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.)..... |     |    |        |
| <b>4b</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>c</b> 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.) .....                                                                                                                            |     |    |        |
| <b>4c</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>d</b> 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.).....                                                                                                                  |     |    |        |
| <b>4d</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>e</b> Was this plan covered by a fidelity bond?.....                                                                                                                                                                                                                                                         |     |    |        |
| <b>4e</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                                                                                                         |     |    |        |
| <b>4f</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>g</b> 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? .....                                                                                                                                      |     |    |        |
| <b>4g</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>h</b> 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? .....                                                                                                                            |     |    |        |
| <b>4h</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....                                                                                                                                                   |     |    |        |
| <b>4i</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>j</b> 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.).....                                                                                    |     |    |        |
| <b>4j</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....                                                                                                                                              |     |    |        |
| <b>4k</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                                                                                                              |     |    |        |
| <b>4l</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....                                                                                                                                                                                     |     |    |        |
| <b>4m</b>                                                                                                                                                                                                                                                                                                       |     |    |        |
| <b>n</b> 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. ....                                                                                                                        |     |    |        |
| <b>4n</b>                                                                                                                                                                                                                                                                                                       |     |    |        |

- 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) |
|--------------------------------|--------------|-------------|
| AVAYA INC MASTER PENSION TRUST | 36-7324179   | 101         |
|                                |              |             |
|                                |              |             |
|                                |              |             |

|                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <div>SCHEDULE R<br/>(Form 5500)<br/><br/>Department of the Treasury<br/>Internal Revenue Service<br/><br/>Department of Labor<br/>Employee Benefits Security Administration<br/><br/>Pension Benefit Guaranty Corporation</div>                                                                                                                                  | <div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div> | <div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div> |
| For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| A Name of plan<br>LUCENT TECHNOLOGIES INC. RETIREMENT PLAN                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                 | B Three-digit plan number (PN) ►<br>007                                                         |
| C Plan sponsor's name as shown on line 2a of Form 5500<br>ALCATEL-LUCENT USA INC.                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                 | D Employer Identification Number (EIN)<br>22-3408857                                            |
| Part I                                                                                                                                                                                                                                                                                                                                                           | Distributions                                                                                                                                                                                                                                                                                   |                                                                                                 |
| All references to distributions relate only to payments of benefits during the plan year.                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                 | 10                                                                                              |
| 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):<br>EIN(s): 04-3581074                                                                                                                 |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                 | 33                                                                                              |
| Part II                                                                                                                                                                                                                                                                                                                                                          | Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)                                                                                                                           |                                                                                                 |
| 4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A                                                                                                                                                    |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| If the plan is a defined benefit plan, go to line 8.                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____                                                                                                                                        |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 6 a Enter the minimum required contribution for this plan year .....                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                 | 6a                                                                                              |
| b Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                 | 6b                                                                                              |
| c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                 | 6c                                                                                              |
| If you completed line 6c, skip lines 8 and 9.                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A                |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| Part III                                                                                                                                                                                                                                                                                                                                                         | Amendments                                                                                                                                                                                                                                                                                      |                                                                                                 |
| 9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... <input checked="" type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Both <input type="checkbox"/> No |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| Part IV                                                                                                                                                                                                                                                                                                                                                          | ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.                                                                                                                                                      |                                                                                                 |
| 10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 11 a Does the ESOP hold any preferred stock? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                   |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| 12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                 |                                                                                                 |
| Schedule R (Form 5500) 2010 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:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 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:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

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

|                                                                                                                                                                        |            |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                               | <b>16a</b> |  |
| <b>b</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 ..... | <b>16b</b> |  |

- 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: 16% Investment-Grade Debt: 75% High-Yield Debt: 3% Real Estate: 4% Other: 2%

- 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

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

We have audited the accompanying statements of net assets available for benefits and of accumulated plan benefits of Lucent Technologies Inc. Retirement Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the year ended December 31, 2010. 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, the financial status of the Plan at December 31, 2010 and 2009, and the changes in its financial status for the year ended December 31, 2010, 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 schedules of assets (held at end of year) as of December 31, 2010, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Ernst & Young LLP*

October 10, 2011

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule R (FORM 5500)**

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

| Plan Name                                   | EIN        | PN  | Funded Percentage<br>as of 12/31/2009 |
|---------------------------------------------|------------|-----|---------------------------------------|
| Lucent Technologies Inc.<br>Pension Plan    | 22-3408857 | 002 | 150.2%                                |
| Lucent Technologies Inc.<br>Retirement Plan | 22-3408857 | 007 | 156.5%                                |

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

|                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><small>Department of Labor<br/>Employee Benefits Security Administration<br/>Pension Benefit Guaranty Corporation</small> | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><p style="font-size: small;">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).</p> <p style="text-align: center;">▶ <b>File as an attachment to Form 5500 or 5500-SF.</b></p> | <small>OMB No. 1210-0110</small><br><br><b>2010</b><br><br><b>This Form is Open to Public Inspection</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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.

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

**E** Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B **F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

|                                                                                                                                                                                               |              |                            |                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------|--------------------|
| <b>Part I Basic Information</b>                                                                                                                                                               |              |                            |                    |
| 1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>                                                                                                                      |              |                            |                    |
| 2 Assets:                                                                                                                                                                                     |              |                            |                    |
| a Market value.....                                                                                                                                                                           | <b>2a</b>    |                            | 359,566,000        |
| b Actuarial value.....                                                                                                                                                                        | <b>2b</b>    |                            | 352,473,600        |
| 3 Funding target/participant count breakdown                                                                                                                                                  |              | (1) Number of participants | (2) Funding Target |
| a For retired participants and beneficiaries receiving payment.....                                                                                                                           | <b>3a</b>    | 2                          | 2,839,836          |
| b For terminated vested participants.....                                                                                                                                                     | <b>3b</b>    | 155                        | 6,880,604          |
| c For active participants:                                                                                                                                                                    |              |                            |                    |
| (1) Non-vested benefits.....                                                                                                                                                                  | <b>3c(1)</b> |                            | 29,314,509         |
| (2) Vested benefits.....                                                                                                                                                                      | <b>3c(2)</b> |                            | 180,130,541        |
| (3) Total active.....                                                                                                                                                                         | <b>3c(3)</b> | 1,675                      | 209,445,050        |
| d Total.....                                                                                                                                                                                  | <b>3d</b>    | 1,832                      | 219,165,490        |
| 4 If the plan is at-risk, check the box and complete items (a) and (b) <input type="checkbox"/>                                                                                               |              |                            |                    |
| a Funding target disregarding prescribed at-risk assumptions.....                                                                                                                             | <b>4a</b>    |                            |                    |
| 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..... | <b>4b</b>    |                            |                    |
| 5 Effective interest rate.....                                                                                                                                                                | <b>5</b>     | 6.63 %                     |                    |
| 6 Target normal cost.....                                                                                                                                                                     | <b>6</b>     | 7,521,859                  |                    |

**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.

|                  |                                                     |                                                          |
|------------------|-----------------------------------------------------|----------------------------------------------------------|
| <b>SIGN HERE</b> | <br>Signature of actuary                            | <u>10/14/2011</u><br>Date                                |
|                  | LAWRENCE A. GOLDEN<br>Type or print name of actuary | 11-04197<br>Most recent enrollment number                |
|                  | AON CONSULTING INC.<br>Firm name                    | (732) 302-2142<br>Telephone number (including area code) |
|                  | 400 ATRIUM DRIVE<br>Address of the firm             |                                                          |
|                  | SOMERSET NJ 08873<br>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) 2010  
v.092308.1

**Part II Beginning of year carryover and prefunding balances**

|                                                                                                          | (a) Carryover balance | (b) Prefunding balance |
|----------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
| <b>7</b> Balance at beginning of prior year after applicable adjustments (Item 13 from prior year) ..... | 10,336,143            | 0                      |
| <b>8</b> Portion used to offset prior year's funding requirement (Item 35 from prior year) .....         | 0                     | 0                      |
| <b>9</b> Amount remaining (Item 7 minus item 8) .....                                                    | 10,336,143            | 0                      |
| <b>10</b> Interest on item 9 using prior year's actual return of <u>17.01</u> % .....                    | 1,758,178             |                        |
| <b>11</b> Prior year's excess contributions to be added to prefunding balance:                           |                       |                        |
| <b>a</b> Excess contributions (Item 38 from prior year) .....                                            |                       | 0                      |
| <b>b</b> Interest on (a) using prior year's effective rate of <u>8.11</u> % .....                        |                       | 0                      |
| <b>c</b> Total available at beginning of current plan year to add to prefunding balance .....            |                       | 0                      |
| <b>d</b> Portion of (c) to be added to prefunding balance .....                                          |                       | 0                      |
| <b>12</b> Reduction in balances due to elections or deemed elections .....                               | 0                     | 0                      |
| <b>13</b> Balance at beginning of current year (item 9 + item 10 + item 11d - item 12) .....             | 9,346,286             | 0                      |

**Part III Funding percentages**

|                                                                                                                                                                            |           |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| <b>14</b> Funding target attainment percentage .....                                                                                                                       | <b>14</b> | 156.56 % |
| <b>15</b> Adjusted funding target attainment percentage .....                                                                                                              | <b>15</b> | 160.82 % |
| <b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement ..... | <b>16</b> | 175.49 % |
| <b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage .....                                        | <b>17</b> | %        |

**Part IV Contributions and liquidity shortfalls****18** Contributions made to the plan for the plan year by employer(s) and employees:

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

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

|                                                                                                                         |            |  |
|-------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Contributions allocated toward unpaid minimum required contribution from prior years .....                     | <b>19a</b> |  |
| <b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....                                      | <b>19b</b> |  |
| <b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date ..... | <b>19c</b> |  |

**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 |
|                                                            |         |         |         |

Line 13a. was reduced by \$2,748,035 due to the 2009 internal transfers

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

|                                                                                                                                                                                              |                        |                        |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                        |                        |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>4.60 % | 2nd segment:<br>6.65 % | 3rd segment:<br>6.76 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code) .....                                                                                                                                                 |                        |                        |                        | <b>21b</b> 0                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                        |                        |                        | <b>22</b> 59                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                        |                        |                        |                                                     |

**Part VI Miscellaneous items**

|                                                                                                                                                                        |                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. .... | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....                                      | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ....                            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment. ....                  | <b>27</b>                                                           |

**Part VII Reconciliation of unpaid minimum required contributions for prior years**

|                                                                                                                                      |           |   |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------|---|
| <b>28</b> Unpaid minimum required contribution for all prior years .....                                                             | <b>28</b> |   |
| <b>29</b> Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a) ..... | <b>29</b> |   |
| <b>30</b> Remaining amount of unpaid minimum required contributions (item 28 minus item 29) .....                                    | <b>30</b> | 0 |

**Part VIII Minimum required contribution for current year**

|                                                                                                                                                                                      |                     |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>31</b> Target normal cost, adjusted, if applicable (see instructions) .....                                                                                                       | <b>31</b>           |                    |
| <b>32</b> Amortization installments:                                                                                                                                                 | Outstanding Balance | Installment        |
| <b>a</b> Net shortfall amortization installment .....                                                                                                                                |                     |                    |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       |                     |                    |
| <b>33</b> 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 ..... | <b>33</b>           |                    |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33) .....                                                  | <b>34</b>           | 0                  |
|                                                                                                                                                                                      | Carryover balance   | Prefunding balance |
| <b>35</b> Balances used to offset funding requirement .....                                                                                                                          |                     | 0                  |
| <b>36</b> Additional cash requirement (item 34 minus item 35) .....                                                                                                                  | <b>36</b>           | 0                  |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c) .....                                                  | <b>37</b>           |                    |
| <b>38</b> Interest-adjusted excess contributions for current year (see instructions) .....                                                                                           | <b>38</b>           | 0                  |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37) .....                                                                      | <b>39</b>           | 0                  |
| <b>40</b> Unpaid minimum required contribution for all years .....                                                                                                                   | <b>40</b>           | 0                  |

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT II TO 2010 Schedule SB (FORM 5500)**

**SCHEDULE SB – STATEMENT BY ENROLLED ACTUARY**

**Notes Regarding Schedule B (Form 5500)**

- A. The following plan amendments were made on or before the valuation date January 1, 2010 and are fully reflected in the valuation results:

The Plan was amended to provide for certain enhanced pension benefits associated with: (a) the plant shutdown of the Merrimack Valley Works facility (effective January 1, 2008), (b) the Lisle Facility Closing Agreement, the Charlotte Facility Closing Agreement, and the Whippany Facility Closing Agreement (all effective January 1, 2009) and (c) the Enhanced Transition Leave of Absence – Holmdel Closing Agreement (effective July 1, 2009).

On November 30, 2009, the Plan was amended, retroactive to January 1, 2009, to include the Joint and 75% Survivor option required under the PPA '06 and to allow the non-spousal beneficiary to rollover a distribution to a retirement account.

On December 30, 2009, corollary amendments to the Plan were made necessary to reflect the freeze of the Alcatel-Lucent Retirement Income Plan.

- B. The following plan amendment was excluded for valuation purposes:

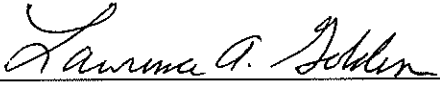
On December 18, 2009 the Company and the CWA agreed to offer a special voluntary termination program (the "2009 Special Voluntary Termination Program" (SVTP)) to certain CWA-represented Installers who elected to terminate under the SVTP and receive enhanced pension benefits. The Plan was amended effective January 1, 2010 to provide for the SVTP benefit.

- C. The interest rate basis used to determine the Funding Target for plan year 2010 was changed to the 24-month average corporate bond segment rates applicable for January 2010 provided in IRS Notice 2009-14. (The Funding Target for plan year 2009 was determined using the November (the average rates during the month of October) 2008 corporate bond yield curve provided in IRS Notice 2008-105).
- D. As of January 1, 2010, the asset valuation method was changed from market value of assets to an annual average of the adjusted market value over the last 24 months preceding the valuation date.

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
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**ATTACHMENT II TO 2010 Schedule SB (FORM 5500)**

**SCHEDULE SB – STATEMENT BY ENROLLED ACTUARY**

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

  
\_\_\_\_\_  
Signature of Actuary

10/14/2011  
\_\_\_\_\_  
Date

Lawrence A. Golden  
\_\_\_\_\_  
Name of Actuary

11-04197  
\_\_\_\_\_  
Enrollment Number

Aon Consulting  
400 Atrium Drive, 5th Floor South  
Somerset, NJ 08873  
\_\_\_\_\_  
Address

(732) 302-2142  
\_\_\_\_\_  
Telephone Number

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
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**SCHEDULE SB, Part V – Summary of Plan Provisions**

## **History**

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

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

## **Plan Provisions**

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

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

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

## **Normal Retirement Age and Vesting**

The Normal Retirement Age is age 65 with the completion of 5 years of vesting service. Employees with at least 5 years of vesting service are 100% vested in their pension benefit. Employees who terminate with less than 5 years of vesting service are not vested and are not entitled to any benefits under the Plan. However, all participants who were active as of December 26, 2002 under the LTPP are 100% vested as a result of the requirements of Section 420 of the Internal Revenue Code, in connection with the transfer of excess LTPP assets to cover retiree medical claims.

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**SCHEDULE SB, Part V – Summary of Plan Provisions**

**Retirement Eligibility and Early Retirement Reduction**

Service pensions are provided when the following conditions are met:

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

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

**Pension Amount**

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

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

**Disability Pension**

An employee with at least 15 years of service who becomes totally and permanently disabled retires with a disability pension. The disability pension is not discounted for age.

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

**Payment of Annuities**

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

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**SCHEDULE SB, Part V – Summary of Plan Provisions**

**Form of Payment**

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

Any other employee who terminates with a vested accrued benefit prior to attaining one of the foregoing minimum age and net credited service requirements for retirement eligibility may elect to commence receipt of pension benefits deferred to age 65 in one of the following forms:

- In the case of CWA participants who terminate prior to service pension eligibility, a single lump sum of the present value of the deferred to 65 benefit (in the case of an employee who is legally married), if the spouse provides written notarized consent. (This provision first became effective under the LTPP for terminations after June 1, 2001.)
- Single Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Actuarially reduced 50% Joint and Survivor Annuity with the spouse as a joint annuitant if the employee is legally married. The actuarial reduction is 12%.

Any employee who retires on or after attaining one of the foregoing minimum age and net credited service requirements may elect to commence receipt of pension benefits immediately in one of the following forms:

- Single Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent.
- Actuarially reduced 50% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married. The actuarial reduction is 8%.
- Actuarially reduced 100% Joint and Survivor Annuity with pop-up with the spouse as a joint annuitant if the employee is legally married and the spouse provides written notarized consent. The actuarial reduction is 15%.
- Actuarially reduced 10 Year Certain and Life Annuity if (in the case of an employee who is legally married) the spouse provides written notarized consent. The actuarial reduction is 5%.

**Effect of Prior Voluntary/Involuntary Downsizing Programs**

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

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**SCHEDULE SB, Part V – Summary of Plan Provisions**

**Death Benefits**

The surviving spouse of a vested active employee who dies with a term of employment of less than 15 years is awarded an automatic annuitant's pension equal to 50% of the amount the employee would have received at age 65 had the employee terminated on the date of death with a deferred vested pension and elected a joint and survivor annuity. Payments to the surviving spouse begin at the time the deceased employee would have attained age 65. In the case of an active employee with a term of employment at the time of death of at least 15 years, the automatic annuitant's pension commences immediately and is equal to 50% of the amount the employee would have received had such employee retired with a service pension, as of the date of death, having elected a survivor annuity, and without any discount for early retirement.

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

**Plan Amendments Prior to 2010**

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

- In 2004, the charge for surviving spouse coverage for death of terminated vested participants before pension payments begin was eliminated.
- The bargaining agreement negotiated in 2004 provided for a 12% pension band increase effective in 2005.
- In 2005, an employee who terminates with a vested accrued benefit with a present value of \$1,000 or less (previously \$5,000) will automatically receive a lump sum of the present value.

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

- On October 1, 2007 the company announced the plant shutdown of the Merrimack Valley Works facility to occur in mid-2008. The Lucent Technologies Board of Directors gave approval for the Plan to be amended to allow active CWA-represented employees who are terminated as a result of the closure to receive enhanced termination benefits under the MOU dated April 19, 2001. The Plan was amended in December 2008, effective as of January 1, 2008, to provide for the enhanced termination benefits. (No enhanced termination benefits were paid in 2007. Affected employees first began receiving such benefits in 2008.)

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- Effective as of January 1, 2008, the Plan was amended to implement the terms of a certain Settlement Agreement between the Company and the International Brotherhood of Electrical Workers, International Brotherhood of Electrical Workers Local 2020, and International Brotherhood of Electrical Workers Local 1141 (collectively, the “IBEW”), pursuant to which certain former employees of the Company who, when actively employed, had been represented for collective bargaining purposes by the IBEW and who left the Company’s payroll due to force adjustments occurring after December 1, 2001 and before October 9, 2007 became eligible for certain enhanced pension benefits. Effective as of January 1, 2008, the Plan was also amended to provide for certain enhanced pension benefits to certain then-currently-employed employees represented for collective bargaining purposes by the IBEW and who are involuntarily terminated from employment on or after October 9, 2007. Affected current and former employees first began receiving enhanced pension benefits, in accordance with the terms of the Settlement Agreement, in 2008.
- Effective as of January 1, 2008, the Plan was amended to implement the terms of a certain Grievance Settlement agreement and Settlement Agreement between the Company and the Communications Workers of America (“CWA”), pursuant to which certain former employees of the Company who, when actively employed, had been represented for collective bargaining purposes by the CWA and who were involuntarily separated from service between 2002 and 2007 became eligible for certain enhanced pension benefits. Effective as of January 1, 2008, the Plan was also amended to implement the terms of a certain Closing Agreement between the Company and the CWA, pursuant to which certain then-currently-employed employees represented for collective bargaining purposes by the CWA and whose employment is involuntarily terminated after November 1, 2007 became eligible to receive certain enhanced pension benefits. Affected current and former employees first began receiving enhanced pension benefits, consistent with the terms of the foregoing agreements, in 2008.
- Effective January 1, 2008, the plan was amended to include language to comply with PPA’06 requirements (e.g. including new mortality and interest assumptions).
- Effective as of January 1, 2008, the Plan was amended to provide a lump-sum form of payment for participants, who, while employed, were represented by the International Brotherhood of Electrical Workers and who terminate employment on or after October 19, 2007.
- On July 28, 2008, the Company and the International Brotherhood of Electrical Workers Local 21 (“IBEW Local 21”) entered into a certain Lisle Facility Closing Agreement pursuant to which the Company agreed to amend the Plan and the LTPP

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**SCHEDULE SB, Part V – Summary of Plan Provisions**

- to provide certain enhanced pension benefits to certain then-currently-employed employees at the Company's Lisle Network Software Center Facility in Lisle, Illinois, who are represented for collective bargaining purposes by IBEW Local 21 and who are involuntarily terminated from employment on or after July 28, 2008. In accordance with the Lisle Facility Closing Agreement, on December 30, 2009 the Company amended the Plan and the LTPP, effective as of January 1, 2009, to implement the terms of those agreements. No enhanced pension benefits, as contemplated by the Lisle Facility Closing Agreement, were paid in 2008. Affected employees first began receiving enhanced pension benefits, in accordance with the terms of the Lisle Facility Closing Agreement, in 2009.
- On February 3, 2009, the Company and the CWA entered into a certain Charlotte Facility Closing Agreement and a certain Whippany Facility Closing Agreement, pursuant to which the Company agreed to amend the Plan and the LTPP to provide certain enhanced pension benefits to, respectively, employees at the Company's Charlotte Special Customer Operations Center in Charlotte, North Carolina and the Company's Whippany Corporate Center who are represented for collective bargaining purposes by the CWA and who are involuntarily terminated from employment on or after February 3, 2009. In accordance with the Charlotte Facility Closing Agreement and the Whippany Facility Closing Agreement, on December 30, 2009 the Company amended the Plan and the LTPP, effective as of January 1, 2009, to implement the terms of those agreements.
  - On February 3, 2009, the Company and the CWA also entered into a certain Enhanced Transition Leave of Absence--Holmdel Closing agreement, pursuant to which the Company agreed to amend the Plan and the LTPP to provide certain enhanced pension benefits to certain former employees who were represented for collective bargaining purposes by the CWA and who were laid off due to the closing of the Company's Holmdel, New Jersey facility. In accordance with the Enhanced Transition Leave of Absence--Holmdel Closing agreement, on December 30, 2009 the Company amended the Plan and the LTPP, effective as of July 1, 2009, to implement the terms of Enhanced Transition Leave of Absence—Holmdel Closing.
  - On November 30, 2009, the Plan was amended retroactive to January 1, 2009 to include the Joint and 75% survivor option required under the PPA '06 and to allow the non-spousal beneficiary to rollover a distribution to a retirement account.
  - On December 30, 2009, corollary amendments to the Plan were made necessary to reflect the freeze of the ALRIP.

All amendments noted above are reflected in this valuation.

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**SCHEDULE SB, Part V – Summary of Plan Provisions**

**Amendments after 2009**

The following amendments were not reflected in this valuation:

- On December 18, 2009 the Company and the CWA agreed to offer a special voluntary termination program (the “2009 Special Voluntary Termination Program” (SVTP)) to certain CWA-represented Installers who elected to terminate under the SVTP and receive enhanced pension benefits. The Plan will be amended effective January 1, 2010 to provide for the SVTP benefit.
- On December 31, 2010, the Plan was amended retroactively to reflect the changes required to comply with the Heroes Earnings and Assistance Relief Act of 2008 (the “Heart Act”).

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**SCHEDULE SB, Part V – Summary of Plan Provisions**

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

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

**Statement of Actuarial Assumptions and Methods**

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

Funding Target liabilities are determined using the 24-month average corporate bond segment rates applicable for January 2010 provided in IRS Notice 2009-14. The resulting Effective Interest Rate is 6.63%.

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

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

**ASSUMPTIONS AS TO FUTURE EXPERIENCE**

**Actuarial Value of Liabilities**

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

The assumptions underlying the Funding Target and Target Normal Cost for 2010 is presented in Attachment III of this report.

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

**Actuarial Value of Assets**

As of January 1, 2010, the asset valuation method is an annual average of the adjusted market value over the last 24 months preceding the valuation date as permitted under final PPA regulations issued October 15, 2009. The adjusted market value is the market value at each

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determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate applicable for each of the two plan years prior to the valuation date. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430. The expected rate of return was 6.75% for 2008 and 6.25% for 2009.

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

All demographic actuarial assumptions (except Wage Scale Indices) are determined separately for males and females.

Most of the assumptions are determined by attained age:

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

Two assumptions are determined by term-of-service:

Wage Scale Indices  
 Rates of Separation from Service

Normal and Alternative Forms of Pension Benefits

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

|                           | <u>LTRP</u> |           |
|---------------------------|-------------|-----------|
|                           | Male        | Female    |
| - Life Annuity            | 35%         | 75%       |
| - 50% Joint and Survivor  | 35%         | 20%       |
| - 100% Joint and Survivor | <u>30%</u>  | <u>5%</u> |
|                           | 100%        | 100%      |

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

Lump Sum

Of those participants assumed to terminate with a vested benefit, 50% of employees are assumed to take lump sum payments where eligible to do so.

Age Differences

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

Administrative Expenses

Estimated administrative expenses are included in the Target Normal Cost.

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

**Percent of Participants Who Have Qualified Beneficiaries**

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

Source: Updated for 2004-2005 experience

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT III TO 2010 Schedule SB (FORM 5500)**

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

**Annual Rates of Retirement on Service Pension**

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

Source: Lucent Experience 1996-2005

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT III TO 2010 Schedule SB (FORM 5500)**

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

**Annual Rates of Retirement on Disability Pension**

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

Source: Lucent Experience 1999-2005

\*Before retirement eligibility

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT III TO 2010 Schedule SB (FORM 5500)**

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

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

| Service<br>in years<br>t | Rates of Withdrawal<br>during year of service<br>t to t + 1 |        |
|--------------------------|-------------------------------------------------------------|--------|
|                          | Male                                                        | Female |
| 0                        | 0.2082                                                      | 0.1699 |
| 1                        | 0.1966                                                      | 0.1558 |
| 2                        | 0.1848                                                      | 0.1430 |
| 3                        | 0.1729                                                      | 0.1314 |
| 4                        | 0.1609                                                      | 0.1210 |
| 5                        | 0.1489                                                      | 0.1118 |
| 6                        | 0.1370                                                      | 0.1035 |
| 7                        | 0.1253                                                      | 0.0961 |
| 8                        | 0.1137                                                      | 0.0897 |
| 9                        | 0.1024                                                      | 0.0840 |
| 10                       | 0.0915                                                      | 0.0790 |
| 11                       | 0.0809                                                      | 0.0746 |
| 12                       | 0.0708                                                      | 0.0708 |
| 13                       | 0.0613                                                      | 0.0674 |
| 14                       | 0.0524                                                      | 0.0644 |
| 15                       | 0.0441                                                      | 0.0618 |
| 16                       | 0.0365                                                      | 0.0593 |
| 17                       | 0.0298                                                      | 0.0571 |
| 18                       | 0.0239                                                      | 0.0549 |
| 19                       | 0.0220                                                      | 0.0527 |
| 20                       | 0.0201                                                      | 0.0504 |
| 21                       | 0.0182                                                      | 0.0480 |
| 22                       | 0.0163                                                      | 0.0453 |
| 23                       | 0.0143                                                      | 0.0424 |
| 24                       | 0.0124                                                      | 0.0390 |
| 25                       | 0.0105                                                      | 0.0352 |
| 26                       | 0.0086                                                      | 0.0308 |
| 27                       | 0.0067                                                      | 0.0258 |
| 28 or more               | 0.0048                                                      | 0.0201 |

Source: Lucent Experience 1996-2005

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT III TO 2010 Schedule SB (FORM 5500)**

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

**Annual Rates of Salary Increase  
For Service Pensions and Death Benefits**

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

Source: Lucent Experience 2002-2005

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT III TO 2010 Schedule SB (FORM 5500)**

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

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

**Net Credited Service**

Less than 30 years  
 30 years or more

**Discount for Retirement Prior to 55**

$\frac{1}{2}\%$  a month (6% a year)  
 No discount

| <b>Retirement Age</b> | <b>Service at Retirement</b>       | <b>Early Retirement Factor</b> |
|-----------------------|------------------------------------|--------------------------------|
| 55 or more            | Any service<br>(subject to limits) | 100%                           |
| 50                    | 30                                 | 100%                           |
| 50                    | 25                                 | 70%                            |
| 48                    | 30                                 | 100%                           |

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule SB (FORM 5500)**

**Schedule SB, line 7(a) – Carryover Balance at beginning of Prior Year**

The carryover balance as of 12/31/2008 was revised from \$10,552,538 to \$10,336,143 as a result of reflecting an additional group of 76 individuals who were internal transfers during 2008.

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule SB (FORM 5500)**

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

The carryover balance of \$9,346,286 reflects the \$2,748,035 transferred to Lucent Technologies Inc. Pension Plan (PN002) as a result of the internal transfers during 2009.

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule SB (FORM 5500)**

**Schedule SB, line 15 – Reconciliation of difference between valuation results  
and amounts used to calculate AFTAP**

The AFTAP certified on September 30, 2010 of 164.0% was subsequently revised to 160.82% to reflect the change from Market Value of assets to the two year adjusted market value of assets.

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule SB (FORM 5500)**

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

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

**Methodology**

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

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

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

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule SB (FORM 5500)**

**Schedule SB, line 25 – Change in Method**

**Funding Target**

The interest rate basis used to determine the Funding Target for plan year 2010 was changed to the 24-month average corporate bond segment rates applicable for January 2010 provided in IRS Notice 2009-14. (The Funding Target for plan year 2009 was determined using the November (the average rates during the month of October) 2008 corporate bond yield curve provided in IRS Notice 2008-105).

The asset valuation method was changed from Market Value to an annual average of the adjusted market value over the last 24 months preceding the valuation date as permitted under final PPA regulations issued October 15, 2009. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate applicable for each of the two plan years prior to the valuation date. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430. The expected rate of return was 6.75% for 2008 and 6.25% for 2009.

**LUCENT TECHNOLOGIES INC. RETIREMENT PLAN, PN 007**  
**EIN 22 - 3408857**  
**ATTACHMENT TO 2010 Schedule SB (FORM 5500)**

**Schedule SB, Line 26 - Schedule of Active Participant Data as of January 1, 2010**  
**Average Compensation**

**COMPLETED YEARS OF SERVICE**

| ATTAINED<br>AGE | UNDER 1 |               | 1 to 4 |               | 5 to 9 |               | 10 to 14 |               | 15 to 19 |               | 20 to 24 |               | 25 to 29 |               | 30 to 34 |               | 35 to 39 |               | 40 & UP |               | TOTAL |
|-----------------|---------|---------------|--------|---------------|--------|---------------|----------|---------------|----------|---------------|----------|---------------|----------|---------------|----------|---------------|----------|---------------|---------|---------------|-------|
|                 | No.     | AVG.<br>COMP. | No.    | AVG.<br>COMP. | No.    | AVG.<br>COMP. | No.      | AVG.<br>COMP. | No.      | AVG.<br>COMP. | No.      | AVG.<br>COMP. | No.      | AVG.<br>COMP. | No.      | AVG.<br>COMP. | No.      | AVG.<br>COMP. | No.     | AVG.<br>COMP. | No.   |
| < 25            |         |               |        |               |        |               |          |               |          |               |          |               |          |               |          |               |          |               |         |               |       |
| 25-29           |         |               |        |               | 2      | N/A           |          |               |          |               |          |               |          |               |          |               |          |               |         |               | 2     |
| 30-34           |         |               | 1      | N/A           | 9      | N/A           | 32       | 62,923        |          |               |          |               |          |               |          |               |          |               |         |               | 42    |
| 35-39           |         |               | 1      | N/A           | 11     | N/A           | 84       | 61,622        | 61       | 63,377        | 12       | N/A           |          |               |          |               |          |               |         |               | 169   |
| 40-44           |         |               | 1      | N/A           | 8      | N/A           | 46       | 60,606        | 65       | 61,942        | 183      | 66,835        |          |               |          |               |          |               |         |               | 303   |
| 45-49           | 1       | N/A           |        |               | 7      | N/A           | 24       | 58,954        | 42       | 62,076        | 178      | 65,686        | 39       | 60,514        | 6        | N/A           |          |               |         |               | 297   |
| 50-54           |         |               |        |               | 4      | N/A           | 12       | N/A           | 30       | 59,418        | 91       | 64,027        | 69       | 59,785        | 68       | 60,595        | 6        | N/A           |         |               | 280   |
| 55-59           |         |               |        |               | 1      | N/A           | 13       | N/A           | 11       | N/A           | 64       | 62,582        | 43       | 59,414        | 52       | 60,723        | 55       | 64,068        | 15      | N/A           | 254   |
| 60-64           |         |               |        |               |        |               | 8        | N/A           | 7        | N/A           | 17       | N/A           | 14       | N/A           | 19       | N/A           | 57       | 68,349        | 121     | 70,177        | 243   |
| 65-69           |         |               |        |               | 1      | N/A           | 2        | N/A           | 2        | N/A           | 3        | N/A           | 2        | N/A           | 5        | N/A           | 10       | N/A           | 37      | 71,426        | 62    |
| 70+             |         |               |        |               |        |               |          |               |          |               | 2        | N/A           |          |               | 2        | N/A           | 1        | N/A           | 18      | N/A           | 23    |
| Total:          | 1       |               | 3      |               | 43     |               | 221      |               | 218      |               | 550      |               | 167      |               | 152      |               | 129      |               | 191     |               | 1,675 |

Lucent Technologies Inc. Retirement Plan

Statements of Net Assets Available for Benefits

|                                                                | <b>December 31</b>       |                          |
|----------------------------------------------------------------|--------------------------|--------------------------|
|                                                                | <b>2010</b>              | <b>2009</b>              |
|                                                                | <i>(In Thousands)</i>    |                          |
| <b>Assets</b>                                                  |                          |                          |
| Investments at fair value:                                     |                          |                          |
| Plan interest in Lucent Technologies Inc. Master Pension Trust | \$ 478,319               | \$ 605,435               |
| Common Collective Trust Fund                                   | 1,025                    | 1,405                    |
| Total assets                                                   | <u>479,344</u>           | <u>606,840</u>           |
| <b>Liabilities</b>                                             |                          |                          |
| Accounts payable and accrued liabilities                       | 177                      | 190                      |
| Due to Lucent Technologies Inc. Pension Plan, net              | 252,418                  | 238,043                  |
| Mandatory portability transfers                                | 5,279                    | 9,041                    |
| Total liabilities                                              | <u>257,874</u>           | <u>247,274</u>           |
| Net assets available for benefits                              | <u><u>\$ 221,470</u></u> | <u><u>\$ 359,566</u></u> |

*See accompanying notes.*

Lucent Technologies Inc. Retirement Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2010  
(In Thousands)

**Additions**

|                                                                |               |
|----------------------------------------------------------------|---------------|
| Plan interest in Lucent Technologies Inc. Master Pension Trust | \$ 66,334     |
| Interest income                                                | 1             |
| Total additions                                                | <u>66,335</u> |

**Deductions**

|                                               |              |
|-----------------------------------------------|--------------|
| Benefits paid to participants                 | 3,332        |
| Investment and administrative expenses        | 775          |
| Pension Benefit Guaranty Corporation premiums | 68           |
| Total deductions                              | <u>4,175</u> |

|                               |        |
|-------------------------------|--------|
| Net increase before transfers | 62,160 |
|-------------------------------|--------|

|                                                        |              |
|--------------------------------------------------------|--------------|
| Transfer to Lucent Technologies Inc. Pension Plan, net | (194,696)    |
| Mandatory portability transfers                        | (5,459)      |
| Transfer to Alcatel-Lucent Retirement Income Plan      | <u>(101)</u> |

|              |           |
|--------------|-----------|
| Net decrease | (138,096) |
|--------------|-----------|

**Net assets available for benefits**

|                   |                          |
|-------------------|--------------------------|
| Beginning of year | 359,566                  |
| End of year       | <u><u>\$ 221,470</u></u> |

*See accompanying notes.*

Lucent Technologies Inc. Retirement Plan

Statements of Accumulated Plan Benefits

|                                                             | <b>December 31</b>    |                   |
|-------------------------------------------------------------|-----------------------|-------------------|
|                                                             | <b>2010</b>           | <b>2009</b>       |
|                                                             | <i>(In Thousands)</i> |                   |
| <b>Actuarial present value of accumulated plan benefits</b> |                       |                   |
| Vested benefits:                                            |                       |                   |
| Participants currently receiving payments                   | \$ 3,438              | \$ 946            |
| Other participants                                          | 125,004               | 205,617           |
| Non-vested benefits:                                        | 22,850                | 32,442            |
| Total actuarial present value of accumulated plan benefits  | <u>\$ 151,292</u>     | <u>\$ 239,005</u> |

*See accompanying notes.*

Lucent Technologies Inc. Retirement Plan

Statement of Changes in Accumulated Plan Benefits

Year Ended December 31, 2010  
*(In Thousands)*

|                                                                             |                          |
|-----------------------------------------------------------------------------|--------------------------|
| Actuarial present value of accumulated plan benefits at beginning of period | \$ 239,005               |
| Increase (decrease) during the period attributable to:                      |                          |
| Change in assumptions                                                       | 5,903                    |
| Change in Plan provisions                                                   | 63,074                   |
| Benefits accumulated                                                        | 7,879                    |
| Increase for interest due to the decrease in the discount period            | 13,719                   |
| Benefits paid                                                               | (3,332)                  |
| Net transfers to Lucent Technologies Inc. Pension Plan                      | (157,422)                |
| Difference between actual and expected experience                           | <u>(17,534)</u>          |
| Net decrease                                                                | (87,713)                 |
| Actuarial present value of accumulated plan benefits at end of period       | <u><u>\$ 151,292</u></u> |

*See accompanying notes.*

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements

December 31, 2010

*(In Thousands)*

### **1. Plan Description**

The following description of the Lucent Technologies Inc. Retirement Plan (the “Plan”) provides only general information. Participants should refer to the Plan document and the Summary Plan Description of the Plan for a more complete description of the Plan’s provisions.

#### **General**

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

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

#### **Pension Benefits**

The Plan provides three kinds of pensions:

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

#### **Deferred Vested Pension**

Participants are eligible for a Deferred Vested Pension if they leave the Company after becoming vested, provided they are not eligible for a Service Pension or Disability Pension. Deferred Vested Pensions will be paid from the Plan. Participants may receive their Deferred Vested Pension starting at age 65, in which case no reduction will be made to their pension because of their age at the time payments start. Participants may also receive their Deferred Vested Pension

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

*(In Thousands)*

### 1. Plan Description (continued)

at any time before age 65, in which case their benefit will be reduced by an actuarial factor that takes into account their age when their payment starts. The Plan provides for annuity forms of payment for Deferred Vested Pensions. In addition, participants, who while employed were represented by the Communications Workers of America, can elect a lump sum form of payment. Effective as of January 1, 2008, the Plan was amended to provide a lump-sum form of payment for participants who, while employed, were represented by the International Brotherhood of Electrical Workers and who terminate employment on or after October 19, 2007.

#### Service Pension

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

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

Upon the termination of a Plan participant's employment, the assets, liabilities and benefit obligations attributable to the employee's Service Pension are transferred to the LTPP. The participant in the Plan becomes a participant in the LTPP on the day following his or her termination of employment, and the participant's Service Pension, as determined under the provision of the Plan as of the date of termination, will be paid from the LTPP.

#### Disability Pension Benefits

Plan participants with 15 or more years of service who terminate employment due to their continued total disability after receiving 52 weeks of sickness disability payments from the Lucent Technologies Inc. Sickness and Accident Disability Benefit Plan (or, for Lucent Business Assistants, 26 weeks under the Alcatel-Lucent Short Term Disability Plan) are eligible for a Disability Pension equal to the normal retirement benefits that have accumulated as of the time they become disabled, less any payments from other sources that are considered of the same general character (for example, workers' compensation benefits).

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

*(In Thousands)*

### **1. Plan Description (continued)**

Upon the termination of a Plan participant's employment, the assets and liabilities attributable to the employee's Disability Pension are transferred to the LTPP. The participant in the Plan becomes a participant in the LTPP on the day following his or her termination of employment, and the participant's Disability Pension, as determined under the provisions of the Plan as of the date of termination, will be paid from the LTPP. Disability Pension benefits continue to be paid until the earliest of the participant's recovery, death, or attainment of normal retirement age. Upon attainment of normal retirement age, participants begin to receive a Service Pension paid from the LTPP equal to the Disability Pension benefits received under the LTPP.

### **Other Plan Provisions**

On July 28, 2008, the Company and the International Brotherhood of Electrical Workers Local 21 ("IBEW Local 21") entered into a certain Lisle Facility Closing Agreement pursuant to which the Company agreed to amend the Plan and the LTPP to provide certain enhanced pension benefits to certain then-currently-employed employees at the Company's Lisle Network Software Center Facility in Lisle, Illinois, who were represented for collective bargaining purposes by the IBEW Local 21 and who were involuntarily terminated from employment on or after July 28, 2008. On December 30, 2009, in accordance with the Lisle Facility Closing Agreement, the Company amended the Plan and the LTPP, effective as of January 1, 2009, to implement the terms of those agreements. No enhanced pension benefits, as contemplated by the Lisle Facility Closing Agreement, were paid in 2008. Affected employees first began receiving enhanced pension benefits, in accordance with the terms of the Lisle Facility Closing Agreement, in 2009.

On February 3, 2009, the Company and the CWA entered into a certain Charlotte Facility Closing Agreement and a certain Whippany Facility Closing Agreement, pursuant to which the Company agreed to amend the Plan and the LTPP to provide certain enhanced pension benefits to employees at the Company's Charlotte Special Customer Operations Center in Charlotte, North Carolina and the Company's Whippany Corporate Center who were represented for collective bargaining purposes by the CWA and who were involuntarily terminated from employment on or after February 3, 2009. On December 30, 2009, in accordance with the Charlotte Facility Closing Agreement and the Whippany Facility Closing Agreement, the Company amended the Plan and the LTPP, effective as of January 1, 2009, to implement the terms of those agreements.

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

*(In Thousands)*

### **1. Plan Description (continued)**

On February 3, 2009, the Company and the CWA also entered into a certain Enhanced Transition Leave of Absence – Holmdel Closing agreement, pursuant to which the Company agreed to amend the Plan and the LTPP to provide certain enhanced pension benefits to certain former employees who were represented for collective bargaining purposes by the CWA and who were laid off due to the closing of the Company’s Holmdel, New Jersey facility. On December 30, 2009, in accordance with the Enhanced Transition Leave of Absence – Holmdel Closing Agreement, the Company amended the Plan and the LTPP, effective as of July 1, 2009, to implement the terms of Enhanced Transition Leave of Absence – Holmdel Closing.

The impact of the foregoing IBEW Local 21 and CWA Plan amendments was a \$29,903 increase in the present value of accumulated plan benefits as of December 31, 2009.

On December 18, 2009, the Company and the CWA agreed to offer a special voluntary termination program—the 2009 Special Voluntary Termination Program (“SVTP”)—to certain CWA-represented Installers who elected to terminate under the SVTP and receive enhanced pension benefits. The Plan was amended effective January 1, 2010 to provide for the SVTP benefit. The impact of the SVTP benefit was reflected as a \$63,074 increase in the present value of accumulated plan benefits as of December 31, 2010.

### **2. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

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

#### **Contributions and Actuarial Method**

Contributions to the Plan are determined on a going-concern basis by an actuarial cost method known as the Accrued Benefit Cost Method. Under this method, the projected benefit for each future event is allocated to each of the participant’s years of service. The normal cost is equal to the actuarial present value of the benefits allocated to the current year and the actuarial accrued liability is equal to the actuarial present value of the total benefits allocated to years prior to the

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

current year. The actuarial accrued liability for inactive participants was determined as the actuarial present value of the benefits expected to be paid. No normal costs are now payable with respect to these participants. The minimum required contribution and the maximum permissible contributions are then determined as the sum of the normal cost for all employees, plus amortization, if any, on the initial unfunded liability, change in liability due to plan amendments, assumption changes and experience gain or loss.

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

The Company's funding policy, subject to the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended ("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. No contributions were due for the years ended December 31, 2010 and 2009 under the minimum funding requirements of ERISA.

#### **Actuarial Present Value of Accumulated Plan Benefits**

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

Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The accumulated plan benefits as of December 31, 2010 and 2009 are based on census data as of those respective dates. Benefits payable upon retirement, death, disability or withdrawal are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The assumptions used to determine the actuarial present value of accumulated plan benefits as of December 31, 2010 and 2009 include rates of separation, retirement and disability which are based on actual employee experience.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

The mortality table used in determining the actuarial present value of accumulated plan benefits as of December 31, 2010 and 2009 is described as follows. For participants in pay status, a graduated table based on actual Alcatel-Lucent experience during the period 2005 – 2008 is used. For active participants, the mortality assumption prior to assumed commencement is the RP2000 projected to 2009. For deferred vested participants, the mortality table is the RP2000 projected to 2009 for ages up to 64 and Alcatel-Lucent 2005 – 2008 experience for ages 65 and above.

Interest assumptions of 5.51% and 5.80% were used to determine the actuarial present values of accumulated plan benefits at December 31, 2010 and 2009, respectively.

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

#### **Use of Estimates**

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

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

#### **Benefit Payments**

Benefit payments to participants are recorded upon distribution.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

##### **Interplan Transfers, Net**

Interplan transfers represent transfers between the Alcatel-Lucent Retirement Income Plan (“ALRIP”), the LTPP and the Plan. The interplan transfers are recorded on an accrual basis.

##### **Mandatory Portability Transfers, Net**

Mandatory portability transfers represent transfers attributable to the Mandatory Portability Agreement, effective January 1, 1985, between and among AT&T, former affiliates and certain other companies, and the Plan. The accumulated benefit obligation at year end does not include the benefits payable to the mandatory portability population. These transfers are recorded on an accrual basis.

##### **Investment and Administrative Expenses**

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

##### **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**

During 2010 and 2011, the Financial Accounting Standards Board (“FASB”) issued various updates to Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (“ASC 820”), including Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU 2011-4”). These updates require disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers as well as separate disclosure of purchases, sales, issuances, and settlements of

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

*(In Thousands)*

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

recurring Level 3 measurements on a gross basis. In addition, ASU 2011-4 expands the qualitative and quantitative fair value disclosure requirement for fair value measurements categorized in Level 3 of the fair value hierarchy and requires a description of the valuation processes in place and a description of the sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs if a change in those inputs would result in a significantly different fair value measurement. Certain of the amendments (including the separate disclosure of Level 3 activity) are effective for fiscal years beginning after December 31, 2010, and the remainder are effective for fiscal years beginning after December 15, 2011. Adoption of this accounting guidance is currently being assessed but is not expected to have a material impact on the Plan's financial statements, with the exception of enhanced disclosure around fair value of investments.

### **3. Tax Status**

The Internal Revenue Service (the "IRS") determined, and informed the Company by a letter dated January 7, 2010, that the Plan is designed in accordance with the currently applicable sections of the Internal Revenue Code ("IRC"). The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore no provision for income taxes has been made.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain tax positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2007.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

#### **4. Termination Priorities**

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

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

- a. the Plan provides that the net assets available for benefits shall be allocated among the participants and beneficiaries of the Plan in the order provided for in ERISA,
- b. to the extent unfunded vested benefits then exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations, as described in ERISA, and
- c. to the extent that the net assets available for benefits exceed the amounts to be allocated pursuant to the priorities provided for in ERISA, such amounts will be allocated among participants pursuant to the priorities set forth in the Plan and ERISA.

#### **5. Interest in Lucent Technologies Inc. Master Pension Trust**

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

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

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

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

As of December 31, 2010, the following plans participate in the MPT:

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

Each participating plan has an undivided interest in the MPT's various investment sleeves. At December 31, 2010 and 2009, the Plan's interest in the net assets of the MPT was 1.49% and 1.93%, respectively.

The following table presents each investment sleeve and the percentage of ownership within the sleeve for the years ended December 31, 2010 and 2009:

#### Investment Sleeve Data

|                                 | ALRIP***            |                     | LTPP***             |                     | LTRP                |                     | ADN**               |                     |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                 | 2010<br>Sleeve<br>% | 2009<br>Sleeve<br>% | 2010<br>Sleeve<br>% | 2009<br>Sleeve<br>% | 2010<br>Sleeve<br>% | 2009<br>Sleeve<br>% | 2010<br>Sleeve<br>% | 2009<br>Sleeve<br>% |
| Domestic Equity*                | —                   | —                   | —                   | —                   | —                   | —                   | —                   | 100%                |
| Developed International Equity* | —                   | —                   | —                   | —                   | —                   | —                   | —                   | 100%                |
| Emerging Markets Equity*        | —                   | —                   | —                   | —                   | —                   | —                   | —                   | —                   |
| Global Equity*                  | 75%                 | 75%                 | 24%                 | 24%                 | 1%                  | 1%                  | —                   | —                   |
| Core Fixed Income-LPF           | —                   | —                   | 97%                 | 96%                 | 3%                  | 4%                  | —                   | —                   |
| Core Fixed Income-LGC           | 100%                | 100%                | —                   | —                   | —                   | —                   | —                   | —                   |
| Corporate Bond Mgt*             | 100%                | 100%                | —                   | —                   | —                   | —                   | —                   | —                   |
| Corporate Bond Occ*             | —                   | —                   | 97%                 | 96%                 | 3%                  | 4%                  | —                   | —                   |
| TIPS                            | 56%                 | 54%                 | 43%                 | 44%                 | 1%                  | 2%                  | —                   | —                   |
| High Yield Debt                 | 54%                 | 52%                 | 44%                 | 46%                 | 2%                  | 2%                  | —                   | —                   |
| Private Equity                  | 55%                 | 52%                 | 44%                 | 46%                 | 1%                  | 2%                  | —                   | —                   |
| Real Estate                     | 57%                 | 53%                 | 42%                 | 46%                 | 1%                  | 1%                  | —                   | —                   |
| Absolute Return                 | 100%                | 100%                | —                   | —                   | —                   | —                   | —                   | —                   |
| Russell Mgt Rebalancing         | 100%                | 100%                | —                   | —                   | —                   | —                   | —                   | —                   |
| Russell Occ Inac Rebalancing    | —                   | —                   | 100%                | 100%                | —                   | —                   | —                   | —                   |
| Russell Occ Act Rebalancing     | —                   | —                   | —                   | —                   | 100%                | 100%                | —                   | —                   |

\* 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.

\*\* On June 30, 2010, the ADN Plan was merged into the ALRIP as approved by the Board of Directors of Alcatel-Lucent.

\*\*\* On December 1, 2010, the Company transferred certain non-represented retiree and deferred vested participants from the LTPP to the ALRIP. As a result of the transfer of participants, 5.12% of the associated assets were transferred from the LTPP to the ALRIP.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

In the normal course of business, the MPT enters into contracts that contain indemnification clauses. 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 income, realized gain or loss or return of capital based on information reported by the partnership. Net investment income from real estate and limited partnerships are recorded when distribution notices are received from the real estate properties or limited partnerships.

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

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

The components of the net assets of the MPT as of December 31, 2010 and 2009 are summarized as follows:

|                                                     | December 31   |               |
|-----------------------------------------------------|---------------|---------------|
|                                                     | 2010          | 2009          |
| <b>Assets</b>                                       |               |               |
| Investments, at fair value:                         |               |               |
| Cash and cash equivalents                           | \$ 1,623,959  | \$ 1,597,803  |
| Cash equivalents held in 401(h) account             | 202,408       | 263,306       |
| Government and U.S. Treasury obligations*           | 7,724,437     | 6,988,487     |
| Fixed income securities*                            | 14,043,747    | 13,688,623    |
| Cash collateral invested in fixed income securities | 3,490,733     | 3,854,068     |
| Common stock and other equities*                    | 3,599,874     | 3,491,486     |
| Common and collective trusts                        | 839,636       | 704,210       |
| Real estate                                         | 1,198,144     | 1,109,223     |
| Limited partnership investments**                   | 4,026,538     | 3,887,121     |
| Futures contracts***                                | 37,899        | 44,833        |
| Foreign exchange contracts                          | 13,456        | —             |
| Swap contracts***                                   | 8,357         | 33,491        |
| Total investments                                   | 36,809,188    | 35,662,651    |
| Receivable for investments sold                     | 1,361,031     | 759,468       |
| Accrued income receivable                           | 266,290       | 273,870       |
| Due from brokers                                    | 81,821        | 113,249       |
| Total assets                                        | 38,518,330    | 36,809,238    |
| <b>Liabilities</b>                                  |               |               |
| Collateral held for loaned securities               | 3,494,440     | 3,867,313     |
| Payable for investments purchased                   | 2,579,516     | 1,119,394     |
| Securities sold, not yet purchased, at fair value   | 3,679         | 57,130        |
| Liability related to 401(h) account                 | 202,408       | 263,306       |
| Due to brokers                                      | 32,137        | 77,667        |
| Futures contracts, at fair value                    | 41,415        | 68,933        |
| Foreign exchange contracts, at fair value           | 8,281         | 1,166         |
| Swap contracts, at fair value                       | 18,260        | 15,728        |
| Accrued expenses and other liabilities              | 22,537        | 18,454        |
| Options written, at fair value                      | 1,642         | 4,343         |
| Total liabilities                                   | 6,404,315     | 5,493,434     |
| Net assets                                          | \$ 32,114,015 | \$ 31,315,804 |

\* As of December 31, 2010 and 2009, the total fair value of securities on loan was \$3,615,091 and \$3,833,871, respectively. Of these securities on loan \$363,358 and \$266,348 were equity securities, and \$3,251,733 and \$3,567,523 were debt securities, respectively.

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

\*\*\* In 2009, futures contracts had been netted and presented as a liability, and swap contracts were included in fixed income securities. In 2010, it was decided to gross up the futures contracts and show the swap contracts separately from fixed income securities. The 2009 balances shown above have been conformed to the 2010 presentation for comparative purposes.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

##### Investment Income

The following table presents the investment income for the MPT for the year ended December 31, 2010:

|                                                 |                     |
|-------------------------------------------------|---------------------|
| Net appreciation in fair value of investments   | \$ 2,318,466        |
| Interest                                        | 1,088,830           |
| Dividends                                       | 92,166              |
| Net investment income from real estate          | 92,891              |
| Net investment income from limited partnerships | 65,954              |
| Other income                                    | 12,716              |
| Total investment income                         | <u>\$ 3,671,023</u> |

For the year ended December 31, 2010, the net appreciation in fair value of investments in the MPT, including both realized gains and losses and unrealized appreciation/(depreciation), was comprised of the following:

|                                               |                     |
|-----------------------------------------------|---------------------|
| Fixed income securities                       | \$ 1,125,308        |
| Common stock and other equities               | 548,963             |
| Real estate                                   | 112,227             |
| Limited partnership investments               | 429,505             |
| Other investments                             | 102,463             |
| Net appreciation in fair value of investments | <u>\$ 2,318,466</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 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

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

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, 2010 and 2009, 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 \$26,040 and \$42,649, 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 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.

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

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

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, 2010 and 2009, 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.

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

The Plan's interest in the MPT exceeded 5% of its net assets available for benefits at December 31, 2010 and 2009. 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, 2010 and 2009.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

Collateral held by brokers for futures contracts and swap contracts outstanding was \$91,018 and \$146,028 at December 31, 2010 and 2009, respectively. These amounts are included in due from brokers and government and U.S. treasury obligations on the schedule of net assets of the MPT.

At December 31, 2010, Cash and cash equivalents and Cash equivalents held in the 401(h) account were primarily comprised of short term investment funds managed by JP Morgan and 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 JP Morgan and 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 and recorded at rates of exchange prevailing when such investments were purchased or sold. Income and expenses are translated at rates of exchange prevailing when earned or accrued. The MPT does not isolate that portion of the results of operations resulting from changes in foreign currency exchanges rates on investments from fluctuations arising from changes in the valuation of investments. Accordingly, such foreign currency related gains and losses are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT.

#### **Fair Value of Investments**

In accordance with ASC 820, *Fair Value Measurements and Disclosures*, 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).

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

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.

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.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Furthermore, the fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk. Management assumes that any transfers between levels occur at the beginning of any period. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The inputs or methodology used for valuing investments and their classification in the fair value hierarchy are not necessarily an indication of the risk associated with those investments.

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

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

The following is a summary of the inputs utilized in valuing the MPT's assets and liabilities carried at fair value as of December 31, 2010 and 2009:

As of December 31, 2010:

|                                                       | Level 1      | Level 2       | Level 3      | Total         |
|-------------------------------------------------------|--------------|---------------|--------------|---------------|
| <b>Assets</b>                                         |              |               |              |               |
| Cash equivalents <sup>1</sup>                         | \$ 267,198   | \$ 1,559,169  | \$ –         | \$ 1,826,367  |
| Cash collateral invested in fixed income securities:  |              |               |              |               |
| Floating rate notes                                   | –            | 1,316,249     | –            | 1,316,249     |
| Repurchase agreements                                 | –            | 947,737       | –            | 947,737       |
| Asset-backed floating notes                           | –            | 159,864       | –            | 159,864       |
| Commercial paper                                      | –            | 442,817       | –            | 442,817       |
| Certificate of deposit                                | –            | 602,620       | –            | 602,620       |
| Time deposits and other                               | –            | 21,446        | –            | 21,446        |
| Total                                                 | –            | 3,490,733     | –            | 3,490,733     |
| Common collective trusts                              | –            | 839,636       | –            | 839,636       |
| Domestic equity* <sup>2</sup>                         | 1,564,747    | –             | –            | 1,564,747     |
| International equity* <sup>2</sup>                    | 2,035,127    | –             | –            | 2,035,127     |
| Asset backed securities <sup>3</sup>                  | –            | 307,675       | –            | 307,675       |
| Corporate debt securities <sup>3</sup>                | 10,094       | 12,288,546    | 1,426        | 12,300,066    |
| International government bonds <sup>3</sup>           | 73,804       | 186,229       | –            | 260,033       |
| Mortgage backed securities <sup>3</sup>               | –            | 608,681       | –            | 608,681       |
| Government and U.S. treasury obligations <sup>3</sup> | 4,096,850    | 3,515,495     | –            | 7,612,345     |
| U.S. states & subdivisions <sup>3</sup>               | –            | 622,582       | –            | 622,582       |
| Limited partnership investments                       | –            | 243,872       | 3,782,666    | 4,026,538     |
| Real estate                                           | –            | –             | 1,198,144    | 1,198,144     |
| Bank debt, other fixed income securities <sup>3</sup> | –            | 6,838         | 49,964       | 56,802        |
| Interest rate swap contract <sup>4</sup>              | –            | 6,905         | –            | 6,905         |
| Credit default swap contracts <sup>4</sup>            | –            | 1,452         | –            | 1,452         |
| Futures contracts                                     | –            | 37,899        | –            | 37,899        |
| Foreign exchange contracts                            | 13,456       | –             | –            | 13,456        |
| Total assets                                          | \$ 8,061,276 | \$ 23,715,712 | \$ 5,032,200 | \$ 36,809,188 |
| <b>Liabilities</b>                                    |              |               |              |               |
| Written options                                       | \$ 1,642     | \$ –          | \$ –         | \$ 1,642      |
| Futures contracts                                     | –            | 41,415        | –            | 41,415        |
| Foreign exchange contracts                            | 8,281        | –             | –            | 8,281         |
| Government and U.S. treasury obligations <sup>3</sup> | –            | 3,679         | –            | 3,679         |
| Interest rate swaps <sup>5</sup>                      | –            | 2,383         | –            | 2,383         |
| Credit default swaps <sup>5</sup>                     | –            | 15,877        | –            | 15,877        |
| Total liabilities                                     | \$ 9,923     | \$ 63,354     | \$ –         | \$ 73,277     |

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

<sup>1</sup> Comprised of Cash and cash equivalents of \$1,623,959 and Cash equivalents held in 401(h) account of \$202,408

<sup>2</sup> Such strategies aggregate to \$3,599,874, which is included in Common stock and other equities on the schedule of net assets of the MPT

<sup>3</sup> Such strategies aggregate to \$21,768,184, which is included in Fixed income securities and U.S. Government and Treasury obligations on the schedule of net assets of the MPT

<sup>4</sup> Represents swap contracts which is included in Investments at fair value, Swap contracts on the schedule of net assets of the MPT

<sup>5</sup> Represents swap contracts which is included in Liabilities, Swap contracts on the schedule of net assets of the MPT

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

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

As of December 31, 2009:

|                                                          | Level 1      | Level 2       | Level 3      | Total         |
|----------------------------------------------------------|--------------|---------------|--------------|---------------|
| <b>Assets</b>                                            |              |               |              |               |
| Cash equivalents <sup>1</sup>                            | \$ 56,020    | \$ 1,805,089  | \$ –         | \$ 1,861,109  |
| Cash collateral invested in fixed income securities:     |              |               |              |               |
| Floating rate notes                                      | –            | 1,467,065     | –            | 1,467,065     |
| Commercial paper                                         | –            | 760,549       | –            | 760,549       |
| Repurchase agreements                                    | –            | 542,893       | –            | 542,893       |
| Certificate of deposit and other                         | –            | 480,625       | –            | 480,625       |
| Asset-backed fixed and floating                          | –            | 351,532       | –            | 351,532       |
| Time deposits                                            | –            | 251,000       | –            | 251,000       |
| Interest bearing notes                                   | –            | 404           | –            | 404           |
| Total                                                    | –            | 3,854,068     | –            | 3,854,068     |
| Common collective trusts                                 | –            | 704,210       | –            | 704,210       |
| Domestic equity* <sup>2</sup>                            | 1,494,995    | 8,964         | –            | 1,503,959     |
| International equity* <sup>2</sup>                       | 1,987,527    | –             | –            | 1,987,527     |
| Asset backed securities <sup>3</sup>                     | –            | 318,486       | –            | 318,486       |
| Corporate debt securities <sup>3</sup>                   | 9,093        | 11,954,758    | 194          | 11,964,045    |
| International government bonds <sup>3</sup>              | 57,115       | 143,973       | –            | 201,088       |
| Mortgage backed securities <sup>3</sup>                  | –            | 731,879       | –            | 731,879       |
| Government and U.S. treasury obligations                 | 4,160,778    | 2,827,709     | –            | 6,988,487     |
| U.S. states & subdivisions <sup>3</sup>                  | –            | 407,001       | –            | 407,001       |
| Limited partnership investments                          | –            | –             | 3,887,121    | 3,887,121     |
| Real estate                                              | –            | –             | 1,109,223    | 1,109,223     |
| Futures contracts                                        | 44,833       | –             | –            | 44,833        |
| Interest rate swaps <sup>4</sup>                         | –            | 17,755        | –            | 17,755        |
| Credit default swaps <sup>4</sup>                        | –            | 15,736        | –            | 15,736        |
| Bank debt and other fixed income securities <sup>3</sup> | –            | 11,205        | 54,919       | 66,124        |
| Total assets                                             | \$ 7,810,361 | \$ 22,800,833 | \$ 5,051,457 | \$ 35,662,651 |
| <b>Liabilities</b>                                       |              |               |              |               |
| Written options                                          | \$ 239       | \$ 4,104      | \$ –         | \$ 4,343      |
| Futures contracts                                        | 68,933       | –             | –            | 68,933        |
| Foreign exchange contracts                               | 1,166        | –             | –            | 1,166         |
| Government and U.S. treasury obligations                 | –            | 57,130        | –            | 57,130        |
| Credit default swaps <sup>5</sup>                        | –            | 4,085         | –            | 4,085         |
| Interest rate swaps <sup>5</sup>                         | –            | 11,643        | –            | 11,643        |
| Total liabilities                                        | \$ 70,338    | \$ 76,962     | \$ –         | \$ 147,300    |

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

<sup>1</sup> Comprised of Cash equivalents of \$1,597,803 and Cash equivalents held in 401(h) account of \$263,306

<sup>2</sup> 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

<sup>3</sup> Such strategies aggregate to \$13,688,623, which is included in Fixed income securities on the schedule of net assets of the MPT

<sup>4</sup> Represents swap contracts which is included in Investments at fair value, Swap contracts on the schedule of net assets of the MPT

<sup>5</sup> Represents swap contracts which is included in Liabilities, Swap contracts on the schedule of net assets of the MPT

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

The Plan also invests in certain common collective trusts (“CCTs”) which are held in segregated Plan accounts. The fair values of these CCTs amounted to \$1,025 and \$1,405 as of December 31, 2010 and 2009, respectively, and are categorized as Level 2.

The following table is a reconciliation of assets the MPT held during the year ended December 31, 2010 at fair value using significant unobservable inputs (Level 3):

As of December 31, 2010:

|                                                    | Beginning<br>Balance<br>January 1,<br>2010 | Net<br>Realized and<br>Unrealized<br>Gains<br>(Losses)* | Net<br>Purchases<br>(Sales) and<br>Settlements | Net<br>Transfers<br>In (Out)** | Ending<br>Balance,<br>December 31,<br>2010 |
|----------------------------------------------------|--------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------------|--------------------------------------------|
| Corporate debt securities                          | \$ 194                                     | \$ 390                                                  | \$ (350)                                       | \$ 1,192                       | \$ 1,426                                   |
| Swaps, bank debt, other fixed<br>income securities | 54,919                                     | 469                                                     | (4,446)                                        | (978)                          | 49,964                                     |
| Limited partnership investments                    | 3,887,121                                  | 397,525                                                 | (238,934)                                      | (263,046)                      | 3,782,666                                  |
| Real estate                                        | 1,109,223                                  | 72,147                                                  | 16,774                                         | –                              | 1,198,144                                  |
| Total                                              | <u>\$ 5,051,457</u>                        | <u>\$ 470,531</u>                                       | <u>\$ (226,956)</u>                            | <u>\$ (262,832)</u>            | <u>\$ 5,032,200</u>                        |

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

\*\* During the year ended December 31, 2010, the MPT reclassified securities with an aggregate net fair value of (\$262,832) in/out of Level 3 as a result of such securities either becoming more or less actively traded and the associated inputs becoming more or less observable.

Net changes in unrealized appreciation/(depreciation) on assets still held as of December 31, 2010 amounted to (\$511,547) and are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT. During the year ended December 31, 2010, the MPT did not reclassify securities to or from Level 1 to Level 2.

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

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

The MPT is required to disclose additional information regarding the nature of its investments in underlying funds when MPT uses the NAV reported by such underlying funds that calculate net asset value per share as a practical expedient in assessing fair value. The following is a summary of investments where the MPT has used NAV to assess fair value as of December 31, 2010:

| Description of Investment                                | Fair Value<br>Level 2 | Fair Value<br>Level 3 | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice Period |
|----------------------------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------------|
| Equity Long/Short Hedge Funds <sup>(a)</sup>             | \$ 58,180             | \$ 138,656            | \$ —                    | Quarterly,<br>Annually  | 45-60 days                  |
| Event Driven Hedge Funds <sup>(b)</sup>                  | 141,399               | 201,480               | —                       | Quarterly,<br>Annually  | 30-90 days                  |
| Multi-strategy Hedge Funds <sup>(c)</sup>                | —                     | 121,370               | —                       | Quarterly,<br>Annually  | 45-65 days                  |
| Relative Value Hedge Fund <sup>(d)</sup>                 | 44,293                | —                     | —                       | Monthly                 | 30 days                     |
| Real Estate Funds <sup>(e)</sup>                         | —                     | 542,168               | 164,687                 | N/A                     |                             |
| Private Equity Funds – Venture Capital <sup>(f)</sup>    | —                     | 1,149,841             | 283,194                 | N/A                     |                             |
| Private Equity Funds – Buyouts <sup>(g)</sup>            | —                     | 1,237,814             | 433,855                 | N/A                     |                             |
| Private Equity Funds – Special Situations <sup>(h)</sup> | —                     | 374,382               | 131,597                 | N/A                     |                             |
| Private Equity Funds – Direct Investments <sup>(i)</sup> | —                     | 16,955                | —                       | N/A                     |                             |
| Total                                                    | <u>\$ 243,872</u>     | <u>\$ 3,782,666</u>   | <u>\$ 1,013,333</u>     |                         |                             |

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<br>Commitments | Redemption<br>Frequency              | Redemption<br>Notice Period |
|-------------------------------------------|---------------------|-------------------------|--------------------------------------|-----------------------------|
| Equity Long/Short Hedge Funds             | \$ 180,812          | \$ —                    | Quarterly,<br>Semiannually, Annually | 45-60 days                  |
| Event Driven Hedge Funds                  | 385,552             | —                       | Quarterly, Annually                  | 30-90 days                  |
| Multi-strategy Hedge Funds                | 163,212             | —                       | Quarterly, Annually                  | 45-90 days                  |
| Relative Value Hedge Fund                 | 40,266              | —                       | Monthly                              | 30 days                     |
| Real Estate Funds                         | 435,620             | 175,673                 |                                      |                             |
| Private Equity Funds – Venture Capital    | 1,132,600           | 461,731                 |                                      |                             |
| Private Equity Funds – Buyouts            | 1,198,048           | 563,465                 |                                      |                             |
| Private Equity Funds – Special Situations | 334,414             | 155,029                 |                                      |                             |
| Private Equity Funds – Direct Investments | 16,597              | —                       |                                      |                             |
| Total                                     | <u>\$ 3,887,121</u> | <u>\$ 1,355,898</u>     |                                      |                             |

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

- (a) This category includes investments in hedge funds that invest in both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift its investment positions to different market segments (value/growth), market capitalization (small/large cap) and net long/short exposure as agreed to in the subscription documents of such hedge funds. Investments representing 20.91% of the value of this category cannot be redeemed until April 2011; the remaining investments in this category can be redeemed at any time subject to the redemption notice period of each respective hedge fund. 0.77% of this category is held in side pockets.
- (b) This category includes investments in hedge funds that invest in equities and fixed income to profit from economic, political and government driven events. 8.79% of this category is held in side pockets.
- (c) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. These multiple strategy hedge funds invest in common stock, fixed income securities, convertibles, distressed debt, merger arbitrage, macro and real estate securities. 12.26% of this category is held in side pockets.
- (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 5 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 5 to 10 years from inception of the funds.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

(In Thousands)

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

- (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 5 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 5 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.

#### 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.

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

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

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, 2010:

|                                                | <b>Single Name<br/>Corporate Bond<br/>Credit Default<br/>Swaps</b> | <b>Sovereign Debt<br/>Credit Default<br/>Swaps</b> | <b>Municipal Debt<br/>Credit Default<br/>Swaps</b> | <b>Basket of<br/>Investment<br/>Grade<br/>Securities<br/>Swaps</b> |
|------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|
| Fair value of sold protection                  | \$ 679                                                             | \$ (171)                                           | \$ 1                                               | \$ 41                                                              |
| Maximum undiscounted potential future payments | \$ 31,520                                                          | \$ 15,300                                          | \$ 1,900                                           | \$ 5,900                                                           |
| Approximate term of the contracts              | One to Five years                                                  | One to Five years                                  | One to Eight years                                 | Five years                                                         |
| Credit ratings of underlying instruments       | AA+ to BBB-                                                        | AAA to BBB-                                        | AA to A-                                           | -                                                                  |

As of December 31, 2009:

|                                                | <b>Single Name Corporate<br/>Bond Credit<br/>Default Swaps</b> | <b>Sovereign Debt<br/>Credit<br/>Default Swaps</b> | <b>Municipal Debt<br/>Credit<br/>Default Swaps</b> |
|------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| 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-                                          |

At December 31, 2010, the MPT held 12 written put option contracts that are expiring at various times between March 2011 and March 2012. The maximum payout for a written put option is limited to the number of contracts written and the related strike prices and amounted to \$4,960. The fair value of the written put options was (\$1,108) which is located in fixed income securities on the schedule of net assets of the MPT.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

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) which is located in fixed income securities on the schedule of net assets of the MPT.

#### **Securities Lending**

The MPT participates in an agency securities lending program with BNYMellon Bank, N.A. ("BNYMellon Bank"), an affiliate of the 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, 2010 and 2009, the fair value of the securities on loan was \$3,615,091 and \$3,833,871 respectively, such securities are recorded on the schedule of net assets of the MPT. The MPT received collateral in the form of cash and securities. The MPT has the ability to repledge the cash, however the securities cannot be repledged. As of December 31, 2010 and 2009, the MPT held cash collateral of \$3,494,440 and \$3,880,558, respectively. The cash collateral was used to enter into repurchase agreements and to purchase asset-backed floating notes, floating rate notes, commercial paper, certificates of deposit and time deposits. The fair value of these investments acquired with the cash collateral are \$3,490,733 and \$3,854,068 at December 31, 2010 and 2009, respectively, and are included in the cash collateral invested in fixed income securities on the schedule of net assets of the MPT. The securities received as collateral which cannot be sold or repledged included letters of credit and U.S. Treasuries in the amounts of \$211,017 and \$106,234, at December 31, 2010 and 2009, respectively. Such securities are not reflected in the MPT's assets and liabilities. The MPT received interest and securities lending income in the amount of \$7,444 in 2010 from the securities lending program; this income is included in other income on the schedule detailing investment income of the MPT.

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

Under the repurchase agreements, the MPT acquires a security for cash subject to an obligation by the counterparty to repurchase, and the MPT to resell, the security at an agreed-upon price and time. In these transactions, the MPT takes possession of securities collateralizing the repurchase agreement. The collateral is marked to market daily to ensure that the fair value of the assets remains sufficient to protect the MPT in the event of default by the seller. As of December 31, 2010, the fair value of securities which the MPT holds as collateral with respect to such repurchase agreements is \$947,737. Repurchase agreements are carried at their contractual amounts which approximate fair value.

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

#### **6. Derivative Financial Instruments**

In the ordinary course of business, the MPT enters into various types of derivative transactions through its discretionary Investment Advisors. Derivative contracts serve as components of the MPT's investment strategies and are utilized primarily to 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, 2010 on the schedule detailing investment income of the MPT.

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

## Lucent Technologies Inc. Retirement 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's Investment Advisors use index futures contracts to manage both short-term asset allocation and the duration of the fixed income portfolio. Most of the contracts have terms of less than one year. The credit risk of futures contracts is limited because they are standardized contracts traded on organized exchanges and are subject to daily cash settlement of the net change in value of open contracts. Fluctuation in unrealized gain or loss related to other futures contracts is recorded daily until realized on closing. Both realized and unrealized gain or loss are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT. Futures contracts require collateral consisting of cash or liquid securities and daily variation margin settlements to be made with brokers. Outstanding futures contracts held by the MPT consist primarily of S&P 500 index futures, Eurodollar futures and U.S. Treasury Note and exchange index futures. The total net fair value of futures contracts at December 31, 2010 and 2009 was (\$3,516) and (\$24,100), respectively, and are included in futures contracts on the schedule of net assets of the MPT.

##### **Forward Foreign Exchange Contracts**

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

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

As of December 31, 2010 and 2009, the MPT held open forward foreign currency exchange contracts receivable and payable primarily in Canadian Dollars, Japanese Yen, Swiss Francs, British Pounds, Euros and U.S. dollars. The total net fair value of forward foreign exchange contracts at December 31, 2010 and 2009 was \$5,175 and (\$1,166), respectively, which are included in foreign exchange contracts 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, 2010 and 2009, the MPT had written option contracts outstanding consisting primarily of options on currency futures and options on fixed income securities which are included in options written on the schedule of net assets of the MPT.

#### **Swap Contracts**

Swap contracts involve the exchange by the MPT with another party of their respective commitments to pay or receive a series of cash flows calculated by reference to changes in specified prices or rates throughout the lives of the agreements. A realized gain or loss is recorded upon termination 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

## Lucent Technologies Inc. Retirement 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, 2010 and 2009, 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 investments under swap contracts in the schedule of net assets of the MPT at December 31, 2010 and 2009 are \$8,357 and \$33,491, respectively. The fair value of swap contracts that are included in liabilities under swap contracts in the schedule of net assets of the MPT at December 31, 2010 and 2009 are \$18,260 and \$15,728, 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.

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

### 6. Derivative Financial Instruments (continued)

#### Information about Derivative Instruments and Derivative Activity

The following table sets forth the gross fair value of MPT's derivative asset and liability contracts by major risk type as of December 31, 2010 and 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 |                  | Location on the Statements of Net Assets                                       | Derivative Contracts – Liabilities |                  | Location on the Statements of Net Assets                                                           |
|-----------------------------------------------------------|-------------------------------|------------------|--------------------------------------------------------------------------------|------------------------------------|------------------|----------------------------------------------------------------------------------------------------|
|                                                           | 2010                          | 2009             |                                                                                | 2010                               | 2009             |                                                                                                    |
| Foreign currency risk contracts <sup>1</sup>              | \$ 15,897                     | \$ 17,320        | Futures contracts, at fair value and foreign exchange contracts, at fair value | \$ 9,175                           | \$ 7,874         | Futures contracts, at fair value and foreign exchange contracts, at fair value                     |
| Equity and fixed income price risk contracts <sup>2</sup> | 18,144                        | 12,205           | Futures contracts, at fair value                                               | 4,163                              | 4,872            | Futures contracts, at fair value and options written, at fair value                                |
| Interest rate risk contracts <sup>3</sup>                 | 24,219                        | 38,149           | Swap contracts, at fair value and futures contracts, at fair value             | 53,877                             | 77,655           | Swap contracts, at fair value, futures contracts, at fair value and options written, at fair value |
| Credit risk contracts <sup>4</sup>                        | 1,452                         | 16,490           | Swap contracts, at fair value                                                  | 2,383                              | 5,163            | Swap contracts, at fair value                                                                      |
| Total Derivative Contracts                                | <u>\$ 59,712</u>              | <u>\$ 84,164</u> |                                                                                | <u>\$ 69,598</u>                   | <u>\$ 95,564</u> |                                                                                                    |

<sup>1</sup> Includes futures contracts, options and forward foreign exchange contracts

<sup>2</sup> Includes index futures and option contracts on fixed income securities

<sup>3</sup> Includes interest rate swaps, futures contracts and option contracts on fixed income securities

<sup>4</sup> Includes credit default swaps and total return swaps

# Lucent Technologies Inc. Retirement 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, 2010 which are included in net appreciation/(depreciation) in fair value of investments on the schedule detailing investment income of the MPT:

|                                              |                   |
|----------------------------------------------|-------------------|
| <b>Derivative contracts</b>                  |                   |
| Foreign currency risk contracts              | \$ 42,601         |
| Equity and fixed income price risk contracts | 105,909           |
| Interest rate risk contracts                 | 46,899            |
| Credit risk contracts                        | 2,129             |
| Total derivative contracts                   | <u>\$ 197,538</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, 2010:

|                                                                   | <u>Assets</u> | <u>Liabilities</u> |
|-------------------------------------------------------------------|---------------|--------------------|
| <b>Derivative Contracts-Average quarterly notional amounts</b>    |               |                    |
| Interest rate risk contracts <sup>1</sup>                         | \$ 2,535,162  | \$ 1,356,740       |
| Credit rate risk contracts <sup>2</sup>                           | 131,755       | 1,400              |
| Equity and fixed income price risk contracts <sup>3</sup>         | 908,294       | 257,325            |
| <b>Derivative Contracts-Average quarterly number of contracts</b> |               |                    |
| Foreign currency risk contracts <sup>4</sup>                      | 7,310         | 1,645              |
| Interest rate risk contracts <sup>1</sup>                         | 64            | 952                |
| Equity and fixed income price risk contracts <sup>3</sup>         | —             | 373                |

<sup>1</sup> Includes interest rate swaps (notionals), futures contracts and option contracts (contracts) on fixed income securities

<sup>2</sup> Includes credit default swaps (notionals) and total return swaps (notionals)

<sup>3</sup> Includes index futures (notionals) and options contracts (contracts) on fixed income securities

<sup>4</sup> Includes futures contracts, options and foreign exchange contracts (contracts)

# Lucent Technologies Inc. Retirement Plan

## Notes to Financial Statements (continued)

(In Thousands)

### 6. Derivative Financial Instruments (continued)

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

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

<sup>1</sup> Includes interest rate swaps (notionals), futures contracts and option contracts (contracts) on fixed income securities

<sup>2</sup> Includes credit default swaps (notionals) and total return swaps (notionals)

<sup>3</sup> Includes index futures and options contracts (contracts) on fixed income securities

<sup>4</sup> Includes futures contracts, options and foreign exchange contracts (contracts)

### Credit-Risk Related Contingent Features

The MPT's derivative contracts are subject to ISDA Master Agreements 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").

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position, prior to the application of master netting arrangements, as of December 31, 2010 and 2009 is \$18,260 and \$19,647, respectively, for which the MPT has posted collateral of \$21,374 and \$11,141, respectively, in the normal course of business. If the credit-risk-related contingent features underlying these instruments in a liability position had been triggered as of December 31, 2010 and 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, 2010 may be different than the net liability amounts stated at December 31, 2010 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 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

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

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 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 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

## Lucent Technologies Inc. Retirement Plan

### Notes to Financial Statements (continued)

*(In Thousands)*

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

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, 2010 and 2009, 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, and therefore transactions relating to these investments qualify as party-in-interest transactions.

#### **9. Subsequent Events**

Management has evaluated subsequent events through October 10, 2011, the date the financial statements were available to be issued. There were no material subsequent events that occurred between January 1, 2011 through October 10, 2011 that required disclosure in the financial statements.

Lucent Technologies Inc.  
Retirement Plan

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

December 31, 2010

| <b>Name of Issuer and Title of Issue</b> | <b>Description</b>      | <b>Cost</b>  | <b>Fair Value</b> |
|------------------------------------------|-------------------------|--------------|-------------------|
| JPMCB LIQUIDITY FUND                     | Common/Collective Trust | \$ 1,025,221 | \$ 1,025,221      |

Lucent Technologies Inc. Retirement Plan

Schedule H, Line 4j – Schedule of Reportable Transactions

Year Ended December 31, 2010

**Single Transactions in Excess of Five Percent**

| Code | Shares/Par Value | Security Description                                           | Transaction Expense | Cost of Purchases* | Proceeds From Sales* | Cost of Assets Disposed | Gain/Loss |
|------|------------------|----------------------------------------------------------------|---------------------|--------------------|----------------------|-------------------------|-----------|
| S    | 96,428           | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | \$ —                | \$ —               | \$ 96,428            | \$ 96,428               | \$ —      |
| S    | 97,184           | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 97,184               | 97,184                  | —         |
| B    | 257,640          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | 257,640            | —                    | —                       | —         |
| S    | 183,945          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 183,945              | 183,945                 | —         |
| S    | 73,747           | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 73,747               | 73,747                  | —         |
| S    | 396,638          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 396,638              | 396,638                 | —         |
| B    | 399,187          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | 399,187            | —                    | —                       | —         |
| S    | 398,968          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 398,968              | 398,968                 | —         |
| S    | 306,871          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 306,871              | 306,871                 | —         |
| B    | 729,325          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | 729,325            | —                    | —                       | —         |
| S    | 112,193          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 112,193              | 112,193                 | —         |

B = Bought, S = Sold

\*at market

Lucent Technologies Inc. Retirement Plan

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

Year Ended December 31, 2010

| Code | Shares/Par Value | Security Description                                           | Transaction Expense | Cost of Purchases* | Proceeds From Sales* | Cost of Assets Disposed | Gain/Loss |
|------|------------------|----------------------------------------------------------------|---------------------|--------------------|----------------------|-------------------------|-----------|
| S    | 152,671          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | \$ —                | \$ —               | \$ 152,671           | \$ 152,671              | \$ —      |
| B    | 354,320          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | 354,320            | —                    | —                       | —         |
| S    | 93,810           | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 93,810               | 93,810                  | —         |
| B    | 335,749          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | 335,749            | —                    | —                       | —         |
| S    | 150,273          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 150,273              | 150,273                 | —         |
| S    | 88,036           | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 88,036               | 88,036                  | —         |
| B    | 915,093          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | 915,093            | —                    | —                       | —         |
| S    | 915,093          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 915,093              | 915,093                 | —         |
| S    | 915,093          | Collective US Govt STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | —                   | —                  | 915,093              | 915,093                 | —         |
| B    | 915,093          | JPMCB LIQUIDITY FUND                                           | —                   | 915,093            | —                    | —                       | —         |
| B    | 131,615          | JPMCB LIQUIDITY FUND                                           | —                   | 131,615            | —                    | —                       | —         |
| S    | 230,206          | JPMCB LIQUIDITY FUND                                           | —                   | —                  | 230,206              | 230,206                 | —         |
| B    | 109,424          | JPMCB LIQUIDITY FUND                                           | —                   | 109,424            | —                    | —                       | —         |
| B    | 216,425          | JPMCB LIQUIDITY FUND                                           | —                   | 216,425            | —                    | —                       | —         |

B = Bought, S = Sold

\*at market

Lucent Technologies Inc. Retirement Plan

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

Year Ended December 31, 2010

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

| <b>Count</b> | <b>Shares/<br/>Par Value</b> | <b>Security Description</b>                                    | <b>Cost of<br/>Purchases*</b> | <b>Proceeds<br/>From Sales*</b> | <b>Cost of Assets<br/>Disposed</b> | <b>Gain/<br/>Loss</b> |
|--------------|------------------------------|----------------------------------------------------------------|-------------------------------|---------------------------------|------------------------------------|-----------------------|
| 12           | 3,057,366                    | COLLECTIVE US GOVT STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | \$ 3,057,366                  | \$ –                            | \$ –                               | \$ –                  |
| 35           | 4,462,247                    | COLLECTIVE US GOVT STIF 7 DTD<br>VAR RT 12/31/2049 DD 10/30/08 | –                             | 4,462,247                       | 4,462,247                          | –                     |
| 6            | 1,430,292                    | JPMCB LIQUIDITY FUND                                           | 1,430,292                     | –                               | –                                  | –                     |
| 12           | 405,070                      | JPMCB LIQUIDITY FUND                                           | –                             | 405,070                         | 405,070                            | –                     |

*There were no category (ii) or (iv) transactions during 2010.*

\*at market