Alcatel-Lucent

Public lenders presentation

14 December 2012

Disclaimer

Forward-Looking Statements

Except for historical information, all other information in this presentation consists of forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995, as amended. These forward looking statements include statements regarding the future financial and operating results of Alcatel-Lucent. Words and terms such as “CAGR,” (which means “compound annual growth rate”), “2015E,” “will,” “expects,” “looks to,” “anticipates,” “targets,” “projects,” “intends,” “guidance”, “maintain”, “plans,” “believes,” “estimates,” “aim,” “goal,” “outlook,” “momentum,” “continue,” “reach,” “confident in,” “objective,” variations of such words and similar expressions are intended to identify such forward-looking statements which are not statements of historical facts. These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to assess including our planning assumptions up to 2015 set forth herein. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements, in particular with regard to product demand for the remainder of the year being as expected, our ability to achieve all the goals of our Performance Program by the end of 2013, our ability to exit unprofitable contracts and market at a reasonable cost, cost and headcount reduction measures generating expected savings, and the economic climate in the world in general, and in Europe in particular with the euro crisis. These risks and uncertainties are also based upon a number of factors including, among others: our ability to realize the full value of our existing and future patent portfolio in a complex technological environment (including our ability to defend ourselves in infringement suits), our ability to operate effectively in a highly competitive industry and to correctly identify and invest in the technologies that become commercially accepted, demand for our legacy products and the technologies we pioneer, the timing and volume of network roll-outs and/or product introductions, difficulties and/or delays in our ability to execute on our strategic plans, our ability to efficiently co-source or outsource certain business processes and more generally control our costs and expenses, the risks inherent in long-term sales agreements, exposure to the credit risk of customers or foreign exchange fluctuations, reliance on a limited number of suppliers for the components we need or a tight market for commodity components, the social, political and economic risks we may encounter in any region of our global operations, the costs and risks associated with pension and postretirement benefit obligations and our ability to avoid unexpected contributions to such plans, changes to existing regulations or technical standards, existing and future litigation, compliance with environmental, health and safety laws, the global economic situation and of those geographical areas where we are most active, and the impact of each of these factors on our results of operations and cash. For a more complete list and description of such risks and uncertainties, refer to Alcatel-Lucent's Annual Report on Form 20-F for the year ended December 31, 2011, as well as other filings by Alcatel-Lucent with the US Securities and Exchange Commission. Except as required under the US federal securities laws and the rules and regulations of the US Securities and Exchange Commission, Alcatel-Lucent disclaims any intention or obligation to update any forward-looking statements after the distribution of this presentation, whether as a result of new information, future events, developments, changes in assumptions or otherwise. Statements herein are made as of the date on the cover of this presentation unless an earlier date is indicated.

There is no assurance that the transactions described herein, including the financing, will be consummated as it is subject to a number of variables which include market and satisfaction of closing conditions.

Non-GAAP Financial Measures

We present “Adjusted EBITDA” in this presentation which is a non-GAAP measure. We calculate Adjusted EBITDA as adjusted operating profit (which is operating profit adjusted for purchase price allocation entries related to Lucent business combination) before interest expense, tax expense, depreciation and amortization (excluding PPA adjustments), share-based payments and other non-cash items included in the adjusted operating profit such as employee benefits accrual, product sales reserves, inventory reserves, general risk reserves, capital gains, valuation allowance for bad debt, and other items.

Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total operating revenues. Adjusted EBITDA and Adjusted EBITDA margin should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS. Our management uses Adjusted EBITDA and Adjusted EBITDA margin as supplemental performance measures and believes that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors because they are indicators of the strength and performance of the company's business operations, including its ability to fund discretionary spending, such as capital expenditures, acquisitions and other investments, as well as indicating its ability to incur and service debt. Our Adjusted EBITDA measures may not be directly comparable to other companies' reported Adjusted EBITDA due to variances and adjustments in the components of Adjusted EBITDA (including our calculation of Adjusted EBITDA) or calculation measures.

We have provided a reconciliation of Adjusted EBITDA to adjusted operating profit at the end of this presentation.

“Gross margin” refers to revenues less the cost of goods sold.

Adjusted Operating income is defined as the Income (loss) from operating activities before restructuring costs, litigations, gain / (loss) on disposal of consolidated entities and post-retirement benefit plan amendments excluding purchase price allocation entries related to the Lucent business combination. The adjusted operating income is also called Segment operating income and is reconciled with the Income (loss) from operating activities before restructuring costs, litigations, gain / (loss) on disposal of consolidated entities and post-retirement benefit plan amendments in the note 5-b of the 2011 annual report on Form 20F.

Today's presenting team

Ben Verwaayen

CEO

Paul Tufano

CFO and COO

Agenda

1. **Transaction overview**
2. **Company overview and credit highlights**
3. **Business segment overview**
4. **Corporate repositioning and the Performance Program**
5. **Historical financials and outlook**

Appendix

1. Transaction overview

Summary transaction overview

- Alcatel-Lucent ("ALU" or the "Company") is a major global communications solutions provider with leading positions in IP, optics, fixed broadband access and 4G wireless
  - As of LTM Q3-12, the Company reported revenues and Adjusted EBITDA of €14.5bn and €689m, respectively
- Alcatel-Lucent intends to raise a $500m Asset Sale Facility and $1,275m and €250m Senior Secured Term Loans, respectively (together the "Senior Secured Credit Facilities")
- Proceeds from the financing will be used to refinance (through a public tender or open market purchases or at maturity) near-term maturities and for general corporate purposes
- Existing unsecured revolving credit facility will be terminated in connection with the transaction
- Pro forma for the transaction, senior secured leverage would be 2.4x as of LTM Q3-12

Note: See disclaimer – Non-GAAP Financial Measures for an explanation of "Adjusted EBITDA" and the end of this presentation for a reconciliation thereof.

Pro forma capitalisation

Indicative pro-forma capital structure

EURm FYE 31-Dec	Maturity	Rate	Sep-12	x EBITDA	Adj.	Sep-12PF [1]	x EBITDA
LTM Sep-2012 Adjusted EBITDA [2]			**689**				
Cash & cash equivalents			**(4,705)**		**(1,550)**	**(6,255)**	
Senior unsecured notes	Apr-14	6.375%	462			462	
OCEANE convertible bonds	Jan-15	5.000%	1,000			1,000	
Senior unsecured notes	Jan-16	8.500%	500			500	
Other financial debt			230			230	
Total ALU debt			2,192			2,192	
New Asset Sale Facility	Jun-16				**387**	**387**	
New US$ 6.0 year Senior Secured Facility	Dec-18				**986**	**986**	
New EUR 6.0 year Senior Secured Facility	Dec-18				**250**	**250**	
Series A convertible debentures	Jun-23	2.875%	75			75	
Series B convertible debentures	Jun-25	2.875%	619			619	
Senior unsecured debentures	Jan-28	6.500%	209			209	
Senior unsecured debentures	Mar-29	6.450%	947			947	
Convertible subordinated TRUPs	Mar-17	7.750%	747			747	
Total ALU USA debt			2,597			4,220	
Total secured debt			**–**	**–**		**1,623**	**2.4x**
Total debt			**4,789**	**7.0x**		**6,412**	**n.m.**
Total net debt			**84**	**0.1x**		**157** [3]	**0.2x**

Transaction overview

- Company intends to use secured financing proceeds to tender for near-term maturities
- Existing unsecured revolving credit facility will be terminated in connection with the transaction

Company intends to use secured financing proceeds to tender for near-term maturities

Source: Company information.
Note: 1.293 USD / EUR exchange rate assumed.
(1) Debt tranches reported at accounting value as per Company's consolidated financial statements.
(2) See disclaimer – Non-GAAP Financial Measures for an explanation of "Adjusted EBITDA" and the end of this presentation for a reconciliation thereof.
(3) Assuming €73m of fees and expenses.

Summary term sheet for the senior secured facilities

Alcatel·Lucent

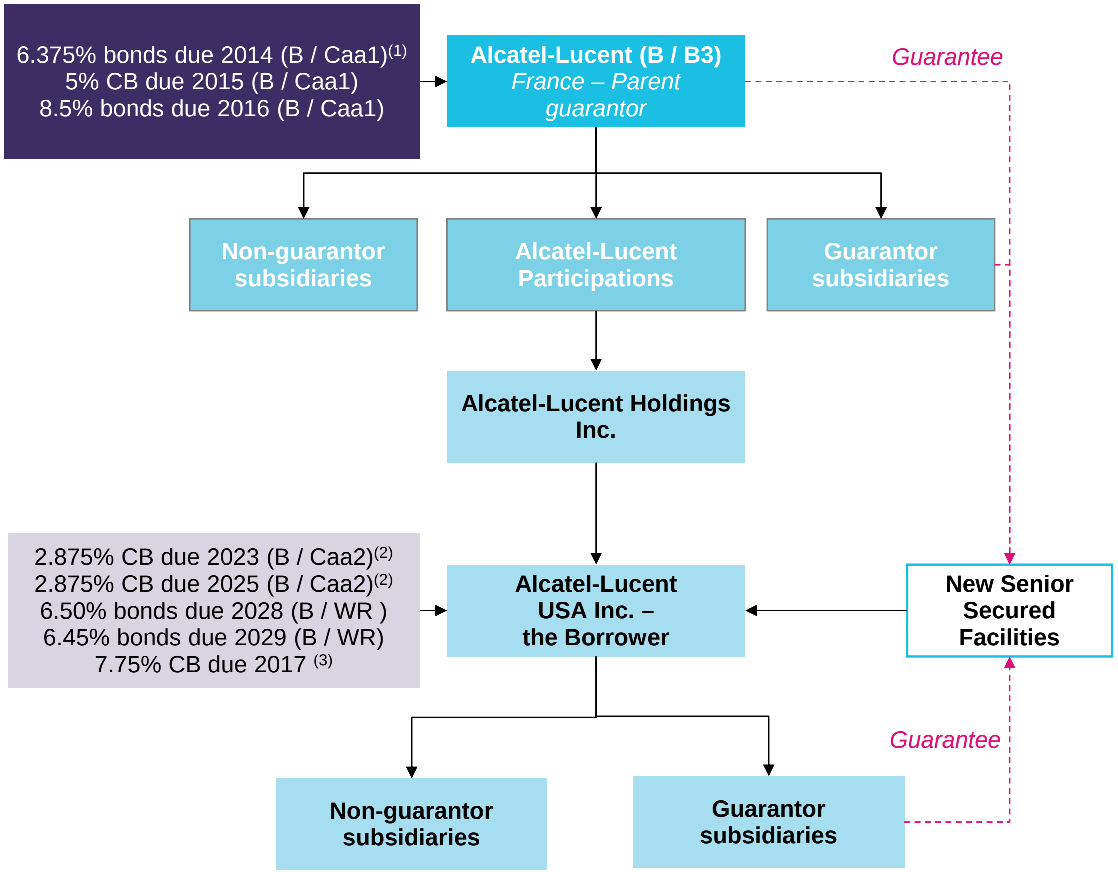
	3.5 year Senior Secured Facility	6.0 year Senior Secured Facility
Borrower	Alcatel-Lucent USA Inc. (the "Borrower")	
Facilities	$500m	$1,275m €250m
Guarantors	Fully and unconditionally guaranteed, jointly and severally, on a senior secured basis from certain of Parent's present and to be acquired material subsidiaries. Secured guarantees from Alcatel-Lucent ("Parent"), Alcatel-Lucent Holdings Inc ("Holdings") and certain of Parent's material subsidiaries	
Security	(i) First-priority pledge over all equity interests of the Borrower and Holdings, (ii) First-priority pledge of all equity interests held by the Borrower or any Guarantor subject to be agreed exceptions (iii) At least 90-95% (specific percentage in such range to be agreed) of all registered or issued or applied for patents of Parent and its subsidiaries in the aggregate (including predecessors in interest) (1) and other material registered or issued or applied for intellectual property rights of Parent and the Borrower (iv) All intercompany loans due to the Borrower or any Guarantor, and (v) First-priority security interest in substantially all other tangible and intangible personal property of Holdings, the Borrower and each domestic subsidiary Guarantor	
Use of Proceeds	To refinance the Company's existing debt, pay fees and expenses associated with the transaction and working capital and general corporate purposes	
Tenor	3.5 year bullet	6.0 year with 1% amortisation per year
Indicative Pricing	LIBOR + 600bps	LIBOR / EURIBOR +700bps
Issue Price	98	98
LIBOR floor	1.25%	1.25%
Call Protection	101 in Year 1 and Par thereafter	NC1; 102 in Year 2, 101 in Year 3 and Par thereafter
Financial Covenant	A maximum senior secured net leverage covenant	
Affirmative Covenants	Customary for facilities and transactions of this type	
Negative Covenants	Substantially similar to those included in the indenture relating to the Parent's 8.50% Senior Notes due 2016 (with modifications to reflect the secured nature of the Senior Secured facilities) including but not limited to, the following: (i) Limitation on Restricted Payments, (ii) Limitation on Liens, (iii) Limitation on Indebtedness, Preferred Stock and Guarantees, (iv) Limitation on Speculative Hedging Agreements, (v) Mergers, Acquisitions and Consolidation, and (vi) Asset Sales subject to Permitted Disposals and reinvestment rights	

(1) Provided that if a perfected lien on any such registered or issued or applied for patents cannot be provided by the Closing Date after the use of reasonable best efforts to do so, the Borrower and the Guarantors will continue to use reasonable best efforts to achieve such percentage referenced not later than 90 days after the Closing Date

Corporate structure

Alcatel·Lucent

Simplified corporate structure



Guarantor structure

- New senior secured facilities to receive
  - Upstream senior secured guarantees from US subsidiaries
  - Downstream secured guarantees from Alcatel-Lucent (Parent)
  - Guarantees from some material subsidiaries
  - Guarantors to represent 43% of consolidated sales, 159% of consolidated EBITDA and 53% of consolidated assets (please refer to Appendix for detailed calculation)(4)(5)

Collateral package

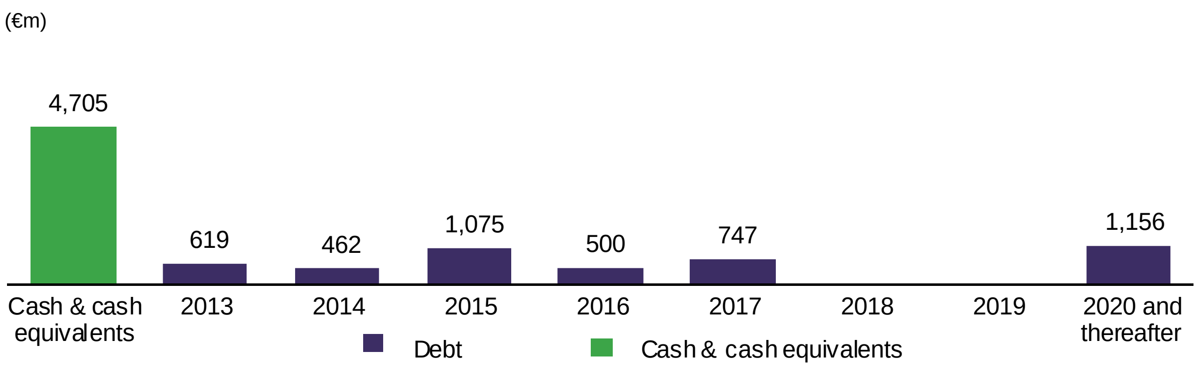
- Collateral package to consist of a first priority lien over
  - (i) all outstanding capital stock of the Borrower, each of its domestic subsidiaries; and some material subsidiaries of the Parent
  - (ii) intellectual property portfolio of Alcatel-Lucent and Alcatel-Lucent USA
  - Collateral package and secured guarantees subject to jurisdictional legal review and applicable existing covenant restrictions

Guarantors to represent 43% of consolidated sales, 159% of consolidated EBITDA and 53% of consolidated assets(5)

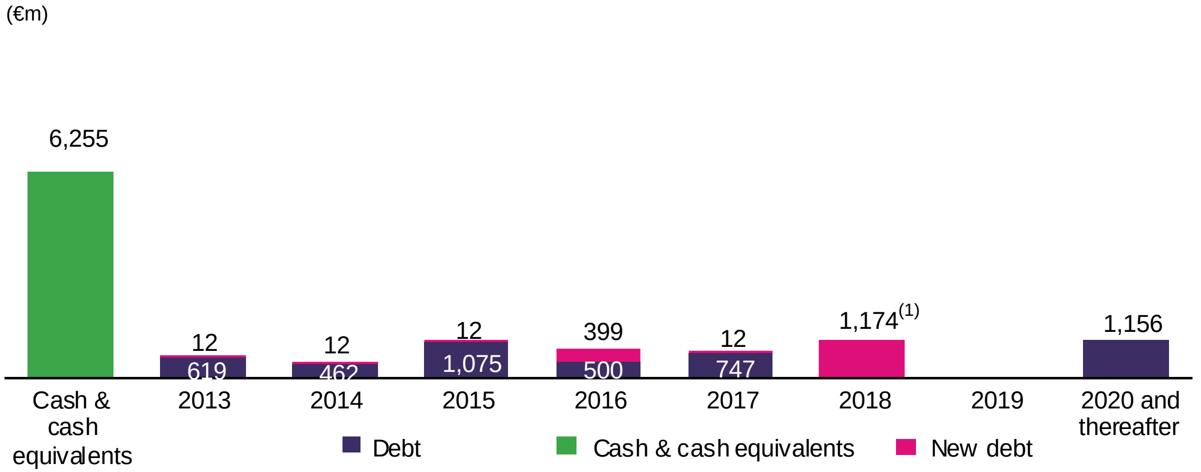
(1) Benefit from subordinated guarantee from Alcatel-Lucent USA Inc.
(2) Benefit from subordinated guarantee from Alcatel-Lucent.
(3) Issued by Lucent Technologies Capital Trust I. The obligation from Alcatel-Lucent USA Inc. to the trust is subordinated debt.
(4) As of LTM Q3-12.
(5) The guarantor package described above excludes certain legal entities in the Netherlands and Germany. The parties agree to work in good faith to add these entities to the guarantor group as soon as possible subject to local law timing issues. The entities may not be part of the guarantor group at closing. Pro forma for the addition of the legal entities in Germany and the Netherlands, the guarantor coverage metrics would be 47% of consolidated sales, 176% of consolidated EBITDA and 54% of consolidated assets.

Pro forma liquidity and maturity profile

Current maturity profile



Pro-forma maturity profile



Asset disposal plans

- The Company is currently considering divesting non-core assets
  - Expected proceeds of the disposals between €1bn and €1.5bn

The transaction creates flexibility for delivery of strategy and operational excellence

Note: Cash & cash equivalents as of Sep 2012.
1.293 USD / EUR exchange rate assumed.
"Other financial debt" excluded.
Reflects maturities when due and at reported values for all debt outstanding at Q3 2012 as per Company consolidated financial statements.
(1) 1% amortization per annum corresponds to €12.36m.

Proposed transaction timetable

Alcatel·Lucent

December 2012

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

January 2013

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Key Dates

December 14	London investor group meeting
December 17 -18	New York investor group meetings
December 21	Pre-marketing commitments due
January 8	London bank meeting
January 9	New York bank meeting

2. Company overview and credit highlights

Snapshot of Alcatel-Lucent

Alcatel·Lucent

In millions of euros

Alcatel·Lucent

Market cap.[(1)]	**€1,996**
Revenues[(2)]	**€14,500**
Gross margin	**€4,528**
% revenues	31%
Adj. op. inc.	**(€98)**
% revenues	(1%)

Networks (61% of revenues)

Revenues[(2)]	**€8,873**
Adjusted profit	**(€268)**
% revenues	(3.0%)

IP (13%)

Revenues €1,847

Main products
- Edge routers
- Core routers
- Mobile backhaul
- Content delivery network

Market position [(3)]
- No.2 in IP edge routers (23% market share)
- No.1 in mobile backhaul (25% market share)

Optical (15%)

Revenues €2,234

Main products
- WDM
- SDH / SONET
- Submarine
- Wireless Transmission

Market position [(3)]
- No.2 in terrestrial optical networking (16% market share)
- No.2 in WDM long haul (17% market share)
- No.1 in submarine optical networking (c.35%–40% market share)

Wireless (23%)

Revenues €3,393

Main products
- LTE
- CDMA
- WCDMA
- TD-SCDMA
- GSM
- Small cells
- lightRadio™

Market position [(3)]
- No.1 in CDMA (37% market share)
- No.2 in LTE (24% market share)
- No.4 in W-CDMA Radio Access Networks (10% market share)
- No.5 in GSM / GPRS / EDGE Radio Access Networks (7% market share)

Wireline (10%)

Revenues €1,440

Main products
- Fibre access (PON)
- Copper access (XDSL)

Market position [(3)]
- No.1 in broadband access (37% DSL market share)
- No.1 in VDSL2 (44% market share)
- No.2 in GPON (24% market share)
- No.4 in IMS Core (15% market share)

Software, services & solutions (31% of revenues)

Revenues	**€4,492**
Adjusted profit	**€232**
% revenues	5.2%

Network Applications (3%)

Revenues €447

Main products
- IMS
- Payment & charging
- Application enablement
- Customer experience

Market position [(3)]
- 98 IMS customer projects (including 8 of the top 10 global operators)
- 190+ payment customers (including 8 of the top 10 global mobile operators)
- 200+ Subscriber Data Management deployments with one billion+ subscribers

Services (28%)

Revenues €4,047

Main products
- Network & system integration
- Managed & outsourcing solutions
- Multivendor maintenance
- Product-attached services

Market position [(3)]
- No.3 in overall Services market
- No.2 in OSS / BSS integration
- Currently undergoing review of contracts with a view to enhance profitability

Enterprise (5% of revenues)

Revenues	**€772**
Adj. profit	**(€9)**
% revenues	(1.2%)

Main products
- Voice, data & unified communications
- Enterprise networks & data centers

Market position [(3)]
- No.2 In EMEA in Enterprise telephony
- No.3 In EMEA in managed LAN Switches
- Leader in Unified Communications & Collaboration Magic Quadrant
- Leader in Corporate Telephony Magic Quadrant

Other (3% of revenues)

Revenues	**€363**
Adj. profit	**(€53)**
% revenues	(14.6%)

Main products
- Bell Labs
- Intellectual Property and Standards

Market position [(3)]
- Portfolio of c.30,000 issued patents and c.15,000 patent applications
- ALU has licensed its patent portfolio and has generated over €2bn in royalties over the last 10 years
  - Generating, on average, over €200m per year

Source: Company information.
Note: Based on LTM Q3-12 figures (excluding Genesys). Segment revenue as percentage of total revenue noted in parentheses.
(1) Based on closing price as at 7 Dec 2012.
(2) Includes inter-segment eliminations of (€41m).
(3) Market share in 2011, based on the Company annual report 2011.

Key accomplishments (2008 – 2012)

Alcatel·Lucent

Lead with Innovation	■ In 2008, 75% of R&D was spent on maintenance / legacy products vs. 75% dedicated to next generation products in 2011 ■ Introduced several disruptive innovations across product portfolio, including: – IP FP3 chipset in IP 4 times faster than the one used by Cisco and Juniper – Optical –100G coherent technologies on a single wavelength – Wireless – lightRadio designed for small and metro cell – Wireline – vectoring / bonding technologies in wireline
Initiate cost restructuring	■ Aggregate fixed cost reduction of c.€1bn (end 2008 to end 2011) ■ Employee reduction of 17,000 (excluding managed services) ■ Delivered on commitments on-time or ahead of schedule
Monetise non-core assets	■ €3.5bn of divestitures ■ Additional assets / opportunities under review
Restore key customer relationships	■ Expanded customer base in US and China especially in IP and LTE – Secured US LTE roll-outs with Verizon, AT&T and Sprint

Source: Company information.

Refined strategy going forward

Alcatel·Lucent

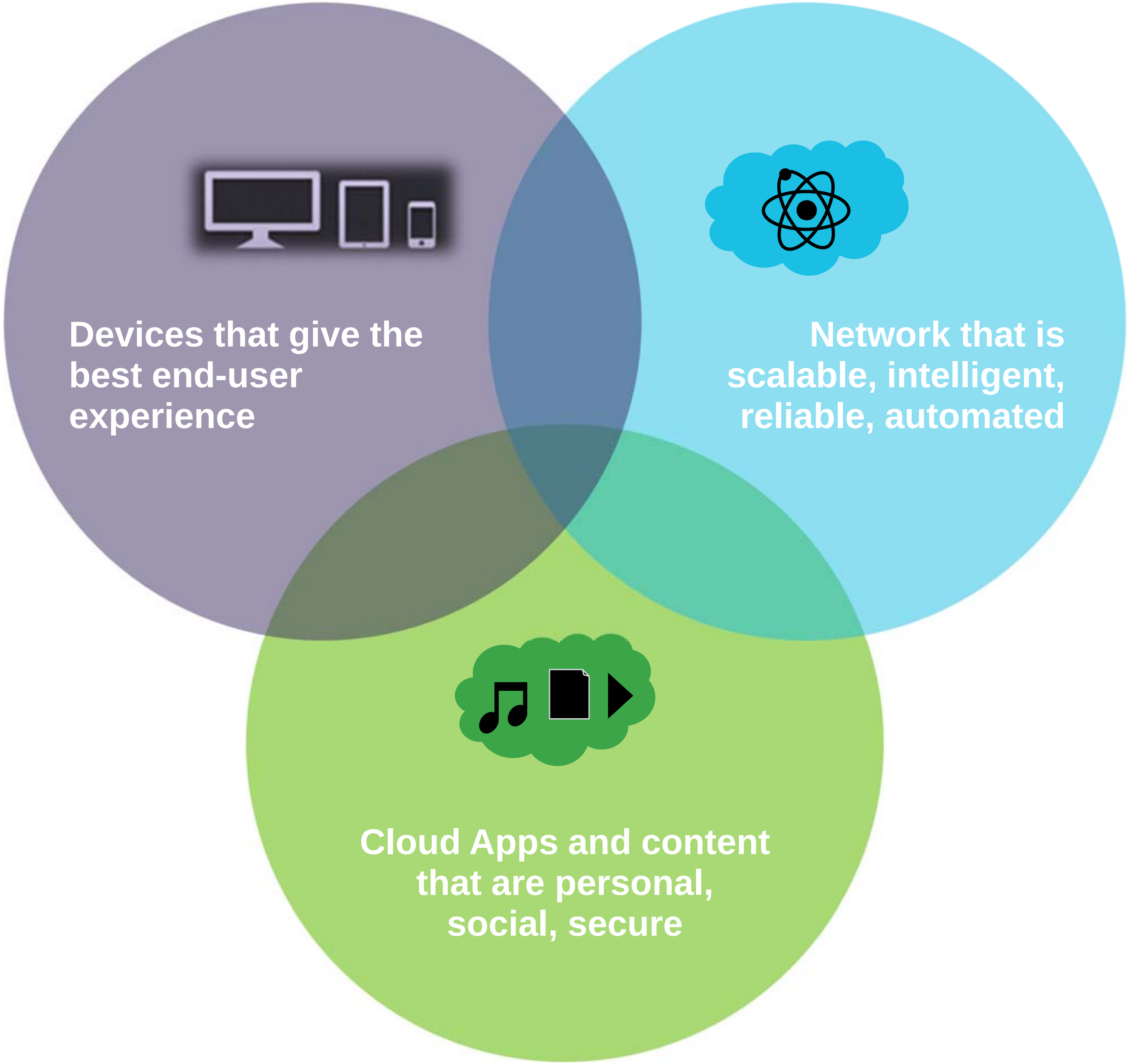
Leverage leadership position	■ Expand leadership position in IP with Core Router ■ Leverage IP and Optical layer convergence ■ Benefit from Wireline revival due to Ultra Broadband Access roll-out and need for backhauling – Fiber roll-out in Brazil, China and Australia – Renewed interest in U.S. – Regulatory / political incentive in Europe (fiber and vectoring)
Prioritise wireless investment	■ Exploit business shift to LTE and small cells ■ Serve our strong customer base in US and China ■ Maintain position in France ■ Be opportunistic in CALA , Middle East and Russia
Review managed service contracts	■ Exit or restructure 15 unprofitable managed services contracts – Five contracts to be restructured or exited by year-end 2012

Key credit highlights

1. Positioned to benefit from strong secular trends in communications
2. Leadership positions in IP, Optics, fixed broadband access and 4G Wireless to create all-IP network
3. Deep strategic relationships with leading service providers
4. Unique intellectual property portfolio with significant embedded value
5. Performance Program – adapt strategy and cost base to new environment
6. Appropriate liquidity and maturity profile to execute on the plan
7. Experienced management team

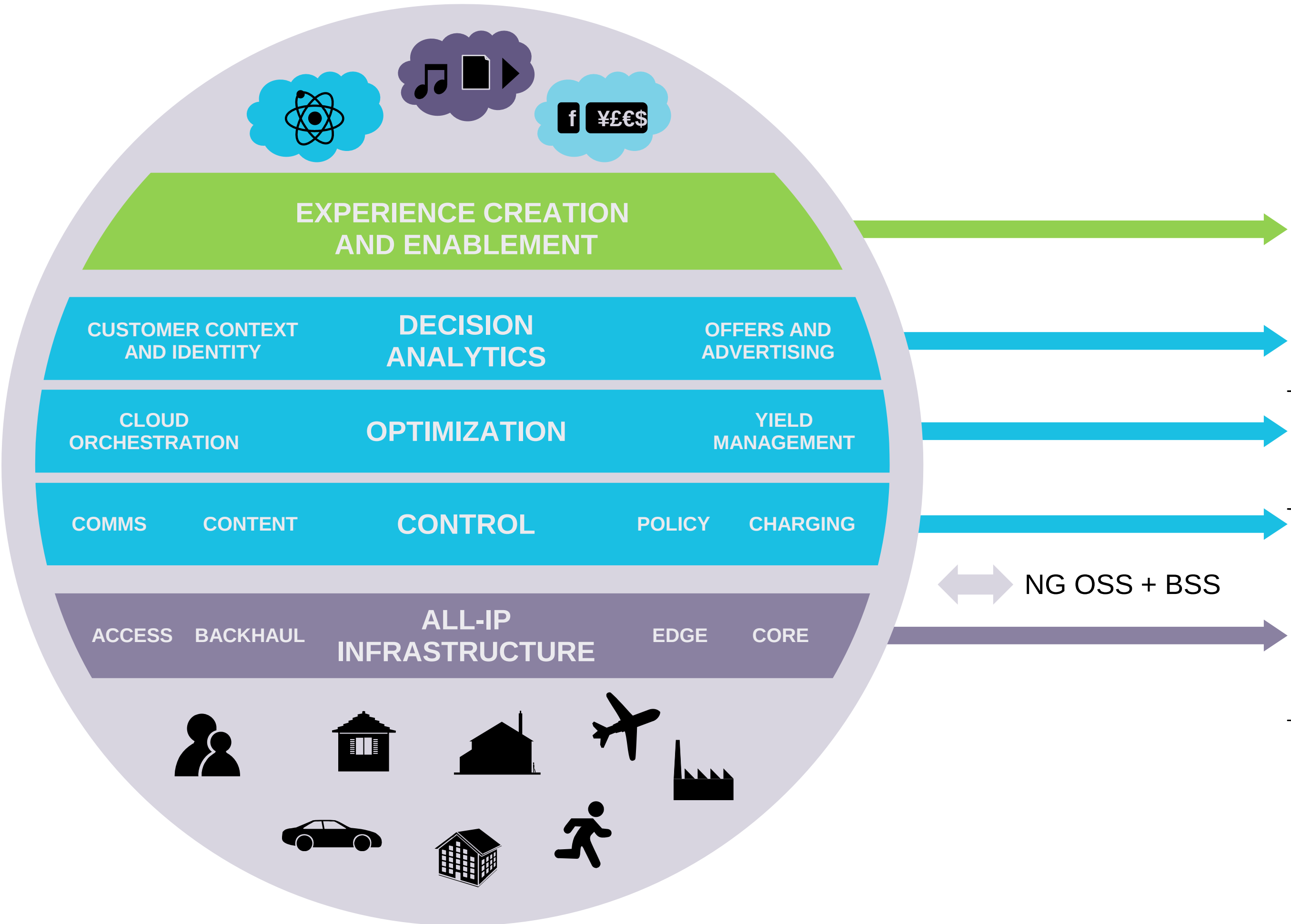
1 Positioned to benefit from strong secular trends in communications

Network is the enabler of enhanced customer seamless experience



1 Positioned to benefit from strong secular trends in communications

Network is the enabler of enhanced customer experience (cont'd)



Essential strategy

Experience
- Open API Platform (OAP)

Software
- Mobile Commerce portfolio(1)
- Customer Experience portfolio(2)
- CloudBand + hp
- Video and Content Delivery
- IMS/Advanced Comms portfolio
- Policy and Charging

Infrastructure
- Wireless
- Wireline
- IP
- Optics

SERVICES BRING IT TOGETHER: Transform and harness HLN as an enabling platform

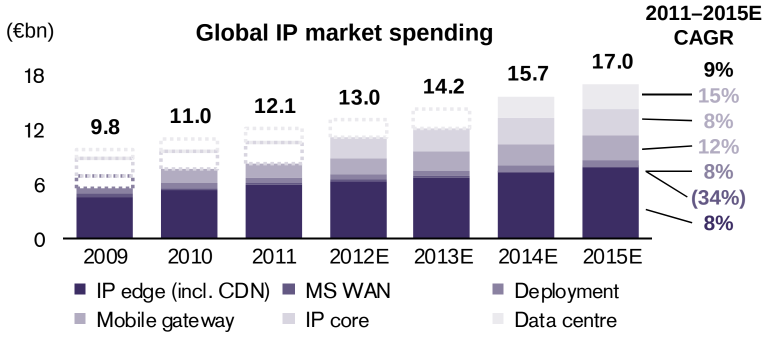
Note: NG OSS and BSS includes Billing and Payment, Context and Identity systems.
(1) Includes Optism™.
(2) Includes Motive™.

2 Leadership positions in IP, Optics, fixed broadband access and 4G Wireless to create all-IP network

Alcatel·Lucent

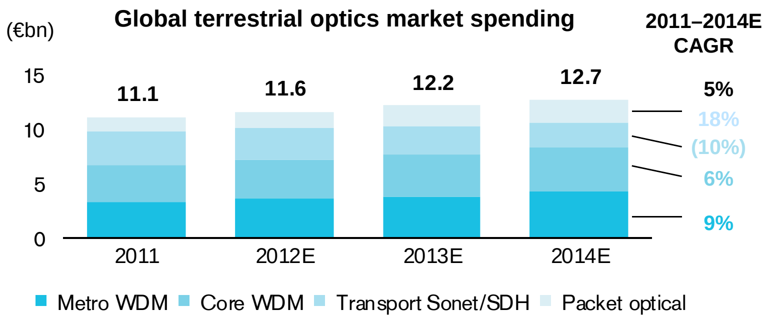
- ALU holds a leadership position in the following growing segments

IP



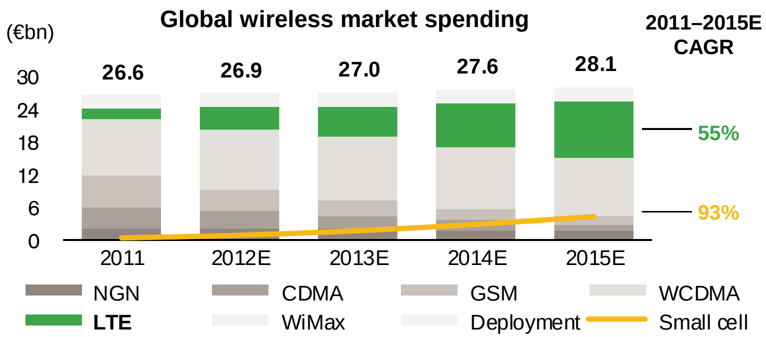
- ALU is a leader in the IP market with its **edge router** where it holds a strong competitive advantage
  - 7750 full IP router is considered a best-in-class edge router
  - Since 2003, ALU has gained market share and is now No.2 in edge routing with 23% share worldwide
- Entering the **core router** market with the introduction of 7950 XRS

Optics



- ALU is No.2 in **terrestrial optical networking** with 16% market share
- Well positioned in WDM and in the transition to **100G⁺** with optical single-carrier coherent technology
- Growth opportunity in packet optical transport
- Business and technology synergies with the IP portfolio
  - Only player in the industry with in-house IP and Optics capabilities

LTE



- ALU holds a **leadership position (No.2)** in the fast growing **LTE segment** with 24% market share
  - Successful LTE large scale deployments especially in US and Asia
  - The two biggest LTE customers in the world (Verizon and AT&T) are clients of ALU
- **lightRadio™** innovation and fast implementation, in particular in small cells

Source: Company information.
Note: Market share as of 2011.

3 Deep strategic relationships with leading service providers

Alcatel·Lucent

IP & Optics	verizon, at&t, TELMEX, américa móvil, CenturyLink, Bell, TELUS, اتصالات etisalat, BT, T, Telefónica, vodafone, VimpelCom, docomo, 中国移动通信 CHINA MOBILE, 中国电信 CHINA TELECOM, Chunghwa Telecom
Wireless	verizon, at&t, Sprint, 中国电信 CHINA TELECOM, 中国移动通信 CHINA MOBILE, China unicom中国联通, orange, vodafone, اتصالات etisalat, ORASCOM TELECOM, oi
Wireline	verizon, at&t, TELMEX, Bell, TELUS, 中国电信 CHINA TELECOM, 中国移动通信 CHINA MOBILE, China unicom中国联通, france telecom, Telefónica
Network Applications	verizon, at&t, STC الاتصالات السعودية, vodafone, Sprint, 中国电信 CHINA TELECOM, 中国移动通信 CHINA MOBILE, france telecom, China unicom中国联通, glo
Services	verizon, at&t, Sprint, orange, Telefónica, T, oi, kpn, SFR

ALU has deep relationships with the largest spenders in the industry

Source: Company information.

4 Unique intellectual property portfolio with significant embedded value

Highlights

ALU has one of the industry's largest global patent portfolios

- Portfolio of c.30,000 issued patents and c.15,000 patent applications
- Average life of 9.1 years for the issued patents / 16.4 years for the patents pending approval
- Portfolio covers 70+ diverse technologies and 40+ different countries; 364 standard essential patents across seven standards bodies
  - Substantial presence in wireless

Highly valuable patent portfolio

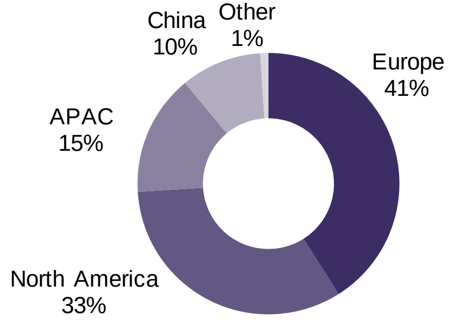
- ALU has licensed its patent portfolio and has generated over €2bn in royalties over the last 10 years
  - Generating, on average, over € 200m per year
- ALU has derived >€1bn in cost savings through design freedom and license "grant-backs" over the last 5 years
- €55bn+ of cumulative R&D spend by ALU over the last 15 years
- Multiple licensing opportunities remain with select mobile device and other major industry players

Now managing the patent portfolio as an independent profit center

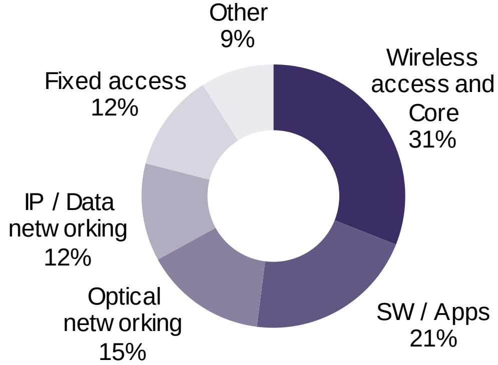
- More actively pursuing licensing opportunities and infringement claims
- Modified RPX relationship
- Appointed Craig Thompson (ex-Nokia) in Nov 2012 to lead a new business unit managing the intellectual property portfolio

Patent asset portfolio

By geography



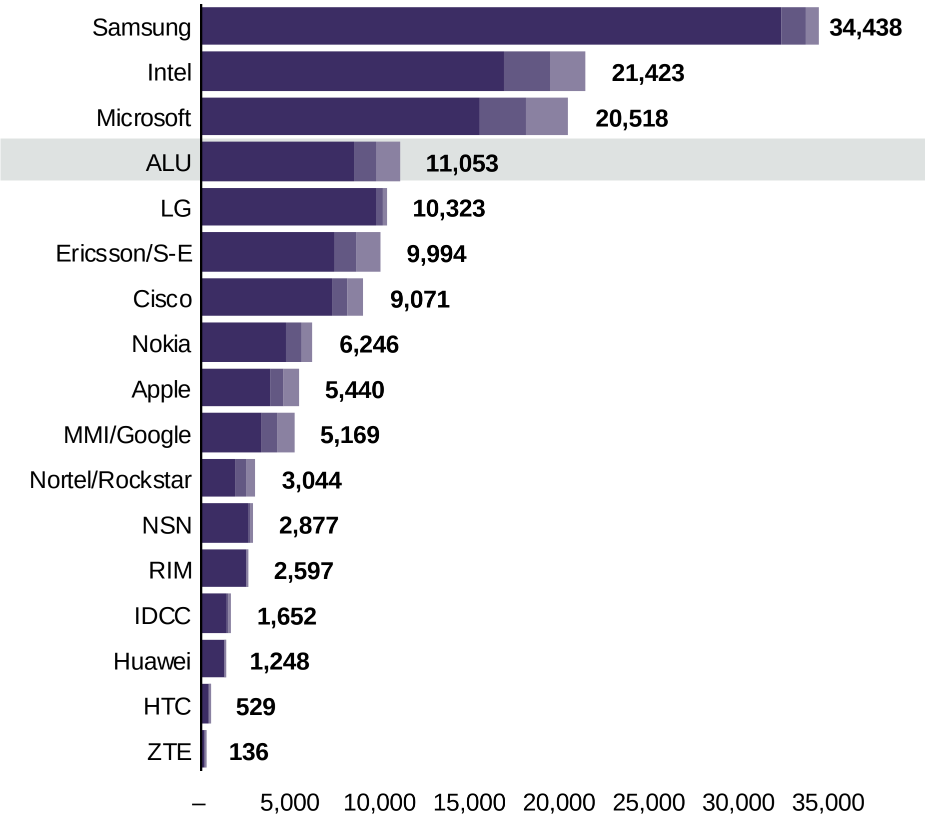
By technology



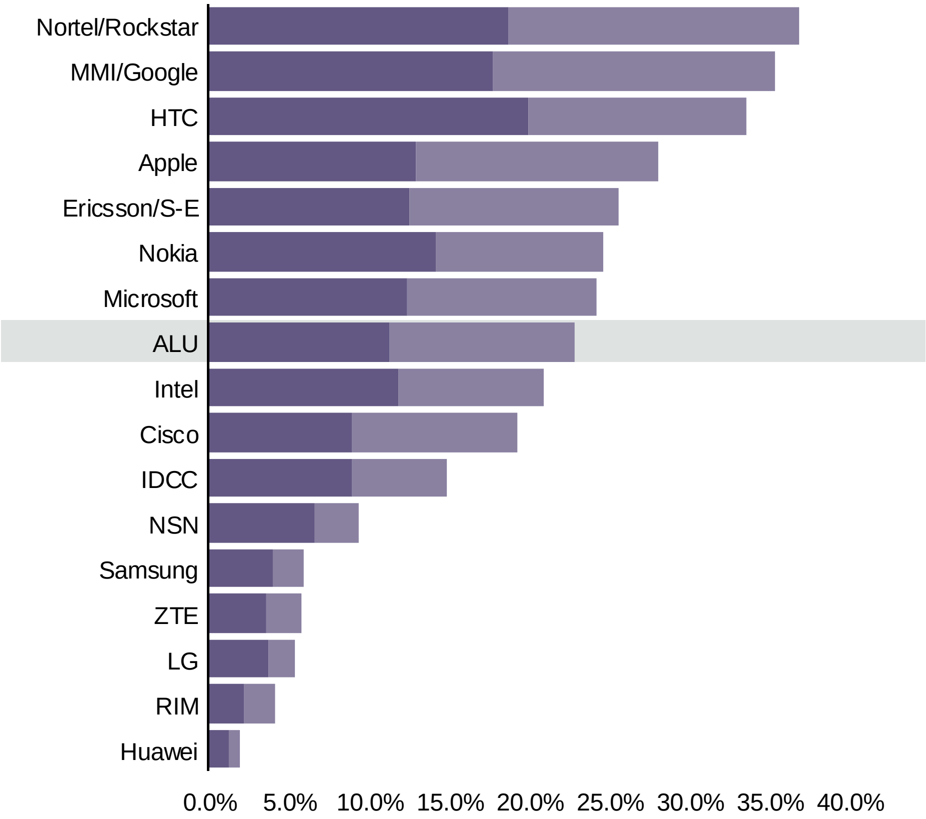
4 Unique intellectual property portfolio with significant embedded value (cont'd)

- ALU possesses one of the largest patent portfolios in the industry (c.45,000 issued / pending patents worldwide and 11,053 in the US only)
- ALU's portfolio is of the highest quality and is recognised globally, underpinned by a strong forward citation count

ALU's portfolio is one of the largest (US only)



ALU's patents are of very high quality (US only)



<20 Fwd cites | 20–39 Fwd cites | 40+ Fwd cites

Source: GIPLG Analysis of Thomson-Reuters Data; Issued U.S. Patents Only; forward citation count used as an objective quality indicator.
Note: Forward citation count is one objective metric by which to measure patent quality. A forward citation of a patent indicates that either a patent applicant or patent examiner considered the patent relevant to a later invention.

4 Unique intellectual property portfolio with significant embedded value (cont'd)

Alcatel·Lucent

- Global IP Law Group has reviewed Alcatel-Lucent's patent portfolio and performed a valuation analysis(1)
  - Analysis is based on standard intellectual property valuation practices
  - Analysis based on a "top-down" approach that examines each of ALU's main markets, projecting relevant addressable revenues that can generate income from royalties
- As a first approximation, the report advances a value for ALU's patents of c.€5bn
  - This first approximation reflects a DCF analysis, recent patent sales, and patent licensing programs of ALU peers

Projected NPV of cash flows

Case	Royalty Assumptions	Approximate value (millions)
Low	Conservative royalty rates used – in all cases, significantly less than the 2% royalty rate ALU has publicly declared it would license its LTE standard essential patents	€3,200
Medium		€4,275
High		€5,500

Alternative estimate using recent sales

Recent sale	Average price per asset (000s)	Approximate value (millions)
Intel-Interdigital	€170	€7,400
Google-MMI	€175	€7,600
Rockstar-Nortel	€530	€23,000

Source: Global IP.
(1) This presentation contains selected information extracted from Global IP Group's report on the valuation of Alcatel-Lucent's patent portfolio. Recipients of this presentation should refer to the full report, which will be made available to all prospective investors.

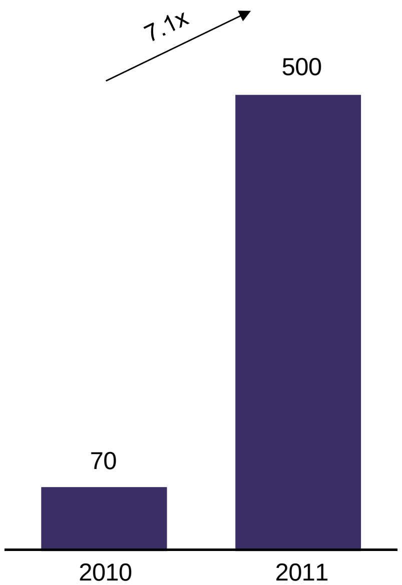
4 Unique intellectual property portfolio with significant embedded value (cont'd)

Selected peers' licensing programs[(1)]

NOKIA

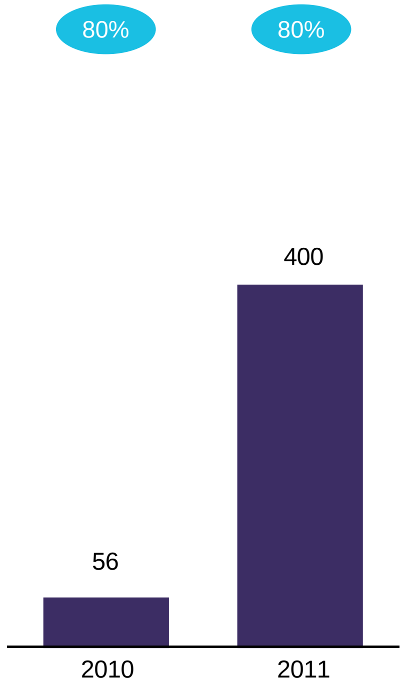
Revenue

(€m)



Operating profit

(€m)

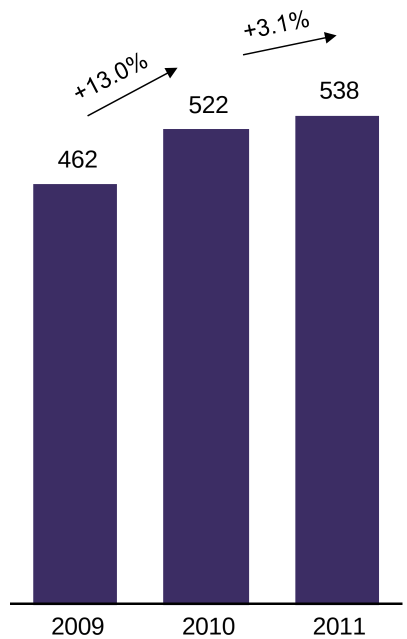


- Nokia has an estimated patent portfolio of c.10,000 patent families
- Monetisation of patent portfolio started in 2010 and posted exponential growth
- High margins in line with market standards

ERICSSON

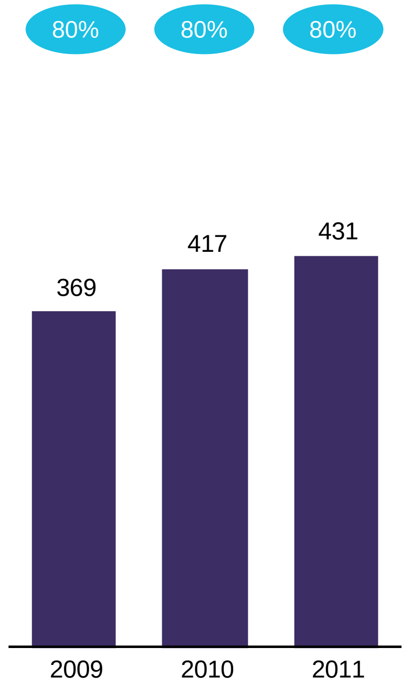
Revenue

(€m)



Operating profit

(€m)



- Ericsson has an estimated patent portfolio of c.30,000 patents
- Strong and resilient growth posted post financial crisis
- High margins in line with market standards

% Operating margin

Source: Press releases.
(1) Corresponding to profit and revenues generated on the back of licensing programs on patents.

5 Performance Program – adapt strategy and cost base to new environment

Strategic initiatives	
Leverage leadership position	■ Expand position in IP (No.2 player) with Core Router ■ Drive IP and Optical Layer Convergence (No.1 player) ■ Benefit from LTE expansion in the US and Asia ■ Benefit from wireline revival ■ Maintain R&D leadership ('Bell Labs')
Focus on key geographies	■ Strong customer base in US and China ■ Maintain position in France ■ Be opportunistic in CALA , Middle East and Russia
Re-focus managed services contracts	■ Focus portfolio on profit generating relationships ■ Exit or restructure 15 managed services contracts (5 to be exited / restructured by year-end 2012)
Selective asset monetisation	■ Selectively monetise non-core assets ■ Generate additional licensing revenue from world class patent portfolio

Financial initiatives	
Improve gross margin	■ Improve geographical and product mix by focusing on profitable and growth markets ■ Reduce variable costs through third parties renegotiation & consolidation and processes improvement
Reduce fixed costs	■ Reduce ALU employees headcount by c.5,500 mainly in support functions and in addition headcount associated to Managed Services contracts under review ■ Reduce managerial layers across the Company and reorganise corporate structure ■ Simplify organisation by gathering back-office, closing sites and adapting "Go To Market" strategy
Targets / progress to date	■ Target cost savings of €1.25bn cost savings through 2013 ■ 35% achieved as of 30 September 2012 ■ On track to reach / overachieve targets for 2012

2015 targets

✓ Gross margin: 35%–37%

✓ Adjusted operating margin(1): 6%–9%

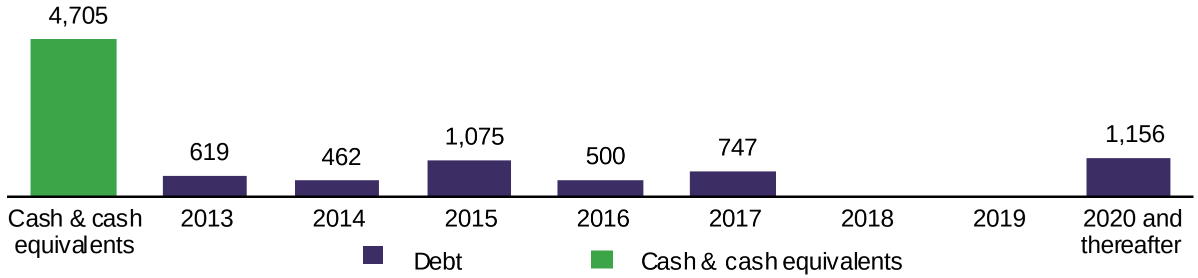
(1) Adjusted for purchase price allocation entries related to Lucent business combination.

6 Appropriate liquidity and maturity profile to execute the plan

Alcatel·Lucent

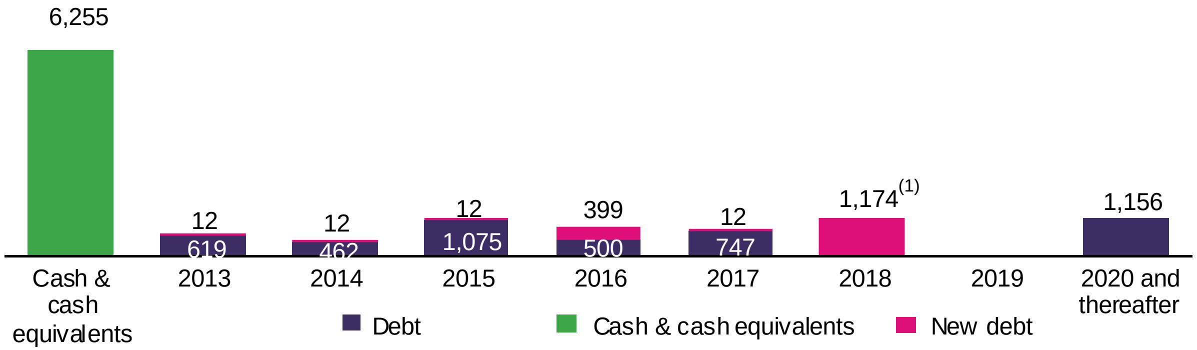
Current maturity profile

(€m)



Pro-forma maturity profile

(€m)



Asset disposal plans

- The Company is currently considering divesting non-core assets
  - Expected proceeds of the disposals between €1bn and €1.5bn

The transaction creates flexibility for delivery of strategy and operational excellence

Note: Cash & cash equivalents as of Sep 2012.
1.293 USD / EUR exchange rate assumed.
"Other financial debt" excluded.
Reflects maturities when due and at reported values for all debt outstanding at Q3 2012 as per Company filings.

(1) 1% amortization per annum corresponds to €12.36m.

7 Experienced management team

Alcatel·Lucent

Ben Verwaayen

CEO

- 36 years of experience in the telecommunication sector

Paul Tufano

CFO / COO

- More than 30 years of experience in finance and operations

Stephen Carter

Performance Program & Managed Services

- 25 years experience in Media and Telecoms as an Operator and as an Industry regulator and Government Minister

Philippe Keryer

Networks & Platforms Business Group

- Formerly President of Mobile Access Division

Robert Vrij

Global Sales & Marketing

- Formerly CEO of Openwave Systems

Jeong Kim

Bell Labs & CSO

- Formerly COO and later President of Lucent's Optical Network Group

George Nazi

Global Customer Delivery

- Formerly responsible for the design and deployment of BT's Global IP/MPLS network

Note: Executive Committee effective from 1 Jan 2013.

Key accomplishments 2008–2012

Lead with innovation

- Increased focus on next generation products
- Introduced several disruptive innovations across product portfolio, including:
  - IP FP3 chipset in IP
  - 100G coherent technologies on a single wavelength in Optics
  - Wireline VDSL (bonding / vectoring)
  - Wireless – lightRadio™ designed for small and metro cell

Execute cost restructuring

- Fixed cost reduction of c.€1bn between 2008 end–2011 with €1.3bn achieved to date
- Employee reduction of 17,000 (excluding managed services)
- On track to exceed 2012 commitments of €500m reduction of variable and fixed costs

Monetise non-core assets

- €3.5bn of divestitures
- Additional non-core assets divestiture under evaluation

3. Business segment overview

Overview of key business segments

Alcatel·Lucent

Networks	% of sales[1]	% of gross margin[1]
■ **IP:** #2 in edge routers with strong market share growth	■ **13%**	■ **20%**
■ **Optics**: #2 player in Optics with a leading-edge product portfolio	■ **15%**	■ **10%**
■ **Wireless**: Leading LTE player with strong penetration in the U.S.	■ **23%**	■ **26%**
■ **Wireline:** Innovation leader with the broadest worldwide footprint	■ **10%**	■ **7%**

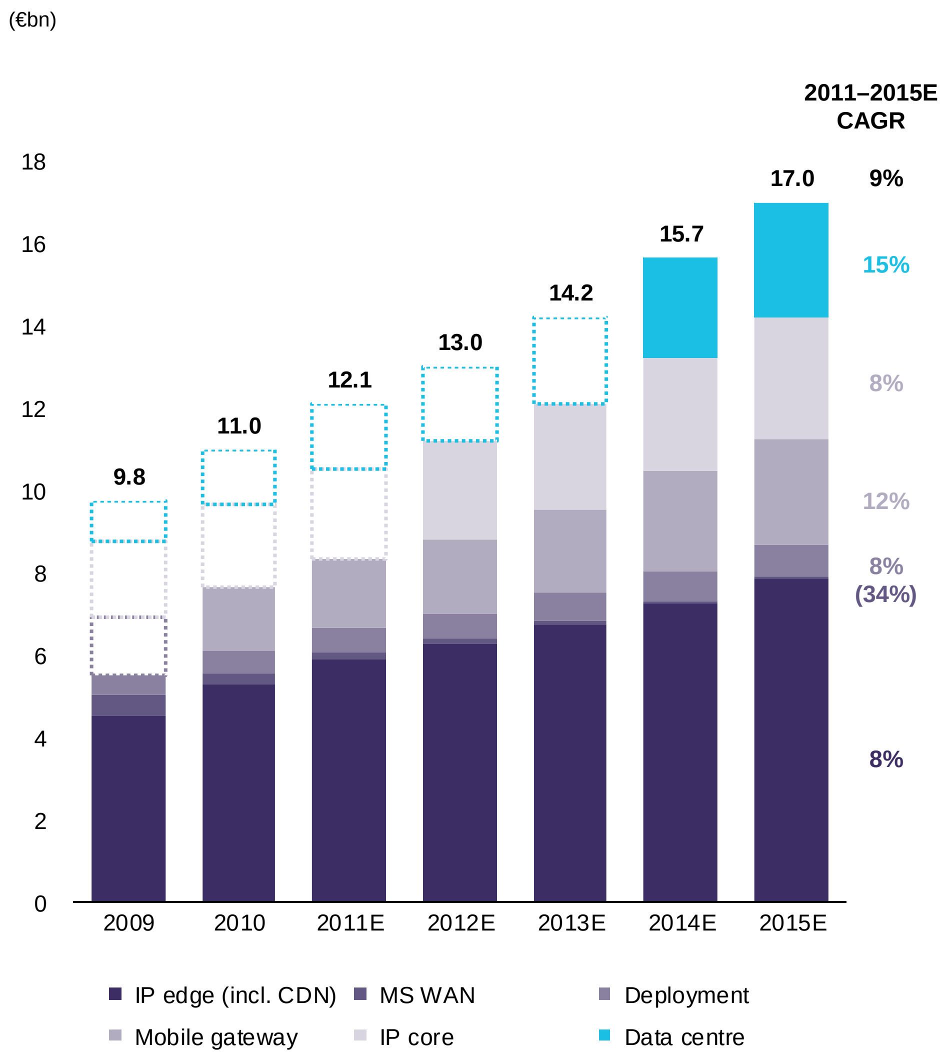
S3G	% of sales	% of gross margin
■ **Services:** Leader in Networks transformation and #3 player in overall Services market	■ **28%**	■ **20%**
■ **Network Applications**: Leader in a fast growing market with key relationships with some of the largest mobile operators	■ **3%**	■ **4%**

Enterprise	% of sales	% of gross margin
■ Leading player in Western Europe with large installed base	■ **5%**	■ **8%**

Source: Company information.
(1) Based on LTM Q3-12 figures. "Other" segment represents c.3% of revenues and c.5% of gross margin.

IP

Global IP market spending



Division description

- The IP division consists of products and services that help service providers, enterprises and governments transform their networks to an all-IP (Internet Protocol) architecture

Distinctive strengths

- Established worldwide product leadership with sustained growth
  - Leadership position (No.2) in IP/MPLS edge router market
  - Unique differentiating ingredients: FP3 network processor chipset & SR-OS[1] software
  - Very strong performance in sustainable quality and execution, with highly efficient R&D
  - Successful expansion in new applications (CDN[1], policy, mobile backhaul, core routing, Data Centers)

Key opportunities

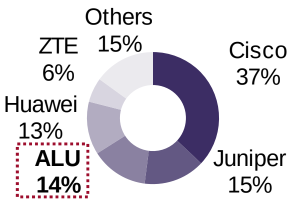
- Sustained growth of the IP area driven by all-IP transformation and video consumption
- Gains in IP edge and mobile gateway driven by product leadership and new markets (e.g. data center)
- In May 2012, ALU entered the core router market – the new family of Internet core routers offers 5x greater density and 66% less electricity consumption vs. competing platforms

Source: Company information.
(1) SR-OS: Service Router Operating System.
CDN: Content Delivery Network.

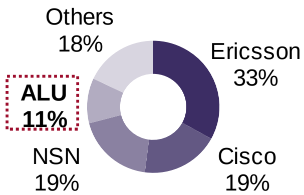
IP (cont'd)

IP market share

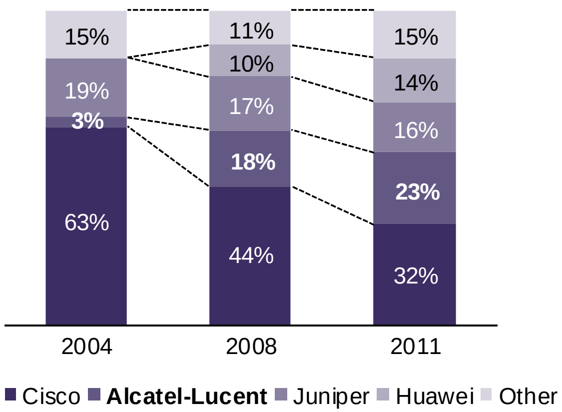
Routing & switching



Mobile packet core



IP edge router market share evolution



Market position(1)

- No.2 in IP edge routers (23% market share)
- No.1 in mobile backhaul (25% market share)

Product portfolio

- Edge routers
- Core routers (new product launch)
- Mobile backhaul
- Content delivery network

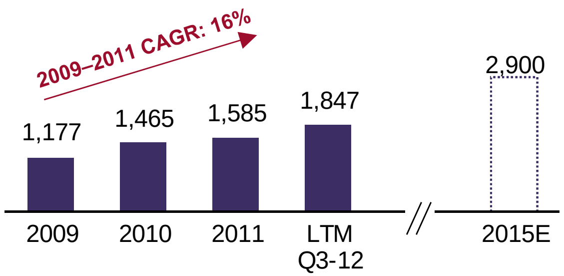
- Recent commercial wins in the IP segment include:

VimpelCom, NTT docomo, Chunghwa Telecom, 中国电信 CHINA TELECOM

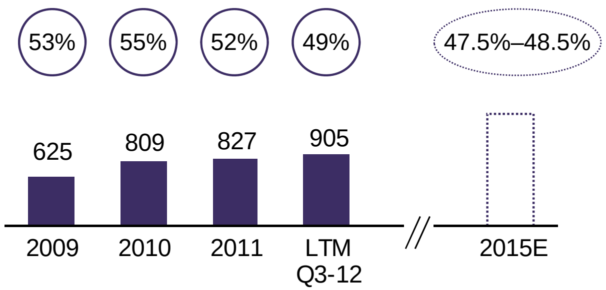
Key financials

(€ in millions)

Revenues



Gross margin
(% revenues)

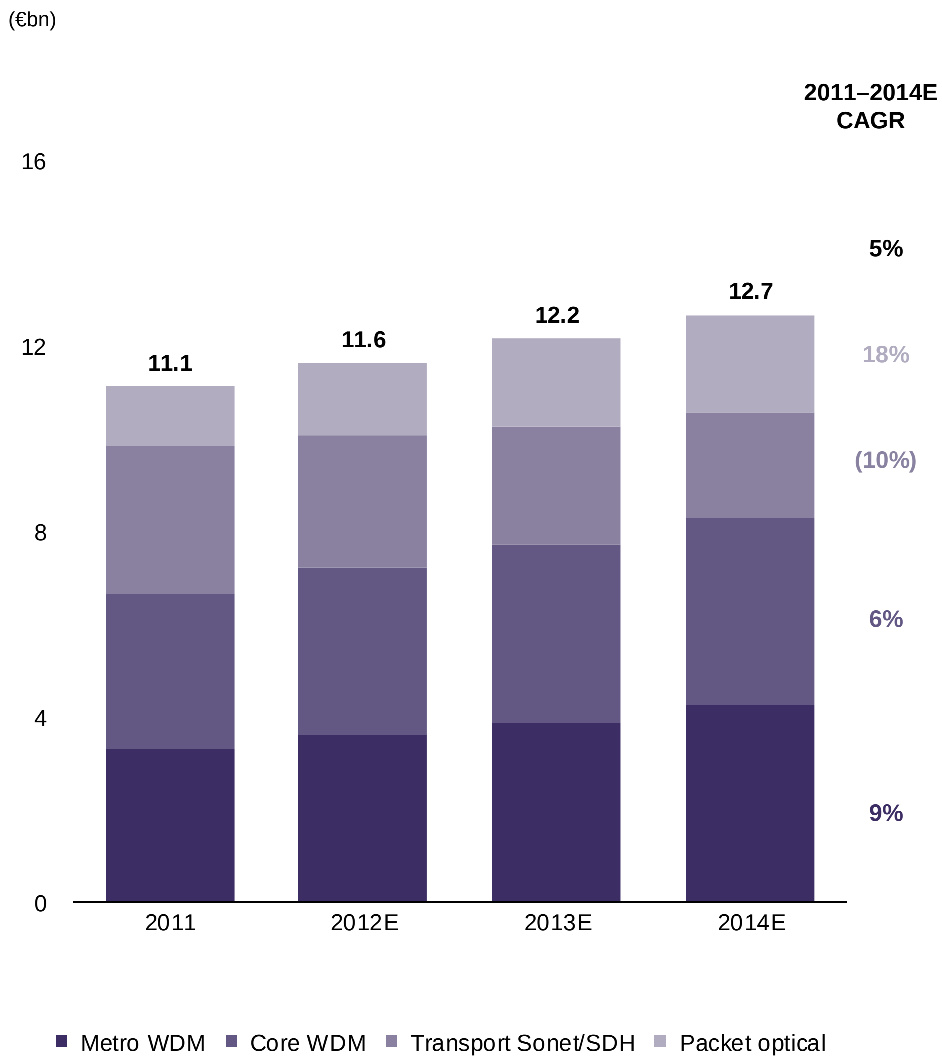


- Strong revenue growth, driven by the all-IP network transformation
  - Segmental move from voice / internet centric network to video centric network
  - Strong growth in Americas (c.30%) with key customer wins in Verizon, AT&T, America Movil; and breakthrough in China and Japan
- Gross margin stable over the period

Source: Company information.
(1) Market share in 2011, based on the Company annual report 2011.

Optics

Global terrestrial optics market spending[1]



Division description

- The Optics division covers the design, manufacturing and marketing of optical networking equipment to transport information over fiber optic connections over long distances across land (Terrestrial) and under sea (Submarine)

Distinctive strengths

- New 1830 OTN+WDM portfolio recognised as leading the field in 100G$^+$ Core
- Business and technology synergies with the IP portfolio, already being implemented
- Innovative optical technologies (Silicon Photonics, Coherent technology, ULH[2])
- Leading installed base with legacy aggregation systems
- Leader in submarine optics:
  - Fully integrated turn-key system provider
  - Marine co-venture with Louis Dreyfus Armateurs

Key opportunities

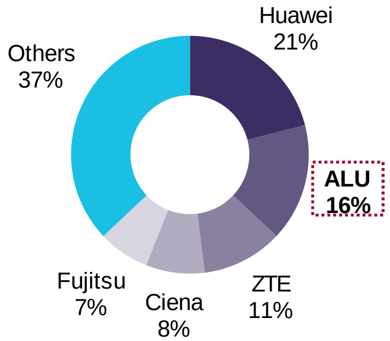
- Integration of IP / Optics division
- Cost effective solution for all-IP network transformation
- Entry into Metro WDM with Packet-optimised 1830 product (2013)
- Novel Distributed Data Centre Interconnection solution
- In submarine optics:
  - Growth in marine maintenance / new cable projects launched
  - Oil & Gas diversification

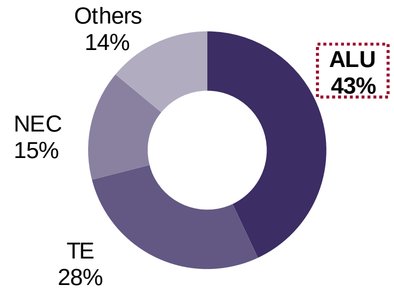
Source: Company information.
(1) In 2011, the submarine optics market was c.€2bn.
(2) ULH: Ultra Long-Haul.

Optics (cont'd)

Alcatel·Lucent

2011 optics market share





- Recent commercial wins include:

中国电信 CHINA TELECOM

SK broadband

Seaborn NETWORKS

Market position(1)

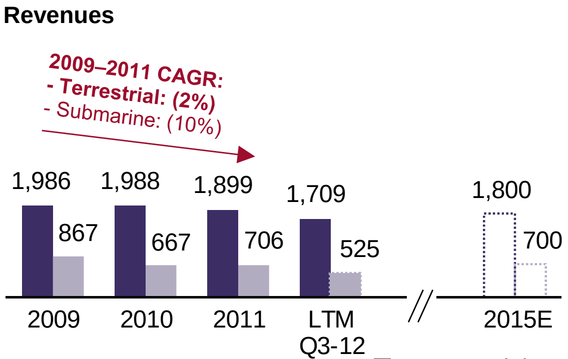
- **No.2** in terrestrial optical networking (16% market share)
- **No.2** in WDM long haul (17% market share)
- **No.1** in submarine optical networking

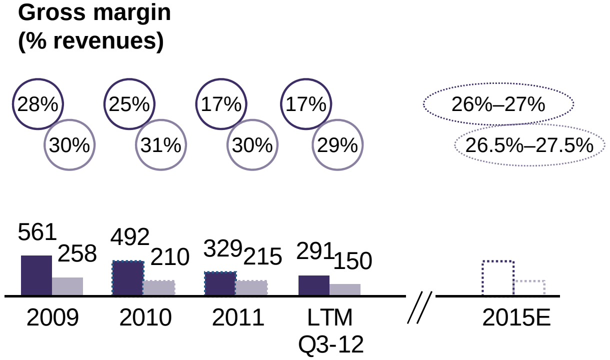
Product portfolio

- WDM
- SDH / SONET
- Submarine
- Wireless Transmission

Key financials

(€ in millions)





Terrestrial Submarine

- Terrestrial optics impacted by rapid decline in legacy technologies
  - Share of next generation products increased from 29% in 2009 to 43% in YTD 2012
  - Gross margin negatively impacted by lower volumes partially offset by next generation technologies' positive impact
- Submarine business cyclical by nature
  - 2010–2011 H1 benefitted from several wins in deployments, extensions and upgrades

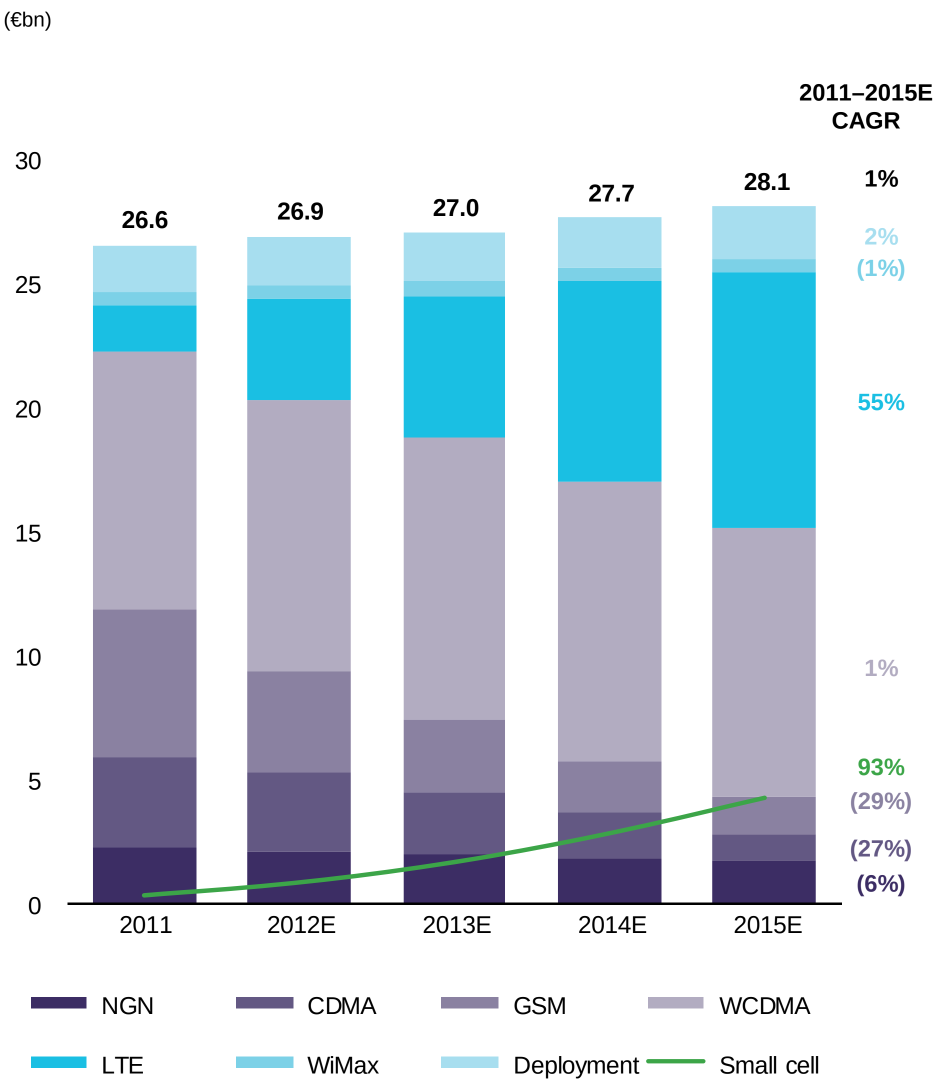
Source: Company information.

(1) Market share in 2011, based on the Company annual report 2011.

Wireless

Alcatel·Lucent

Global wireless infrastructure market



Source: Company information.

Division description

- This division provide vendors the infrastructure and services necessary to operate wireless communication networks using a variety of technologies

Distinctive strengths

- Major 3G/LTE deployments in US, Chinese & select EMEA / LATAM customers
- Successful large scale LTE deployments with Verizon and ATT – the two biggest LTE customers in the world
- Largest win for the TD-LTE trial at China Mobile
- lightRadio™ innovation and fast implementation, in particular in small cells

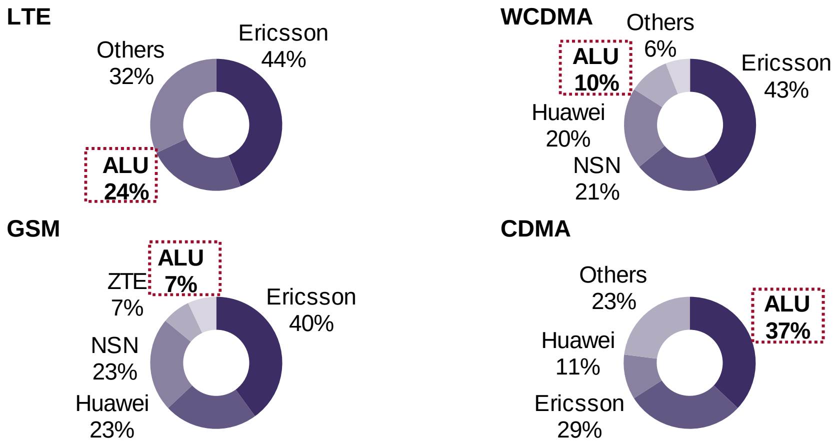
Key opportunities

- Business shift to LTE and small cells to strengthen ALU's position
- Faster adoption of LTE in overlay (rather than single RAN) and small cells architecture
- Roll-out of small cells layer with lightRadio™

Wireless (cont'd)

Alcatel·Lucent

2011 wireless market share



- Recent commercial wins in the LTE segment include:

verizon | at&t | Sprint | 中国移动通信 CHINA MOBILE | oi

Market position(1)

- No.1 in CDMA (37% market share)
- No.2 in LTE (24% market share)
- No.4 in W-CDMA Radio Access Networks (10% market share)
- No.5 in GSM/GPRS/EDGE Radio Access Networks (7% market share)

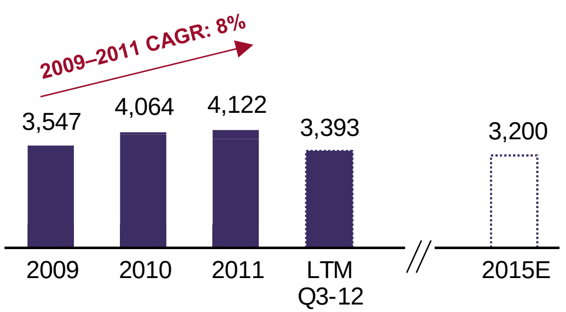
Product portfolio

- LTE
- CDMA
- WCDMA
- TD-SCDMA
- GSM
- Small cells
- lightRadio™

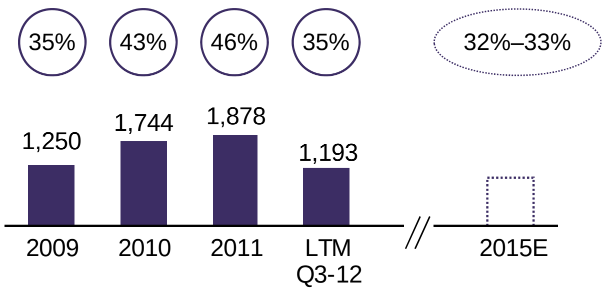
Key financials

(€ in millions)

Revenues



Gross margin (% revenues)

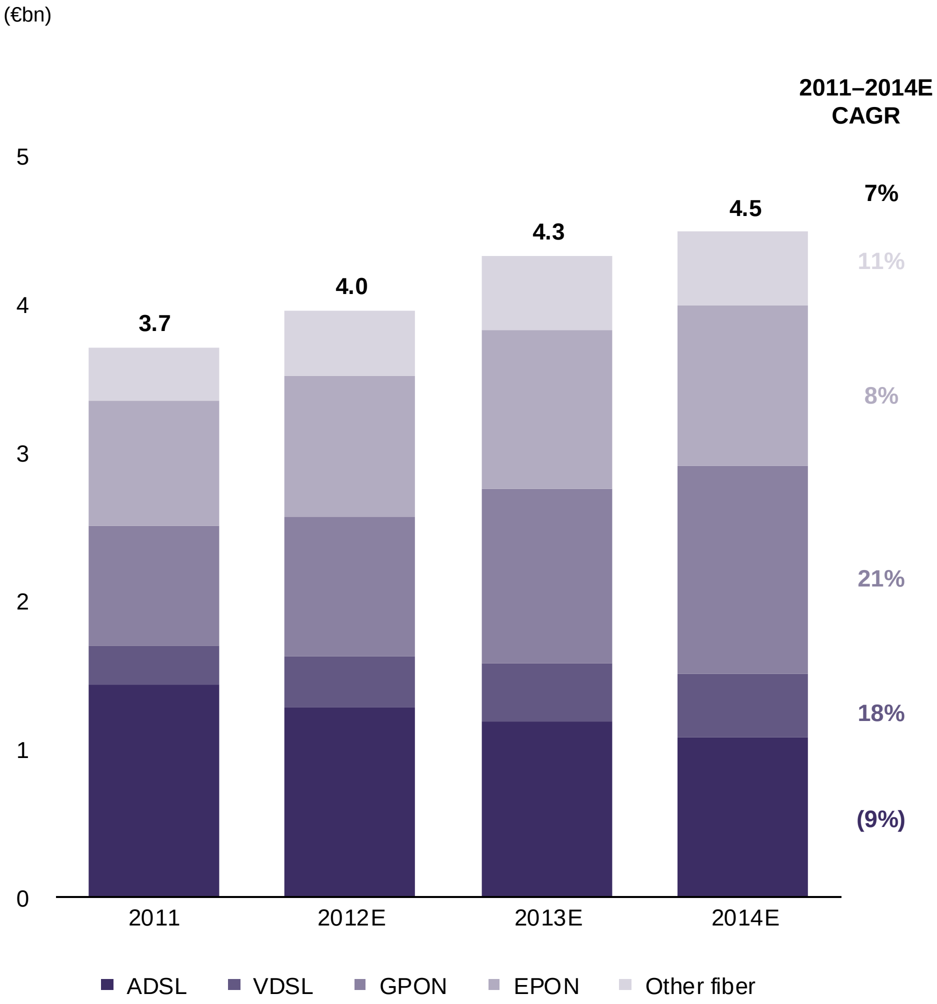


- 2010 and 2011 benefitting from the booming spending in CDMA and take-off of 4G LTE, especially in Americas
  - Recent decline due to spending delays in China and decreased level of spending in CDMA in Americas while ramping up LTE as well as continuous decline in Europe
- Initial margin growth reflecting volumes growth and positive mix with CDMA technology
  - Recent decline due to lower volumes and spending decline in CDMA

Source: Company information.
(1) Market share in 2011, based on the Company annual report 2011.

Wireline

Global wireline market



Division description

- This division addresses fixed broadband access, supporting large deployments of video, voice and data services over broadband

Distinctive strengths

- Innovation leader with broadest worldwide footprint
- Fiber (ALU No.2 and improving) - of which GPON(1) is growing (ALU No.2 in ONT(1), No.2 in OLT(1))
- VDSL clear leadership (growth DSL) with innovative (own IPR) capabilities like bonding / vectoring

Key opportunities

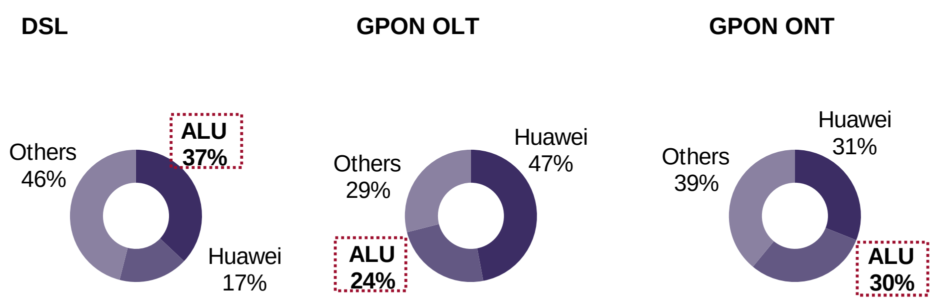
- Increasing wireline broadband availability remains key objective of governments worldwide
- As mobile data growth expands rapidly, wireline becomes critical for backhaul & small cells
- Increasing opportunities to integrate GPON with IP/Optics products
- Expansion of its exposure in the Session Border Controller market

Source: Company information.
(1) GPON: Gigabit Passive Optical Network.
ONT: Optical Network Terminal.
OLT: Optical Line Terminal.

Wireline (cont'd)

Alcatel·Lucent

2011 wireline market share



- Recent commercial wins in the segment include:

azteca belgacom TDC

Market position(1)

- No.1 in broadband access (37% DSL market share)
- No.1 in VDSL2 (44% market share)
- No.2 in GPON (24% market share)
- No.4 in IMS Core (15% market share)

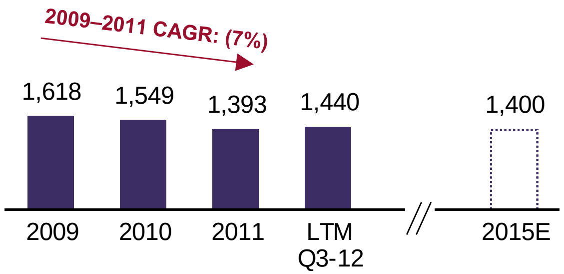
Product portfolio

- Fibre access (PON)
- Copper access (XDSL)

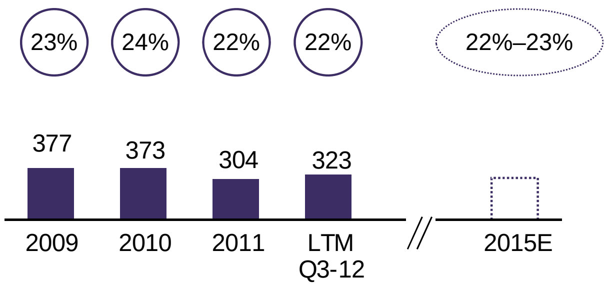
Key financials

(€ in millions)

Revenues



Gross margin (% revenues)

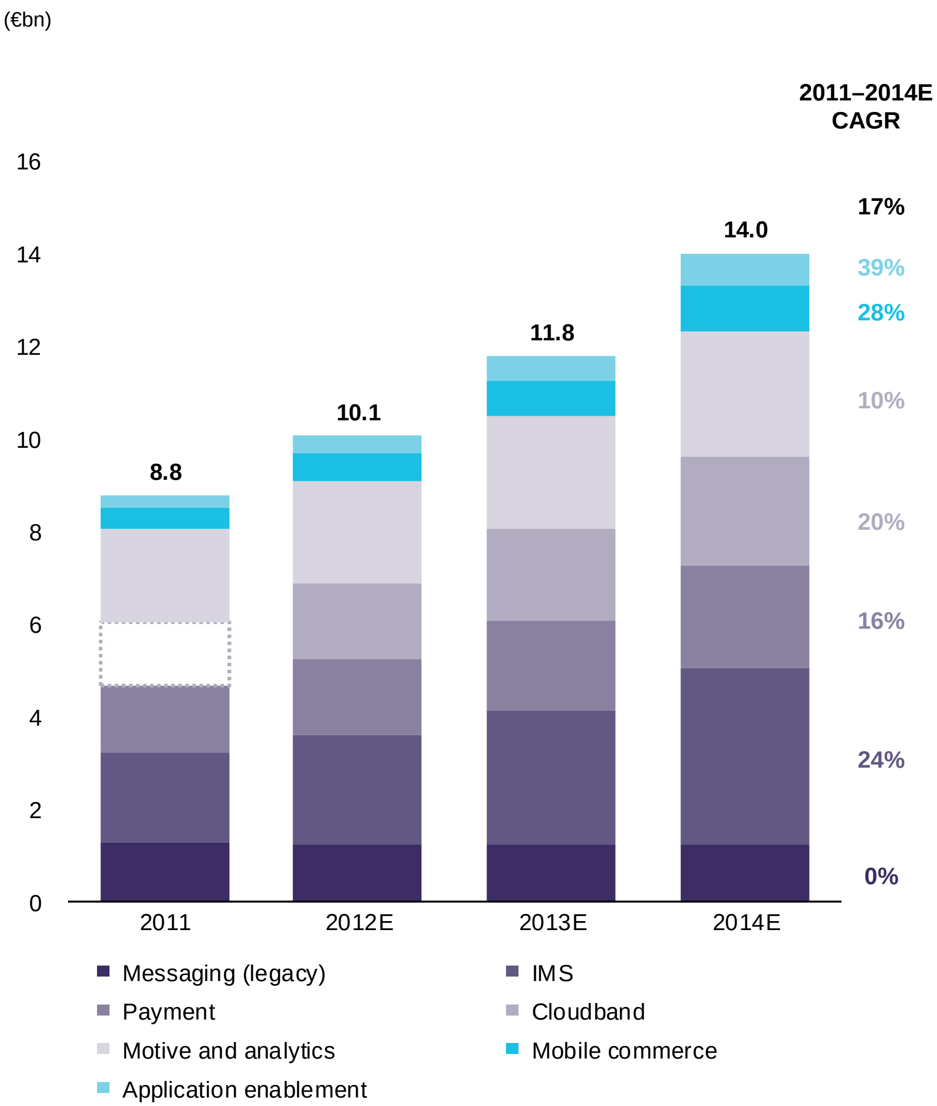


- Wireline impacted by decline in legacy technologies, only partially offset by progressive broadband access growth
  - Growth in LTM Q3-12 due to next generation technology (share has grown from 45% in 2009 to 77% in YTD 2012)
- Gross margin resilient
  - Positive impact from new technology compensated the impact of lower volumes in legacy

Source: Company information.
(1) Market share in 2011, based on the Company annual report 2011.

Network Applications

Network applications market



Source: Company information.

Division description

- This division refers to activities related to the development and sale of solutions that combine software, services and partnerships to address service provider market opportunities

Distinctive strengths

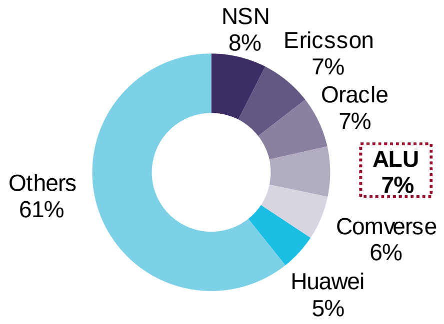
- Key control, optimization & analytics experience enablers over all-IP networks
  - Strategic for operators (experience creation & new services on-boarding)
  - Several ALU innovations (Cloudband, Customer Experience Solutions/Motive) & best-in-class assets (Policy, IMS)
- Fast growing domain at the intersection between network & IT
  - Already involved with top customers
  - A path to drive virtualisation in Telco networks
- ALU strategy focuses on expanding HLN capabilities

Key opportunities

- Cloudband, Analytics for Customer Experience Motive, Smart Charging bundled with DSC/policy, Mobile Commerce (Optism)
- IMS control growing with VoLTE; potential upside in IMS apps

Network Applications (cont'd)

2011 network applications market shares[1]



Market position[2]

- 98 IMS customer projects (including 8 of the top 10 global operators)
- 190+ payment customers (including 8 of the top 10 global mobile operators)
- 200+ Subscriber Data Management deployments with one billion+ subscribers

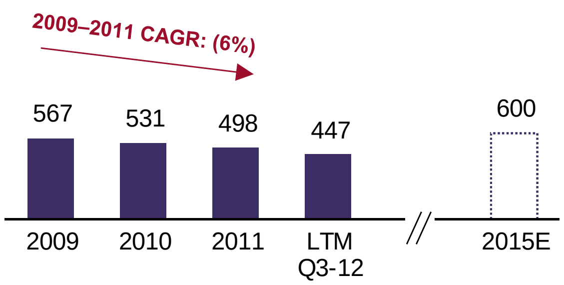
Product portfolio

- IMS
- Payment & charging
- Application enablement
- Customer experience

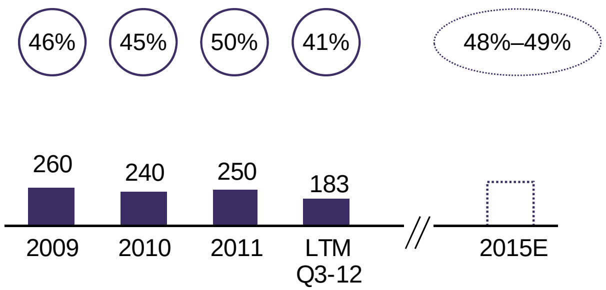
Key financials

(€ in millions)

Revenues



**Gross margin
(% revenues)**



- Network Applications decline reflects major revamping in the product portfolio
  - Decline accelerated in LTM 2012 due to the termination in 2011 Q4 of a resale activity
- Gross margin decline in LTM 2012 primarily due to decline in some legacy technologies

Source: Company information.
(1) There is not 100% consistency as areas of strength may be different between competitors.
(2) Market share in 2011, based on the Company annual report 2011.

Services

Alcatel·Lucent

Division description

- Services division includes various types of services at targeted design, integration, management and maintenance of networks worldwide
- It encompasses expertise in consulting, planning, design integration and optimization, operations management and maintenance of complex, multi-vendor, end-to-end telecommunications networks, as well as design, delivery and operations of network-based software solutions

Product portfolio

- Professional services
- Managed & outsourcing solutions
- Multivendor maintenance
- Product-attached maintenance
- Network build & implementation

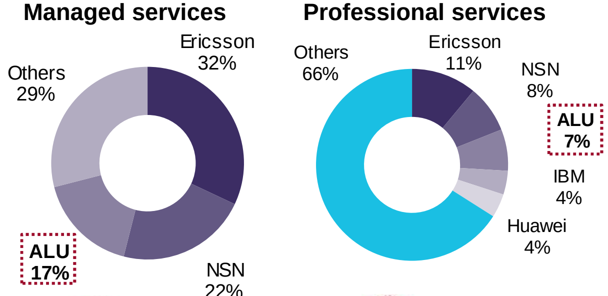
Market size and evolution

- Professional network integration (€17bn, >5% growth)
- Network outsourcing and maintenance (€9bn, 12% growth)
- Network Operations Centers (NOC) Services (€1bn, 12% growth)
- High customer value outsourcing, such as end-to-end services management (€1bn, 18% growth)
- Consulting services (€1.5bn, >5% growth)

Business opportunities

- Wireless (LTE), Optics and IP upsides translation to more Services (such as LTE/optical network roll-outs, engineering services, maintenance)
- Services based on platform assets, in particular Customer Experience and IMS
- In parallel to the Services Providers customers, Strategic Industries opportunities, that are verticalized businesses with carrier-grade services requirements (mainly in oil & gas, transportation, and public sector)

Market position(1)

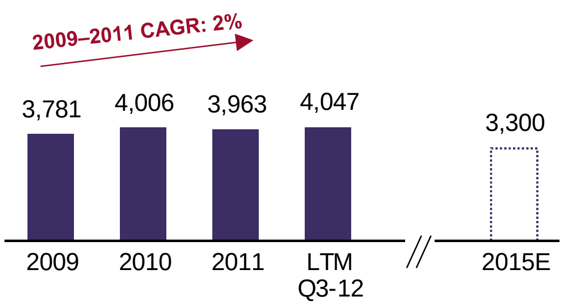


- No.3 in managed services market
- No.1 in multi-vendor maintenance
- No.3 in professional services market

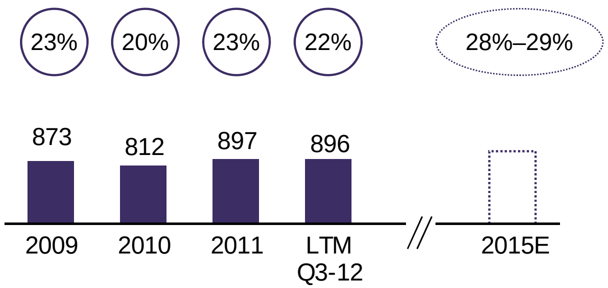
Key financials

(€ in millions)

Revenues



Gross margin (% revenues)



- Services slightly growing from 2009–2011:
  - Managed services showing double digit growth rate, driven by new contract wins
  - Professional services growth rate driven by network transformation to all-IP and strategic industry wins
- Gross margin stable, reflecting volumes growth, further selectivity, and impact of unprofitable managed services contracts now under review

Source: Company information.
(1) Market share in 2011, based on the Company annual report 2011.

Enterprise

Segment description

- This segment delivers solutions to improve conversations across employees, customers and partners by driving multi-media, multi-device, multi-party communications and collaboration

Product portfolio

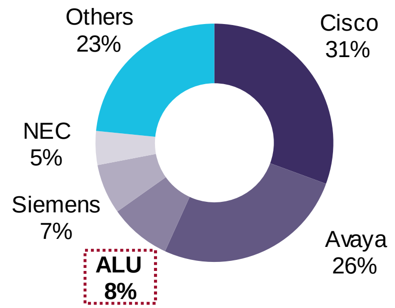
- Voice, data & unified communications
- Enterprise networks & data centers

Enterprise market evolution and market share

- €31bn opportunity (3% growth) including 3 sub-segments:
  - Telephony and Applications (“Voice”) (€9bn in 2012, 30% of total)
  - Data Infrastructure (€19bn, 59% of total)
  - VPN IPSEC/SSL (“Security”) (€4bn, 11% of total)
- Key strengths:
  - Leading player in Western Europe with large installed base
  - Low-cost alternative to Cisco / Avaya
  - Strong presence in key verticals including telecoms, government, healthcare, education, transportation, energy and utilities
- Key opportunities:
  - Transformation to IP/SIP and personal cloud models
  - Increased demand in data center opportunity
  - Growth in emerging markets

Market position[1]

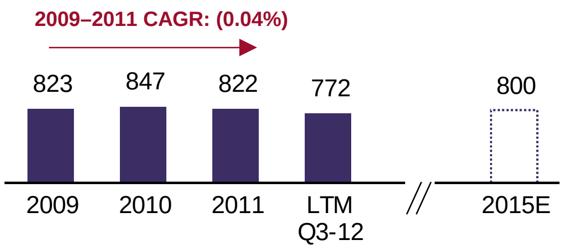
- No.2 in EMEA in enterprise telephony
- No.3 in EMEA in managed LAN Switches
- Leader in Unified Communications & Collaboration Magic Quadrant
- Leader in Corporate Telephony Magic Quadrant



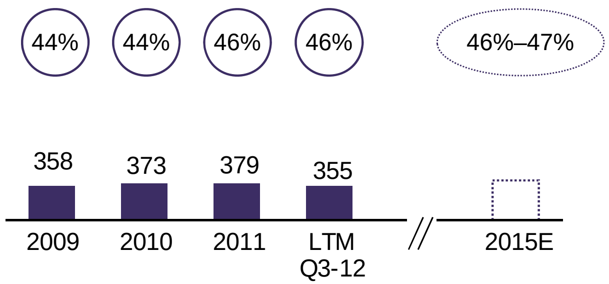
Key financials

(€ in millions)

Revenues[2]



Gross margin[2]
(% revenues)



- Enterprise resilient over the period
  - Decline in LTM 2012 due to uncertain economic environment, particularly in Europe, and termination in 2011 Q4 of a resale activity
- Gross margin – excluding Genesys – fairly stable over the period with productivity gains and new portfolio compensating lower volumes

Source: Company information.
(1) Market share in 2011, based on the Company annual report 2011.
(2) Enterprise’s revenues and gross margin exclude Genesys in 2009 and 2010.

4. Corporate repositioning and the Performance Program

The Performance Program

On July 26, the Company announced the Performance Program. This represents a significant step forward in ALU's transformation, with a significant increase in its cost reduction plan and commitment to exit or restructure unprofitable businesses, markets and contracts

Costs savings		■ Reduction target of €1.25bn – €500m to be realised in 2012; €750m to be realised in 2013
Restructuring cost		■ Overall €850m of cash restructuring cost to realise targeted savings – To be incurred over 3 years period 2012–2014
Strategy	1 **People**	■ Additional global headcount reduction of around c.5,500 ALU employees and c.1,400 contractors
	2 **Contracts**	■ Exiting or restructuring unprofitable managed services contracts with associated headcount reduction
	3 **Geographies**	■ Exiting or restructuring of unprofitable markets
	4 **Assets**	■ Managing our patent portfolio as an independent profit center ■ Divestiture of non-core assets
Timeline		■ Already started – savings by the end of 2013

Year to date performance

Progress to date

>35% achieved

- ✓ > 35% of targeted savings achieved end September 2012
  - 90% of 2012 target achieved – on track to overachieve for 2012

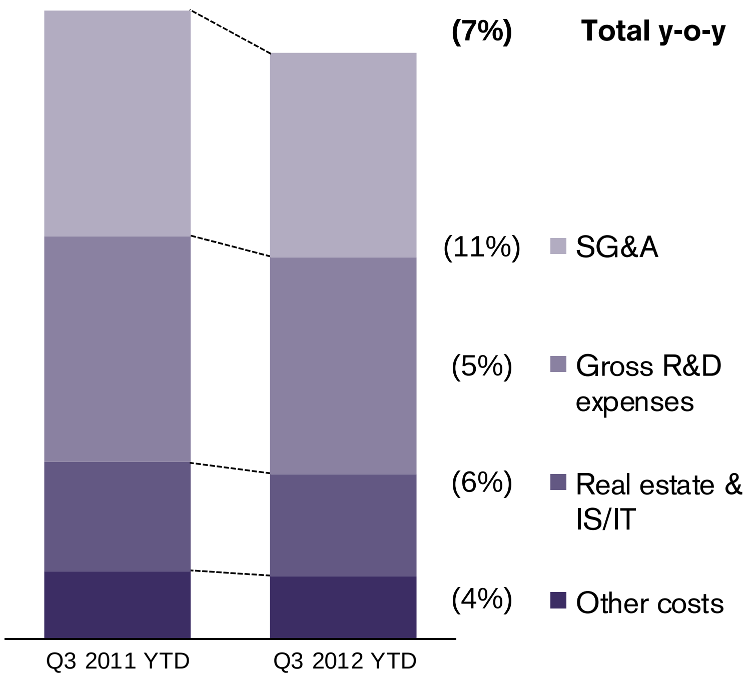
Fixed costs savings

- ✓ >€300m achieved mainly in SG&A, IS/IT and Real Estate
  - SG&A costs down 11% year-over-year(1)
  - Real estate costs / IT costs are down 6% year-over-year(1)

Variable costs savings

- ✓ c.€150m achieved savings through
  - Third parties renegotiation / consolidation
  - Processes improvement

YTD Q3 2011 – Q3 2012 fixed cost base evolution (1)



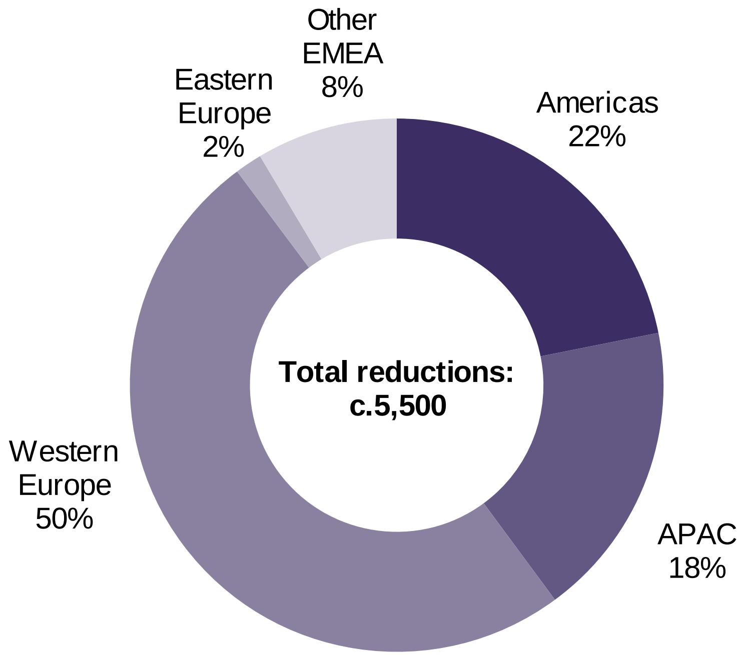
(1) At constant currency. Structure excluding reserves – inventory depreciation, R&D capitalisation and R&D gains.

1 Focus on workforce

Alcatel·Lucent

Objective		✓ Global headcount reduction of around 5,500 people by 2013 ✓ R&D functions preserved
Progress to date	**Process started**	✓ Headcount reduction underway ✓ Exit of managed services contracts including related contracted workforce reduction
	Leaner organisation	✓ Align structure with scale – Streamline support functions – Real estate footprint reduction ✓ Reduced staff in back offices functions – c.60% of the reductions targeted at SG&A ✓ Substantial reduction in corporate executive positions – c.30% reduction in corporate executives ✓ Focus on EMEA where c.60% of cuts will take place

Overview of headcount reductions



2 Focus on contracts

Objective		✓ Address 15 managed services contracts representing c.€600m in revenue, out of 68, representing c.€1bn – Represents c.25% of contracts not up to standard – Exit/restructure unprofitable contracts – Managed services contracts to be reviewed
Progress to date	**Successful execution to date**	✓ Five contracts to be exited or restructured by year-end 2012
	Improved overall financials	✓ Gradual improvement in profitability starting Q1 2013 ✓ Will reduce below corporate-average margin activities ✓ Expected top-line reduction over the course of the next 24 months of c.€400m

3 Focus on geographies

Alcatel·Lucent

Objective		✓ Exiting or restructuring of unprofitable markets
Progress to date	**Adapt our go-to-market strategy**	✓ Re-evaluation of coverage footprint ✓ 45 countries to be addressed by channel
	Simplified operating model	✓ Currently present in more than 180 countries – Increasingly larger percentage of revenues coming from fewer countries – Top 60 representing 96% of revenues ✓ Reduction of complexity in order management and networks roll-out – Expected positive impact on capital employed ✓ Optimisation of our pre-sales, sales and order management structure

4 Focus on assets

Alcatel·Lucent

Objective		✓ Monetising our assets better
Progress to date	**Patent portfolio managed as independent profit centre**	✓ New head of intellectual property business named ✓ RPX agreement modified ✓ Actively engaging with third parties
	Divestiture of non core assets	✓ Focus on core activities and divest non-core assets ✓ Evaluating options for some businesses ✓ Expected identified divestitures proceeds of c.€1-1.5bn

5. Historical financials and outlook

Historic performance

Alcatel·Lucent

P&L 2009–LTM Q3-12

(€m)	2009	2010	2011	LTM Q3-12	% growth 2009-2010	% growth 2010-2011
North America	4,678	5,751	5,887	5,609	22.9%	2.4%
Asia Pacific	2,978	2,928	2,642	2,570	(1.7%)	(9.8%)
Europe	5,203	5,081	4,550	3,969	(2.3%)	(10.5%)
Rest of World	2,298	2,236	2,248	2,353	(2.7%)	0.5%
Revenues	**15,157**	**15,996**	**15,327**	**14,500**	**839**	**(669)**
% growth	*n.a.*	*5.5%*	*(4.2%)*	*(5.4%)*		
Gross margin	5,111	5,571	5,360	4,528	460	(211)
% margin	*33.7%*	*34.8%*	*35.0%*	*31.2%*	*1.1pt*	*0.2pt*
R&D expenses[1]	(2,372)	(2,503)	(2,315)	(2,305)	131	(188)
% of revenues	*(15.7%)*	*(15.6%)*	*(15.1%)*	*(15.9%)*	*(0.1pt)*	*(0.5pt)*
SG&A	(2,795)	(2,781)	(2,526)	(2,321)	(14)	(255)
% of revenues	*(18.4%)*	*(17.4%)*	*(16.5%)*	*(16.0%)*	*(1.0pt)*	*(0.9pt)*
Adjusted operating profit / (loss)[2]	**(56)**	**288**	**519**	**(98)**	**344**	**231**
% of revenues	*(0.4%)*	*1.8%*	*3.4%*	*(0.7%)*	*2.2pt*	*1.6pt*
Adjusted EBITDA[3]	**572**	**978**	**1,257**	**689**	**406**	**279**
% of revenues	*3.8%*	*6.1%*	*8.2%*	*4.8%*	*2.3pt*	*2.1pt*

(1) Net R&D, i.e. including net capitalisation & capital gain.
(2) Adjusted operating profit means operating profit excluding the main impacts from Lucent’s purchase price allocation.
(3) See disclaimer – Non-GAAP Financial Measures for an explanation of “Adjusted EBITDA” and the end of this presentation for a reconciliation thereof.

Free cash flow profile

(€m)	Year ended December 31, 2009	2010	2011	LTM Q3-12
Adjusted operating profit / (loss)[(1)]	**(56)**	**288**	**519**	**(98)**
Depreciation & amortisation and adjusted OP non cash	628	690	738	787
Op. cash flow before change in WCR	**572**	**978**	**1,257**	**689**
Change in operating WCR	490	(63)	(200)	376
Change in other WCR	(19)	(64)	(135)	(269)
Operating cash flow	**1,043**	**851**	**922**	**796**
Interest	(172)	(257)	(253)	(209)
Taxes	(89)	(117)	(55)	(47)
Cash contribution to pension & OPEB	(226)	(226)	(185)	(172)
Restructuring cash outlays	(561)	(377)	(344)	(338)
Cash flow from operating activities	**(5)**	**(126)**	**85**	**30**
Capital expenditures	(691)	(692)	(558)	(559)
Free cash flow	**(696)**	**(818)**	**(473)**	**(529)**
Disposals, Discontinued, Cash from financing & Forex	1,959	336	151	1,346
Debt Maturities & Early Repurchase	(1,244)	(327)	(993)	(234)
Cash Issuance New Notes	975	676	75	–
Other variation in Cash	(16)	252	33	365
Change in Cash & Marketable Securities	**978**	**119**	**(1,207)**	**948**

(1) Adjusted operating profit means operating profit excluding the main impacts from Lucent's purchase price allocation.

Funded status of pensions and OPEB

Alcatel·Lucent

(€m)	30 September 2012 Pensions	30 September 2012 OPEB	30 June 2012 Pensions	30 June 2012 OPEB	30 September 2011 Pensions	30 September 2011 OPEB
Fair value of plan assets	29,618	340	29,734	396	27,588	325
(In US$m)	*38,296*	*440*	*37,435*	*499*	*37,252*	*439*
Benefit obligations	(28,459)	(3,460)	(28,746)	(3,561)	(25,844)	(3,282)
(In US$m)	*(36,797)*	*(4,474)*	*(36,191)*	*(4,483)*	*(34,897)*	*(4,432)*
	1,159	**(3,120)**	**988**	**(3,165)**	**1,744**	**(2,957)**
Funded status	**(1,961)**		**(2,177)**		**(1,213)**	
(In US$m)	*(2,536)*		*(2,741)*		*(1,638)*	
Asset ceiling	**(965)**	**0**	**(1,277)**	**0**	**(1,803)**	**0**
Net balance sheet	**(2,926)**		**(3,454)**		**(3,016)**	

No extra funding contribution expected for US pension plans will be required through at least 2016

Outlook
Financial overview

Alcatel·Lucent

LTM Q3-12 and 2015E financial overview

	LTM Q3-12 (€bn)	2015E (€bn)	% growth: CAGR	% growth: €bn delta
Revenue	**14.5**	**15.2**	**1.5%**	**0.7**
Gross margin	**4.5**	**5.5**	**6.4%**	**1.0**
% margin	*31%*	*35 - 37%*		
SG&A	**(2.3)**	**(1.9)**	**(5.7%)**	**0.4**
% revenue	*(16%)*	*(12 - 14)%*		
R&D(1)	**(2.3)**	**(2.2)**	**(1.4%)**	**0.1**
% revenue	*(16%)*	*(13.5 - 15.5)%*		
Adjusted operating profit / (loss)(2)	**(0.1)**	**1.3**	**n/m**	**1.4**
% revenue	*(0.7%)*	*6 - 9%*		
Adjusted EBITDA(3)	**0.7**	**2.1**	**40.2%**	**1.4**
% margin	*4.8%*	*13.5 - 14.5%*		

(1) Net R&D, i.e. including net capitalisation & capital gain.
(2) Adjusted operating profit means operating profit excluding the main impacts from Lucent's purchase price allocation.
(3) See disclaimer – Non-GAAP Financial Measures for an explanation of "Adjusted EBITDA" and the end of this presentation for a reconciliation thereof.

Outlook

Revenue and gross margin

Alcatel·Lucent

Outlook revenue

€bn	LTM Q3-12	2015E
Networks	**8.9**	**10.0**
IP	1.8	2.9
Optics	2.2	2.5
o/w Terrestrial	*1.7*	*1.8*
o/w Submarine	*0.5*	*0.7*
Wireless	3.4	3.2
Wireline	1.4	1.4
S3G	**4.4**	**3.9**
Services (Professional and Managed)	4.0	3.3
Networks Applications	0.4	0.6
Enterprise	**0.8**	**0.8**
Other & Eliminations	**0.4**	**0.4**
Total revenue	**14.5**	**15.2**

Outlook gross margin

	LTM Q3-12	2015E
Networks	**32%**	**33.5% - 34.5%**
IP	49%	47.5% - 48.5%
Optics	20%	26.0% - 27.0%
o/w Terrestrial	*17%*	26.0% - 27.0%
o/w Submarine	*29%*	26.5% - 27.5%
Wireless	35%	32.0% - 33.0%
Wireline	22%	22.0% - 23.0%
S3G	**24%**	**31.0% - 32.0%**
Services (Professional and Managed)	22%	28.0% - 29.0%
Networks Applications	41%	48.0% - 49.0%
Enterprise	**46%**	**46.0% - 47.0%**
Other & Eliminations	**n/m**	**n/m - n/m**
Total gross margin	**31%**	**35.0% - 37.0%**

New segmental disclosure

(€m)

Current disclosure

Networks
- IP
- Optics
  - o/w Terrestrial
  - o/w Submarine
- Wireless
- Wireline

S3G
- Services (Professional and Managed)
- Networks Applications

Enterprise

Other & Eliminations

Future disclosure

Networks & Platforms
- IPD
- Optics Terrestrial
- Wireless
- Fixed Networks
- Platforms
- Non Product attached Services

Focused Businesses
- Enterprise
- Submarine

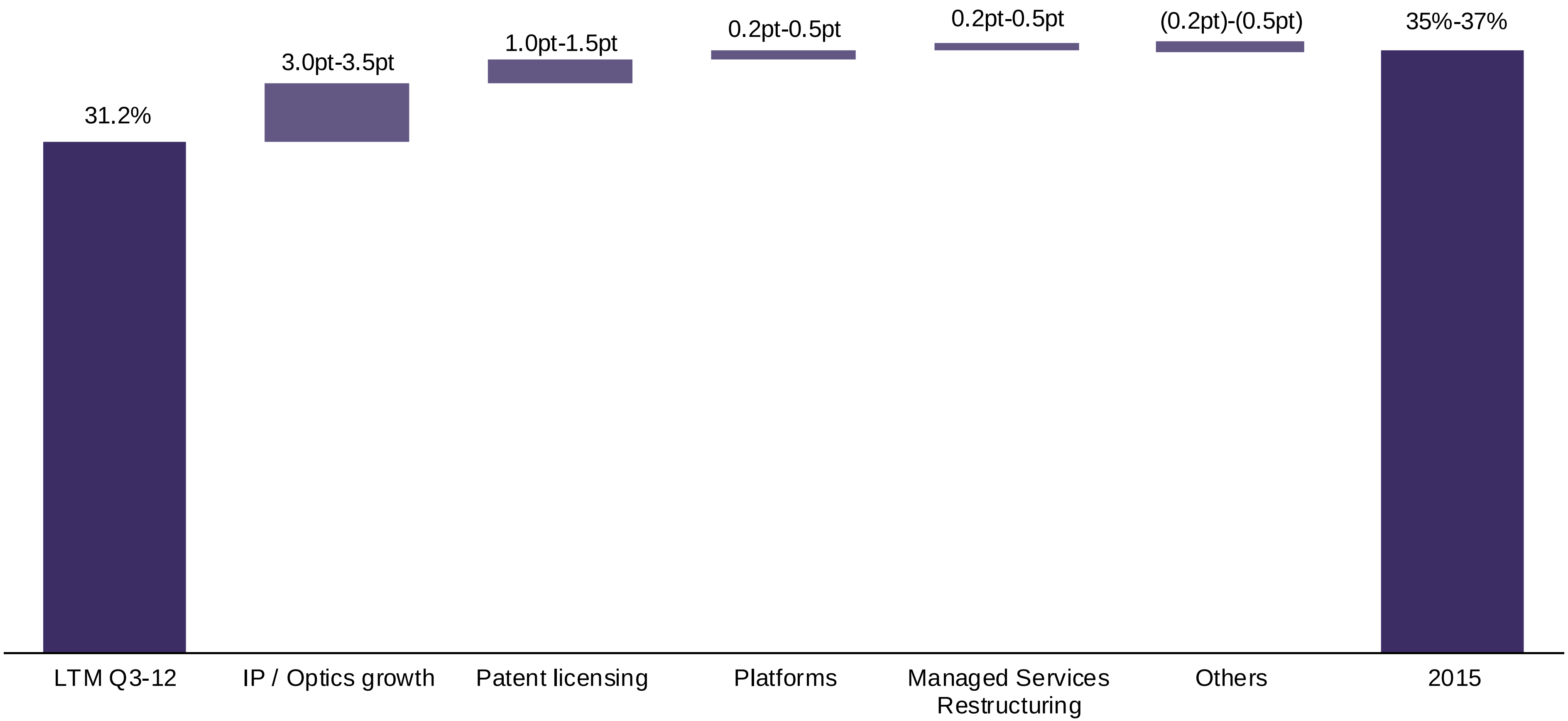
Other & Eliminations

o/w Managed Services

- Maintenance services revenues to be allocated into each of the product divisions
- Professional services revenues relating to wireless to be allocated to the Wireless subdivision

- Two new divisions have been split as follows
  - Networks and Platforms: IPD, Optics Terrestrial, Wireless, Fixed Networks (ex. Wireline), Non-product attached Services (new subdivision) and Platforms (ex. Network applications)
  - Focused businesses: Enterprise and Submarine
- Revenues from the “Services (Professional and Managed)” subdivision will be re-allocated as follows
  - Product attached Maintenance Services will be re-allocated to each product divisions
  - Professional services relating to Wireless will be allocated to the Wireless division

Gross margin bridge



Q&A

1 **Positioned to benefit from strong secular trends in communications**

2 **Leadership positions in IP, Optics, fixed broadband access and 4G Wireless to create all-IP network**

3 **Deep strategic relationships with leading service providers**

4 **Unique intellectual property portfolio with significant embedded value**

5 **Performance Program – adapt strategy and cost base to new environment**

6 **Appropriate liquidity and maturity profile to execute on the plan**

7 **Experienced management team**

Appendix

Security and guarantor package

Current proposed guarantor package (contribution of sales, EBITDA and assets to consolidated metrics)

(€m)	9M 2012 Sales	LTM Q3-12 EBITDA	Assets
US guarantors[1]	3,596	991	8,284
% of total	*34.7%*	*169.7%*	*35.1%*
Non-US guarantors	833	(65)	4,164
% of total	*8.0%*	*(11.1%)*	*17.7%*
Total guarantors	**4,429**	**926**	**12,448**
% of total	*42.8%*	*158.6%*	*52.8%*
Consolidated metrics	**10,350**	**584**	**23,571**

(1) Alcatel Lucent USA Inc, standalone only data. The other US subsidiary guarantors do not have meaningful operations or generate meaningful sales.

EBITDA reconciliation

EBITDA reconciliation

(€m)	2009	2010	2011	LTM Q3-12
Adjusted operating profit / (loss)	(56)	288	519	(98)
D&A excluding PPA adjustments	700	707	627	655
Share-based payments	58	37	28	25
EBITDA	**702**	**1,032**	**1,174**	**582**
Employee Benefits Accrual in OP	49	63	63	69
Product Sales Reserves	(172)	(43)	(58)	(53)
Inventory Reserves	57	62	170	167
General Risk Reserves	(76)	(61)	(61)	(17)
Capital Gains in OP	(7)	(23)	(37)	(36)
Valuation Allowance Bad Debt	9	1	11	(22)
Other	10	(53)	(5)	(1)
Adjusted EBITDA	**572**	**978**	**1,257**	**689**

Note: In 2009 and 2010, "Other" includes "Financial Result Considered as Cash".
2009 and 2010 include Genesys.

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