

ALCATEL-LUCENT LUMP-SUM PENSION OFFER

During the 1st quarter 2014 earnings announcement, the ALU CFO announced their intention to make a lump-sum offer to 45,000 participants in the management pension plan during 2015.

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- The announcement referred to several classes of participants in the plan that may be in the selected group.
- He stated:
 - “to make a one time offer to 45,000 of our US retirees and former employees and related beneficiaries”

It would appear that the offer will be made to all classes of participants in the management pension plan except current employees.

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- 1. Number of total Participants 131,000
- 2. Active Employees 9,455
- 3. Number Remaining 120,545
- 4. Will they make a second offer to
- the Deferred Vested Participants ? 20,569
- 5. If they do, the number remaining 99,976
- 6. Announced Lump Sum Offer 45,000

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- Will ALU make offer to all eligible and then take the first 45,000?
- Or, will they select 45,000 to whom the offer is made?

If they don't get acceptances up to the desired level, will they make a second offer?

All important questions with no answers at this time.

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- Many important factors in considering whether to accept the Lump Sum offer
- Is the discount rate fair? Is it the same or similar rate as used to calculate pension liabilities without the impact of MAP21?
- What mortality table(s) are they using?

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- **What effect does acceptance have on:**
 - **Group Life Insurance?**
 - **Healthcare coverage?**
 - **Survivor Benefits?**
 - **Supplemental Pensions?**