

EFFECTIVE MARCH 29, 2013



## ALCATEL-LUCENT SAVINGS/401(K) PLAN

**ANNUAL FEE AND EXPENSE DISCLOSURE**

**QUALIFIED DEFAULT INVESTMENT ALTERNATIVES NOTICE**

# PLAN-RELATED INFORMATION

## YOUR RIGHT TO DIRECT THE INVESTMENT OF YOUR PLAN ACCOUNT

You have the right to direct how you want the balance in your Plan account to be invested. As described more fully below, the Plan offers a broad range of investment funds, enabling you to make choices that are right for you. As also described more fully below, if you are comfortable doing your own investment research and are prepared and willing to assume the responsibility for more closely monitoring your investments, the Plan offers a brokerage account feature. A self-directed brokerage account may entail greater risk and is not appropriate for everyone. Because you control the investment of your Plan account, the Plan's fiduciaries are relieved of liability for any losses that are the result of investment instructions given by you.

## LIMITATIONS ON YOUR ABILITY TO GIVE INVESTMENT INSTRUCTIONS

The Plan's investment funds are intended for long-term investment purposes and are not managed or intended to serve as short-term trading vehicles. Accordingly, your right to direct investments in your Plan account is subject to certain restrictions on "frequent trading." Frequent trading is the rapid movement of cash into and out of investment funds for short-term gain or to avoid short-term loss. Frequent trading increases the cost of operating an investment fund, which in turn reduces the return to all the fund's participants.

The Plan has adopted the following policy of warnings and trading-privilege suspensions in connection with frequent trading:

- **Warning:** Participants making one purchase or exchange-purchase followed by a sell or exchange-sell within 30 calendar days in the same fund (a "roundtrip") are issued a warning regarding frequent trading.
- **Fund Block:** Participants making two roundtrips in the same fund within 90 days will be blocked from additional purchases and exchange-purchases into that fund for 85 days; your account will be monitored for 12 months, and another roundtrip will result in another 85-day block.
- **Trading Block:** Participants with four roundtrips within a rolling 12-month period will be blocked from making additional purchases and exchange-purchases into Plan funds for 85 days; your account will be monitored for 12 months, and another roundtrip will result in at least another 85-day block.



## IMPORTANT INFORMATION

**This document contains important information about fees and expenses under the Alcatel-Lucent Savings/401(k) Plan.\* No specific action is required of you. However, you should carefully consider the information contained in this document, along with other information available to you concerning the Plan and its investment funds, when making decisions regarding the investment of your Plan account.**

\*The Alcatel-Lucent Savings/401(k) Plan refers both to the Alcatel-Lucent Savings Plan and the Lucent Technologies Inc. Long Term Savings and Security Plan.

### PLAN ADMINISTRATIVE COSTS

Plan administrative costs, to the extent not paid by Alcatel-Lucent or paid directly by you (see below), are paid out of the Plan's investment funds. In this way, all Plan participants share ratably in these costs. Information regarding the fees and expenses that are charged against the Plan's investment funds is set forth under the section **Investment-Related Information**.

### SERVICE-SPECIFIC COSTS

Some of the cost of administering the Plan is in the form of fees charged directly to the accounts of those Plan participants who incur them. The service-specific fees that you might incur are as follows:

SERVICE	FEE
<b>Express-mail fee (for loan documentation or other services)</b>	\$25.00 (if express-mail processing is requested by participant)
<b>Loan processing fee</b>	\$50.00 upon initiation of loan set-up
<b>Fidelity BrokerageLink®</b>	You will be charged certain fees and/or commissions when you buy or sell an investment security based upon the type of security (e.g., stocks, foreign stocks, bonds, mutual funds and other investment funds). You can obtain information about the fees and commissions that apply to particular investment securities from the "Fidelity BrokerageLink® Commission Schedule," available from Fidelity. You should also review carefully the Fidelity BrokerageLink Account Terms and Conditions for additional fee and other information concerning BrokerageLink. There are no ongoing fees for maintaining access to the account.
<b>Financial Engines Advisors L.L.C. Professional Management Program</b>	A percentage of assets under management, according to the following schedule: <ul style="list-style-type: none"> <li>• first \$100,000, 0.45%</li> <li>• next \$150,000, 0.35%</li> <li>• amounts in excess of \$250,000, 0.20%</li> </ul>



**Service-specific fees charged to your account during a calendar quarter will appear on your quarterly account statement.**

# INVESTMENT-RELATED INFORMATION

## INVESTMENT FUNDS OFFERED UNDER THE PLAN

The Plan offers a broad array of investment funds from which to choose. Each fund offers differing levels of risk and potential for return. You may invest in any one or a combination of these investment funds. In addition to being able to select from the investment funds offered under the Plan, you may also utilize Fidelity BrokerageLink®, the Plan's brokerage account feature, to customize your portfolio or supplement the investment funds offered under the Plan.

Each of the investment funds is either a "separate account" fund or an institutional commingled fund. There are no mutual funds offered under the Plan (although, if you desire, you can invest in mutual funds through BrokerageLink). A separate account is an institutional investment account managed by an investment manager(s) for a single plan or trust that does not get commingled with any other plan's or trust's assets. A separate account in the Plan is only available to Plan participants and is not offered for sale to the general public. A separate account is not a mutual fund and is not required to file a prospectus with the Securities and Exchange Commission (SEC). A commingled fund is an investment fund created by a bank or trust company for employee benefit plans, such as 401(k) plans, that pool the assets of more than one employee benefit plan or trust for investment purposes. They are governed by rules and regulations that apply to banks and trust companies. They are not registered with the SEC. These funds are also referred to as collective investment funds.

In addition to being able to select from the Plan's investment choices on the following page, you may also utilize the Plan's brokerage account feature, called Fidelity BrokerageLink® ("BrokerageLink"). BrokerageLink allows you to make investments in your Plan account beyond the investment funds offered under the Plan. A self-directed brokerage account may entail greater risk and is not appropriate for everyone. BrokerageLink may be appropriate for you if you are willing to be exposed to additional risk and if you are prepared to take on the additional responsibility of more closely managing and monitoring this portion of your portfolio. Investments available through BrokerageLink are neither reviewed nor monitored by Alcatel-Lucent or the Plan, nor do they fall within the advice offered by Financial Engines. Once you have signed up for BrokerageLink, you can go to [401k.com](http://401k.com) and transfer amounts from your core plan account into BrokerageLink. Your initial transfer into BrokerageLink must be at least \$2,500. Subsequent transfers must be at least \$500. (You can also directly defer money from your paycheck into BrokerageLink.) Actual investment trades in BrokerageLink are conducted through [Fidelity.com](http://Fidelity.com) or by telephone 24 hours a day through Fidelity Automated Service Telephone (FAST®). For more information regarding BrokerageLink, contact the Alcatel-Lucent Savings Plan Service Center at **1-800-410-4015**.



## FOR MORE INFORMATION

**More detailed information about the Plan's investment funds is contained in the Fund Fact Sheets. (See the section [Where to Get Additional Information](#)).**

**Additional information concerning the [Retirement Date Funds](#) is set forth in the [Appendix](#).**

# ALCATEL-LUCENT SAVINGS/401(K) PLAN

## ANNUAL FEE AND EXPENSE DISCLOSURE

EFFECTIVE MARCH 29, 2013

The investment funds offered under the Plan as of March 29, 2013, along with their asset class, account type, and name of their investment manager (or managers), are as follows:

ASSET CLASS	FUND NAME	FUND TYPE	INVESTMENT MANAGER(S)
<b>FIXED INCOME</b>	Money Market Fund	Institutional Commingled Fund	JPMorgan Chase Bank, N.A.
	Short Term Bond Fund	Separate Account	Pyramis Global Advisors, LLC and BlackRock Financial Management Inc.
	Core Bond Fund*	Institutional Commingled Fund	Pyramis Global Advisors Trust Company
	Bond Fund	Separate Account	BlackRock Financial Management Inc.
	Treasury Inflation-Linked Bond Fund*	Separate Account	Brown Brothers Harriman and Co.
	High Yield Bond Fund*	Separate Account	Loomis Sayles & Company, L.P.
<b>REAL ASSETS</b>	Balanced Real Asset Fund	Institutional Commingled Fund	Wellington Trust Company, NA
	Customized Real Asset Fund*	Institutional Commingled Fund	Wellington Trust Company, NA
<b>EQUITIES</b>	US Large Cap Value Equity Fund	Separate Account	AJO, LP
	Equity Index Fund	Institutional Commingled Fund	BlackRock Institutional Trust Company, N.A.
	US Large Cap Growth Equity Fund	Separate Account	T. Rowe Price Associates, Inc.
	US Midcap Equity Fund	Separate Account	Jacobs Levy Equity Management, Inc.
	US Small Cap Equity Fund	Separate Account	Wellington Management Company, LLP
	International Equity Fund	Separate Account	Grantham, Mayo, Van Otterloo & Co. LLC
	Emerging Markets Equity Fund*	Institutional Commingled Fund	T. Rowe Price Trust Company
<b>RETIREMENT DATE FUNDS</b>	Retirement Date Income Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 1995 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2000 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2005 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2010 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2015 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2020 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2025 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2030 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2035 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2040 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2045 Fund	Separate Account	AllianceBernstein LP.
	Retirement Date 2050 Fund	Separate Account	AllianceBernstein LP.

\*These funds were created specifically for inclusion in the Retirement Date Funds and are not available for direct participant investment.

## INVESTMENT RISK

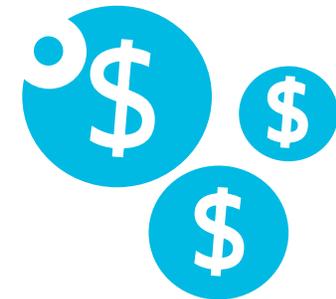
Investment funds available through the Plan, including the Money Market Fund, are not insured or guaranteed by the FDIC or any other government agency. In addition, although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Money Market Fund. The “current yield” reported for the Money Market Fund reflects the earnings of the Fund for the period specified, while the “total return” refers to a specific past holding period.

Stock markets, especially foreign markets, are volatile and can decline in response to adverse issuer, political, regulatory, market, or economic developments. The stocks of less well-known, small- and mid-sized companies can be more volatile than those of larger companies. Foreign securities and currencies are subject to interest rate, currency exchange rate, economic, and political risks.

In general, the bond market is volatile, and fixed income securities carry interest-rate risk, which means that when interest rates in the market rise there is generally a corresponding decline in the market values of bonds (and vice versa). This effect is generally more pronounced for longer-term bonds. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Credit risk is the risk that the issuer of a bond will not be able to make principal and interest payments when they are due.

## PERFORMANCE INFORMATION

The table on the following page shows performance information for the Plan’s investment funds as of December 31, 2012. (Performance information for the Short Term Bond Fund, Balanced Real Asset Fund, Customized Real Asset Fund, and Emerging Markets Equity Fund are not included as they were not available investment funds under the Plan during 2012.) As you review performance information, remember that the performance shown is past performance. Past performance does not guarantee future results. Also, periods of market strength may not be repeated, and share/unit price, yield and return will fluctuate. Current performance may be higher or lower than what is shown. Because of performance fluctuations, you could have a gain or loss in your Plan account when you sell your shares/units.



## INVESTMENT FUND FEES AND EXPENSES

**The performance information is net of fees (investment management fees and each investment fund’s share of Plan administrative expenses). See the section [Investment Fund Fees and Expenses](#), for more information.**

# ALCATEL-LUCENT SAVINGS/401(K) PLAN

## ANNUAL FEE AND EXPENSE DISCLOSURE

EFFECTIVE MARCH 29, 2013

### INVESTMENT FUND PERFORMANCE INFORMATION AS OF DECEMBER 31, 2012

VARIABLE RATE INVESTMENTS		ANNUALIZED TOTAL RETURNS <sup>†</sup>				
ASSET CLASS	Fund Name (Inception in the Plan) Index	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION
<b>FIXED INCOME</b>	<b>Money Market Fund</b> (7/1/2000) <i>The seven day yield as of 12/31/12 is 0.33%</i> Citigroup 90-day Treasury Bill Index	<b>0.23</b> 0.07	<b>0.19</b> 0.09	<b>0.62</b> 0.45	<b>1.89</b> 1.69	<b>2.27</b> 2.06
	<b>Treasury Inflation-Linked Bond Fund*</b> (4/1/2011) Barclays US TIPS Index	<b>7.59</b> 6.98	<b>N/A</b> N/A	<b>N/A</b> N/A	<b>N/A</b> N/A	<b>10.98</b> 10.46
	<b>Core Bond Fund*</b> (4/1/2011) Barclay US Aggregate Bond Index	<b>6.38</b> 4.21	<b>N/A</b> N/A	<b>N/A</b> N/A	<b>N/A</b> N/A	<b>7.48</b> 6.64
	<b>Bond Fund</b> (7/1/2000) Citigroup Broad Investment Grade (BIG) Bond Index	<b>4.60</b> 4.23	<b>6.36</b> 6.12	<b>6.48</b> 6.08	<b>5.73</b> 5.31	<b>6.61</b> 6.33
	<b>High Yield Bond Fund*</b> (4/1/2011) Citigroup High Yield Market Capped Index	<b>22.09</b> 14.78	<b>N/A</b> N/A	<b>N/A</b> N/A	<b>N/A</b> N/A	<b>7.37</b> 9.26
	<b>EQUITIES</b>	<b>U.S. Large Cap Value Equity Fund</b> (7/1/2003) Russell 1000 <sup>®</sup> Value Index	<b>17.01</b> 17.51	<b>11.48</b> 10.86	<b>1.60</b> 0.59	<b>N/A</b> N/A
<b>Equity Index Fund</b> (7/1/2000) Russell 3000 <sup>®</sup> Index		<b>16.39</b> 16.42	<b>11.21</b> 11.20	<b>2.07</b> 2.04	<b>7.68</b> 7.68	<b>2.38</b> 2.34
<b>U.S. Large Cap Growth Equity Fund</b> (1/1/2001) Russell 1000 <sup>®</sup> Growth Index		<b>16.87</b> 15.26	<b>12.27</b> 11.35	<b>-1.03</b> 3.12	<b>4.56</b> 7.52	<b>-0.89</b> 1.43
<b>U.S. Midcap Equity Fund</b> (1/4/2008) S&P Midcap 400 Index		<b>15.55</b> 17.88	<b>16.26</b> 13.62	<b>5.48</b> 5.56	<b>N/A</b> N/A	<b>5.48</b> 5.56
<b>U.S. Small Cap Equity Fund</b> (6/1/2004) Russell 2000 <sup>®</sup> Index <i>This fund carries a short-term trading fee of 2% for units held less than 31 days</i>		<b>19.34</b> 16.35	<b>16.04</b> 12.25	<b>6.11</b> 3.56	<b>N/A</b> N/A	<b>5.80</b> 6.20
<b>International Equity Fund</b> (7/1/2000) MSCI World Ex USA Index <i>This fund carries a short-term trading fee of 2% for units held less than 31 days</i>		<b>14.44</b> 16.41	<b>4.94</b> 3.65	<b>-3.67</b> -3.43	<b>7.58</b> 8.60	<b>1.46</b> 2.42

(Continued on next page)

\*These funds were created specifically for inclusion in the Retirement Date Funds and are not available for direct participant investment.

<sup>†</sup>Total returns are historical and include change in unit value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Since inception performance is calculated from the fund's inception date in the Plan. Returns are net of total fees and expenses.

N/A indicates that the investment fund has not been in existence for the specified period.

# ALCATEL-LUCENT SAVINGS/401(K) PLAN

## ANNUAL FEE AND EXPENSE DISCLOSURE

EFFECTIVE MARCH 29, 2013

VARIABLE RATE INVESTMENTS (cont'd)		ANNUALIZED TOTAL RETURNS <sup>†</sup>				
ASSET CLASS	Fund Name (Inception in the Plan) Index	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE INCEPTION
RETIREMENT DATE FUNDS	<b>Retirement Date Income Fund (4/1/2011)</b>	<b>7.73</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.17</b>
	Retirement Date Income Fund Custom Benchmark	7.11	N/A	N/A	N/A	4.55
	Barclays US Aggregate Bond Index	4.21	N/A	N/A	N/A	6.64
	<b>Retirement Date 1995 Fund (4/1/2011)</b>	<b>8.75</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.28</b>
	Retirement Date 1995 Fund Custom Benchmark	7.95	N/A	N/A	N/A	4.71
	Barclays US Aggregate Bond Index	4.21	N/A	N/A	N/A	6.64
	<b>Retirement Date 2000 Fund (4/1/2011)</b>	<b>10.37</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.72</b>
	Retirement Date 2000 Fund Custom Benchmark	9.45	N/A	N/A	N/A	5.06
	Barclays US Aggregate Bond Index	4.21	N/A	N/A	N/A	6.64
	<b>Retirement Date 2005 Fund (4/1/2011)</b>	<b>11.84</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.94</b>
	Retirement Date 2005 Fund Custom Benchmark	10.87	N/A	N/A	N/A	5.29
	Barclays US Aggregate Bond Index	4.21	N/A	N/A	N/A	6.64
	<b>Retirement Date 2010 Fund (4/1/2011)</b>	<b>12.85</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.81</b>
	Retirement Date 2010 Fund Custom Benchmark	11.99	N/A	N/A	N/A	5.18
	MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49
	<b>Retirement Date 2015 Fund (4/1/2011)</b>	<b>13.77</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.55</b>
	Retirement Date 2015 Fund Custom Benchmark	12.97	N/A	N/A	N/A	4.86
	MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49
	<b>Retirement Date 2020 Fund (4/1/2011)</b>	<b>14.53</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>4.97</b>
	Retirement Date 2020 Fund Custom Benchmark	13.98	N/A	N/A	N/A	4.29
	MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49
	<b>Retirement Date 2025 Fund (4/1/2011)</b>	<b>15.02</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>4.03</b>
	Retirement Date 2025 Fund Custom Benchmark	14.87	N/A	N/A	N/A	3.48
	MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49
	<b>Retirement Date 2030 Fund (4/1/2011)</b>	<b>15.37</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.43</b>
	Retirement Date 2030 Fund Custom Benchmark	15.61	N/A	N/A	N/A	2.68
	MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49
	<b>Retirement Date 2035 Fund (4/1/2011)</b>	<b>15.39</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.28</b>
Retirement Date 2035 Fund Custom Benchmark	15.92	N/A	N/A	N/A	2.51	
MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49	
<b>Retirement Date 2040 Fund (4/1/2011)</b>	<b>15.41</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.30</b>	
Retirement Date 2040 Fund Custom Benchmark	15.92	N/A	N/A	N/A	2.51	
MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49	
<b>Retirement Date 2045 Fund (4/1/2011)</b>	<b>15.47</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.33</b>	
Retirement Date 2045 Fund Custom Benchmark	15.92	N/A	N/A	N/A	2.51	
MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49	
<b>Retirement Date 2050 Fund (4/1/2011)</b>	<b>15.57</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.48</b>	
Retirement Date 2050 Fund Custom Benchmark	15.92	N/A	N/A	N/A	2.51	
MSCI World Net Dividend Index	15.83	N/A	N/A	N/A	2.49	

<sup>†</sup>Total returns are historical and include change in unit value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Since Inception performance is calculated from the fund's inception date in the Plan. Returns are net of total fees and expenses.

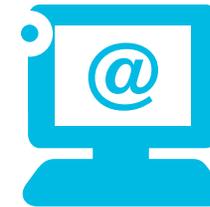
N/A indicates that the investment fund has not been in existence for the specified period.

## PERFORMANCE BENCHMARKS

**Market Indices.** The performance information is shown with reference to certain benchmarks or market indices. The market indices are defined in the Glossary of Investment Terms (see the section **Where to Get Additional Information**).

**Customized Benchmarks.** The Retirement Date Funds use a set of customized benchmarks. Each composite benchmark has the same target asset allocation as the Fund's target asset allocation and uses index returns to represent performance of the underlying funds. The benchmark returns were calculated by weighting the monthly index returns of each underlying fund's benchmark by the Fund's monthly target allocation for underlying funds. Target allocations adjust quarterly in accordance with the Retirement Date Fund's asset allocation design. For the periods shown on the previous page, the Russell 1000® Growth Index was used to represent the allocation to the U.S. Large Cap Growth Equity Fund, the Russell 1000® Value Index was used to represent the U.S. Large Cap Value Equity Fund, the Russell 2000® Index was used to represent the U.S. Small Cap Equity Fund, the MCSI World ex-USA Index was used to represent the International Equity Fund, the Barclays U.S. TIPS Index was used to represent the Treasury Inflation-Linked Bond Fund, the Citigroup High Yield Market Capped Index was used to represent the High Yield Bond Fund, the Barclays Aggregate Index was used to represent the Core Bond Fund, and the Citigroup 90-day Treasury Bill Index was used to represent the Money Market Fund.

Benchmark/index performance is not illustrative of any particular investment in the Plan. None of the benchmarks or indices is an actively-managed investment. It is not possible to invest directly in an index.



## INVESTMENT FUND FEES AND EXPENSES

The table on the following page shows fee and expense information for each of the Plan's investment funds. Fees and expenses include both investment management fees and the investment fund's share of those Plan-wide administrative fees and expenses that are charged to all of the Plan's investment funds. Collectively, these fees and expenses are sometimes referred to as the investment fund's total annual operating expenses.

The information is presented both as a percentage of assets invested and as a dollar amount per \$1,000 invested. It reflects fees and expenses for the 2012 Plan Year—the most recent full plan year for which information is available. (Fee-and-expense information for the Short Term Bond Fund, Balanced Real Asset Fund, Emerging Markets Equity Fund, and Customized Real Asset Fund are not included as they were not available investment funds under the Plan during 2012.) Because certain costs cannot be known in advance, the actual fees and expenses charged to the Plan's investment funds during 2013 could be different from what is shown the following page. The cumulative effect of fees and expenses can substantially reduce an investment's return. Nonetheless, fees and expenses are only one of several factors that you should consider when investing your Plan account.

## FOR MORE INFORMATION

Visit the Department of Labor's website for an example showing the long-term effect of fees and expenses on retirement savings at [http://www.dol.gov/ebsa/publications/401k\\_employee.html](http://www.dol.gov/ebsa/publications/401k_employee.html)

# ALCATEL-LUCENT SAVINGS/401(K) PLAN

## ANNUAL FEE AND EXPENSE DISCLOSURE

EFFECTIVE MARCH 29, 2013

### FEES AND EXPENSES—2012 PLAN YEAR

ASSET CLASS	FUND NAME (FUND AVAILABILITY IN THE PLAN)	ANNUAL FEES AND EXPENSES (AS A % OF ASSETS INVESTED)			ANNUAL FEES AND EXPENSES (PER \$1,000 INVESTED)			ACTIVITY-SPECIFIC CHARGES
		INVESTMENT MANAGEMENT FEE +	OTHER FEES AND EXPENSES <sup>§</sup>	TOTAL FEES AND EXPENSES =	INVESTMENT MANAGEMENT FEE +	OTHER FEES AND EXPENSES <sup>§</sup>	TOTAL FEES AND EXPENSES =	
FIXED INCOME	Money Market Fund (7/1/2000)	0.05%	0.06%	0.11%	\$0.50	\$0.60	\$1.10	N
	Stable Value Fund (7/1/2000)	0.29%	0.06%	0.35%	\$2.90	\$0.60	\$3.50	N
	Core Bond Fund* (4/1/2011)	0.15%	0.07%	0.22%	\$1.50	\$0.70	\$2.20	N
	Bond Fund (7/1/2000)	0.08%	0.06%	0.14%	\$0.80	\$0.60	\$1.40	N
	Treasury Inflation-Linked Bond Fund* (4/1/2011)	0.07%	0.06%	0.13%	\$0.70	\$0.60	\$1.30	N
	High Yield Bond Fund* (4/1/2011)	0.45%	0.06%	0.51%	\$4.50	\$0.60	\$5.10	N
EQUITIES	U.S. Large Cap Value Equity Fund (7/1/2003)	0.23%	0.06%	0.29%	\$2.30	\$0.60	\$2.90	N
	Equity Index Fund (7/1/2000)	0.02%	0.07%	0.09%	\$0.20	\$0.70	\$0.90	N
	U.S. Large Cap Growth Equity Fund (1/1/2001)	0.21%	0.06%	0.27%	\$2.10	\$0.60	\$2.70	N
	U.S. Midcap Equity Fund (1/4/2008)	0.65%	0.06%	0.71%	\$6.50	\$0.60	\$7.10	N
	U.S. Small Cap Equity Fund (6/1/2004)	0.71%	0.06%	0.77%	\$7.10	\$0.60	\$7.70	Y <sup>†</sup>
	International Equity Fund (7/1/2000)	0.42%	0.06%	0.48%	\$4.20	\$0.60	\$4.80	Y <sup>†</sup>
RETIREMENT DATE FUNDS	Retirement Date Income Fund (4/1/2011)	0.24%	0.06%	0.30%	\$2.40	\$0.60	\$3.00	N
	Retirement Date 1995 Fund (4/1/2011)	0.26%	0.06%	0.32%	\$2.60	\$0.60	\$3.20	N
	Retirement Date 2000 Fund (4/1/2011)	0.29%	0.06%	0.35%	\$2.90	\$0.60	\$3.50	N
	Retirement Date 2005 Fund (4/1/2011)	0.32%	0.06%	0.38%	\$3.20	\$0.60	\$3.80	N
	Retirement Date 2010 Fund (4/1/2011)	0.35%	0.06%	0.41%	\$3.50	\$0.60	\$4.10	N
	Retirement Date 2015 Fund (4/1/2011)	0.37%	0.06%	0.43%	\$3.70	\$0.60	\$4.30	N
	Retirement Date 2020 Fund (4/1/2011)	0.39%	0.06%	0.45%	\$3.90	\$0.60	\$4.50	N
	Retirement Date 2025 Fund (4/1/2011)	0.41%	0.06%	0.47%	\$4.10	\$0.60	\$4.70	N
	Retirement Date 2030 Fund (4/1/2011)	0.43%	0.06%	0.49%	\$4.30	\$0.60	\$4.90	N
	Retirement Date 2035 Fund (4/1/2011)	0.43%	0.06%	0.49%	\$4.30	\$0.60	\$4.90	N
	Retirement Date 2040 Fund (4/1/2011)	0.43%	0.06%	0.49%	\$4.30	\$0.60	\$4.90	N
	Retirement Date 2045 Fund (4/1/2011)	0.43%	0.06%	0.49%	\$4.30	\$0.60	\$4.90	N
	Retirement Date 2050 Fund (4/1/2011)	0.45%	0.06%	0.51%	\$4.50	\$0.60	\$5.10	N

\*These funds were created specifically for inclusion in the Retirement Date Funds and are not available for direct participant investment.

§Other Fees and Expenses is comprised of the investment fund's share of Plan-wide audit and legal fees, participant communications costs, fiduciary services costs, investment advice fees, plan administration costs, recordkeeping fees, and trustee/custodial fees. For institutional commingled funds, other Fees and Expenses also include administration fees charged by the fund's administrator.

†This fund carries a short-term trading fee of 2% for units held less than 31 days.

## WHERE TO GET ADDITIONAL INFORMATION

Additional information is available online at the website addresses shown below or by contacting the Alcatel-Lucent Savings Plan Service Center at **1-800-410-4015** on any business day (excluding New York Stock Exchange holidays) between 8:30 a.m. and midnight Eastern time to speak to a representative. Note: Website addresses shown below are case-sensitive.

- **The most recently available Fund Fact Sheets** may be found by visiting the BenefitAnswersPlus website at <http://www.benefitanswersplus.com/FundFactSheets.pdf>.
- **Most recent performance and fee-and-expense information** may be found in the Quarterly Fund Performance Review available by visiting the BenefitAnswersPlus website at <http://www.benefitanswersplus.com/QuarterlyFundPerformanceReview.pdf>.
- **To obtain current month-end performance information or to view your Plan account information**, log on to Fidelity NetBenefits® at [www.401k.com](http://www.401k.com) or contact the Alcatel-Lucent Savings Plan Service Center at **1-800-410-4015** on any business day (excluding New York Stock Exchange holidays) between 8:30 a.m. and midnight Eastern time to speak to a representative.
- **A glossary of investment-related terms** is available by visiting the BenefitAnswersPlus website at <http://www.benefitanswersplus.com/GlossaryofInvestmentTerms.pdf>.

### LIMITATION OF PLAN FIDUCIARIES' LIABILITY AND RESERVATION OF RIGHTS

The Plan is intended to be a participant-directed individual account plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and regulations thereunder. This means that fiduciaries of the Plan are relieved of liability for any losses that are the direct and necessary result of investment instructions given by a participant with respect to his or her Plan account.

This document is not meant to interpret, extend, or change the Plan document in any way. The Plan document is the controlling document and, in the case of any conflict or discrepancy between the information contained in this document and the terms of the Plan document, the Plan document will govern your rights and benefits.

Alcatel-Lucent reserves the right (subject to any applicable collective bargaining agreement) to amend or terminate the Plan at any time and for any reason.

# ALCATEL-LUCENT SAVINGS/401(K) PLAN

## QUALIFIED DEFAULT INVESTMENT ALTERNATIVES NOTICE

EFFECTIVE MARCH 29, 2013

The Retirement Date Funds described herein comprise the “qualified default investment alternative” (“QDIA”) for the Alcatel-Lucent Savings/401(k) Plan.\* This notice constitutes the Plan’s notice under section 404(c) of the Employee Retirement Income Security Act of 1974, as amended, and 29 C.F.R. § 2550.404c-5.

### SIGNIFICANCE OF A QDIA

As a participant in the Plan, you generally have the right under the Plan to direct the investment of your existing account balances and future contributions, if applicable, to any of the Plan’s investment funds. However, in the event that contributions are made to the Plan—either by you (including loan repayments) or on your behalf (e.g., matching contributions)—and you do not provide investment direction, those contributions will be invested in the Retirement Date Funds as described in the **Appendix**. Participants and beneficiaries who have a balance in a QDIA have the right to direct their investment to any other investment funds under the Plan.

### APPLICABLE QDIA

For any given Plan participant, the QDIA is the Fund corresponding to the year in which the Participant was born in accordance with the following table:

IF YOU WERE BORN:	YOUR DEFAULT RETIREMENT DATE FUND WILL BE:
1988 or after	Retirement Date 2050 Fund
Between 1983 and 1987	Retirement Date 2045 Fund
Between 1978 and 1982	Retirement Date 2040 Fund
Between 1973 and 1977	Retirement Date 2035 Fund
Between 1968 and 1972	Retirement Date 2030 Fund
Between 1963 and 1967	Retirement Date 2025 Fund
Between 1958 and 1962	Retirement Date 2020 Fund
Between 1953 and 1957	Retirement Date 2015 Fund
Between 1948 and 1952	Retirement Date 2010 Fund
Between 1943 and 1947	Retirement Date 2005 Fund
Between 1938 and 1942	Retirement Date 2000 Fund
Between 1933 and 1937	Retirement Date 1995 Fund
1932 or before or if no date of birth is on file	Retirement Date Income Fund

\*The Alcatel-Lucent Savings/401(k) Plan refers to both the Alcatel-Lucent Savings Plan and the Lucent Technologies Inc. Long Term Savings and Security Plan.

## ADDITIONAL INFORMATION REGARDING THE RETIREMENT DATE FUNDS

### RETIREMENT DATE FUND MANAGER & STRATEGY

The Retirement Date Funds are a series of investment separate accounts managed by AllianceBernstein L.P. under the names Retirement Date 2050 Fund, Retirement Date 2045 Fund, Retirement Date 2040 Fund, Retirement Date 2035 Fund, Retirement Date 2030 Fund, Retirement Date 2025 Fund, Retirement Date 2020 Fund, Retirement Date 2015 Fund, Retirement Date 2010 Fund, Retirement Date 2005 Fund, Retirement Date 2000 Fund, Retirement Date 1995 Fund, and Retirement Date Income Fund, (each, a “Fund”). Each Retirement Date Fund offers a diversified mix of investments, combining a variety of different underlying equity, bond, and inflation-sensitive funds. Each Retirement Date Fund seeks to maximize total return over time (total return includes capital appreciation and income) consistent with the Fund’s investment mix.

### FUND DESCRIPTION

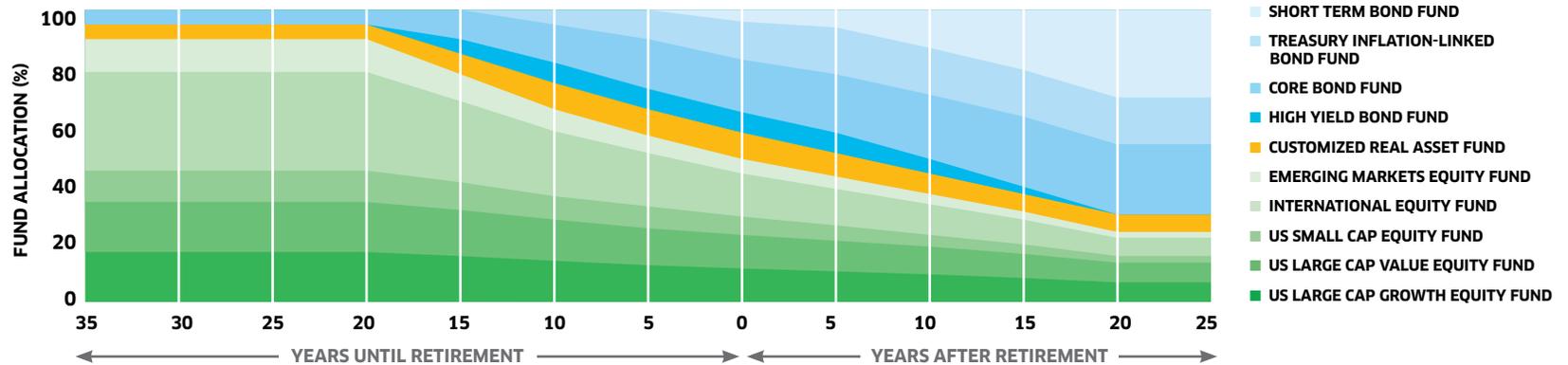
Each Retirement Date Fund (except the Retirement Date Income Fund) has a date in its name—the Fund’s “target date.” The target date is the approximate year when you might expect to retire and begin gradually withdrawing from your Plan account. The Retirement Date Fund’s portfolio mix automatically adjusts as the target date approaches. Funds that are farthest away from their target dates start out invested almost entirely in equities—to emphasize the growth potential you need to build wealth over the long term. As you move toward, and into, retirement, the Fund automatically adjusts the mix of investments to reflect changing investment objectives. As structured, effective March 29, 2013, when a Fund reaches its target date, its investment mix is 49% equities, 9% real assets, and 42% bonds. A Fund’s final investment mix, 20 years after its target date, is 24% equities, 6% real assets, and 70% bonds. Retirement Date Funds include equities beyond their target dates to help protect your savings from losing purchasing power due to inflation and to help reduce the risk of your depleting your money during retirement. (Funds that previously reached their target dates or final investment mix had the structure that was in effect at that time.)

### RISK

Retirement Date Funds are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad and may be subject to risks associated with investing in high yield, small/mid cap, and foreign securities. Investments in Retirement Date Funds are not guaranteed against loss of principal. At any time, your balance in the Fund can be more or less than the original amount you contributed—including at the Fund’s target date. Also, investing in a Retirement Date Fund does not guarantee sufficient income in retirement. Unit price, yield, and return of the funds will vary.

INVESTMENT ALLOCATION OVER TIME

The following charts show the allocation to each underlying investment fund, effective March 29, 2013, and how the asset mix changes over time.



	YEARS UNTIL RETIREMENT							0	YEARS AFTER RETIREMENT				
	35	30	25	20	15	10	5		5	10	15	20	25
SHORT TERM BOND FUND	-	-	-	-	-	-	-	4.00	6.00	13.00	20.50	30.00	30.00
TREASURY INFLATION-LINKED BOND FUND	-	-	-	-	-	5.00	10.00	13.00	16.00	16.00	16.00	16.00	16.00
CORE BOND FUND	5.00	5.00	5.00	5.00	10.00	13.00	17.00	18.00	20.00	22.00	24.00	24.00	24.00
HIGH YIELD BOND FUND	-	-	-	-	5.00	7.00	7.00	7.00	7.00	5.00	2.50	-	-
CUSTOMIZED REAL ASSET FUND	5.00	5.00	5.00	5.00	7.00	9.00	9.00	9.00	8.00	7.00	6.00	6.00	6.00
EMERGING MARKETS EQUITY FUND	11.25	11.25	11.25	11.25	9.25	7.50	6.00	5.00	4.25	3.50	2.75	2.00	2.00
INTERNATIONAL EQUITY FUND	33.75	33.75	33.75	33.75	27.75	22.25	18.25	14.75	12.50	10.50	8.50	6.25	6.25
US SMALL CAP EQUITY FUND	10.75	10.75	10.75	10.75	9.50	8.00	7.50	6.25	5.25	4.00	3.25	2.25	2.25
US LARGE CAP VALUE EQUITY FUND	17.13	17.13	17.13	17.13	15.75	14.13	12.63	11.50	10.50	9.50	8.25	6.75	6.75
US LARGE CAP GROWTH EQUITY FUND	17.13	17.13	17.13	17.13	15.75	14.13	12.63	11.50	10.50	9.50	8.25	6.75	6.75
<b>TOTAL BONDS</b>	5	5	5	5	15	25	34	42	49	56	63	70	70
<b>TOTAL REAL ASSETS</b>	5	5	5	5	7	9	9	9	8	7	6	6	6
<b>TOTAL EQUITIES</b>	90	90	90	90	78	66	57	49	43	37	31	24	24

This chart does not represent any particular Retirement Date Fund. It is meant to show how the investment mix of any Retirement Date Fund changes over a lifetime. Numbers may not sum due to rounding.

**ESTIMATED FEES AND EXPENSES**

Because certain costs cannot be known in advance, the actual fees and expenses charged to the Plan’s investment funds could be different than what is shown below. Fees and expenses are only one of several factors you should consider when making investment decisions. Estimated fee and expense information for the Retirement Date Funds is as follows:

FUND NAME	ESTIMATED ANNUALIZED FEES AND EXPENSES (AS A % OF ASSETS INVESTED)			ESTIMATED ANNUALIZED FEES AND EXPENSES (PER \$1,000 INVESTED)		
	Investment Management Fee	+	Other Fees & Expenses <sup>§</sup>	=	Total Fees & Expenses	
<b>RETIREMENT DATE INCOME FUND</b>	0.28%		0.05%		<b>0.33%</b>	
<b>RETIREMENT DATE 1995 FUND</b>	0.29%		0.05%		<b>0.34%</b>	
<b>RETIREMENT DATE 2000 FUND</b>	0.33%		0.05%		<b>0.38%</b>	
<b>RETIREMENT DATE 2005 FUND</b>	0.36%		0.06%		<b>0.42%</b>	
<b>RETIREMENT DATE 2010 FUND</b>	0.40%		0.06%		<b>0.46%</b>	
<b>RETIREMENT DATE 2015 FUND</b>	0.43%		0.06%		<b>0.49%</b>	
<b>RETIREMENT DATE 2020 FUND</b>	0.46%		0.06%		<b>0.52%</b>	
<b>RETIREMENT DATE 2025 FUND</b>	0.49%		0.06%		<b>0.55%</b>	
<b>RETIREMENT DATE 2030 FUND</b>	0.51%		0.05%		<b>0.56%</b>	
<b>RETIREMENT DATE 2035 FUND</b>	0.51%		0.05%		<b>0.56%</b>	
<b>RETIREMENT DATE 2040 FUND</b>	0.51%		0.05%		<b>0.56%</b>	
<b>RETIREMENT DATE 2045 FUND</b>	0.51%		0.05%		<b>0.56%</b>	
<b>RETIREMENT DATE 2050 FUND</b>	0.51%		0.05%		<b>0.56%</b>	

<sup>§</sup>Other Fees and Expenses is comprised of the Retirement Date Fund’s share of Plan-wide audit and legal fees, participant communications costs, fiduciary services costs, investment advice fees, plan administrator costs, recordkeeping fees, and trustee/custodial fees. For institutional commingled funds, Other Fees and Expenses also includes administration fees charged by the fund’s administrator.



**OTHER INFORMATION**

Detailed information about the Retirement Date Funds as well as the other investment funds available for direct participant investment under the Alcatel-Lucent Savings/401(k) Plan is available online by logging on to your account at [www.401k.com](http://www.401k.com) and also at <http://www.benefitanswersplus.com/FundFactSheets.pdf>

Most-recent performance and fee-and-expense information is available online by logging on to your account at [www.401k.com](http://www.401k.com) and also at <http://www.benefitanswersplus.com/QuarterlyFundPerformanceReview.pdf>