

TAX BASIS: Alcatel-Lucent American Depositary Shares (ADSs) and/or Cash-in-Lieu Received in the Exchange for Lucent Common Stock

HOW TO CALCULATE YOUR TAX BASIS

- For Alcatel-Lucent American Depositary Shares (ADSs) you received in exchange for your Lucent common stock.
- For cash you received in lieu of a fractional Alcatel-Lucent ADS

Former Lucent shareowners who sell their Alcatel-Lucent ADSs can use the following worksheet to calculate the tax basis of their Alcatel-Lucent ADSs. In addition, you can use the worksheet to calculate the taxable gain or loss for cash you received in lieu of a fractional Alcatel-Lucent ADS. However, the worksheet does not purport to be complete and may not apply in your particular circumstances. For example, if you acquired shares of Lucent at different times or at different prices, the worksheet may not apply to you.

HYPOTHETICAL EXAMPLE

In this example, 100 shares of Lucent were purchased at \$3 per share, resulting in a tax basis of \$300. Because the merger exchange ratio was 0.1952 of an Alcatel-Lucent ADS for each Lucent share owned, the holder receives 19 whole ADSs of Alcatel-Lucent, as well as a check for an amount based on the value of 0.52 of an ADS. The original \$300 tax basis must now be allocated to the Alcatel-Lucent ADSs.

ALCATEL-LUCENT TAX BASIS CALCULATION

Enter number of Lucent shares owned		100		(1)
Enter tax basis per share of Lucent owned		\$ 3.00		(2)
Enter total tax basis of Lucent shares owned	(1) * (2)	\$ 300.00		(3)
Enter total number of Alcatel-Lucent ADSs received	(1) * 0.1952	19.52		(4)
Enter total tax basis of Alcatel-Lucent ADSs	from (3) above	\$ 300.00		(5)
Divide total tax basis by number of Alcatel-Lucent ADSs received	(5) / (4)	\$ 15.37		(6)
New tax basis per Alcatel-Lucent ADS	from (6) above	\$ 15.37		(7)
Enter fractional share received	(4) - whole ADSs	0.52		(8)
Multiply fractional share by new per ADS tax basis price	(8) * (7)	\$ 7.99		(9)
Enter amount of fractional ADS check received		\$ 6.91		(10)
Enter tax basis for fractional ADS sold	from (9) above	\$ 7.99		(11)
Subtract fractional ADS tax basis from fractional ADS check amount	(10) - (11)	\$ (1.08)		(12)
(Loss) or gain from fractional ADS sale	(12)	\$ (1.08)		(13)

Note that (7) above is the tax basis of any Alcatel-Lucent ADSs you received in exchange for Lucent common stock, to be used in determining any gain or loss recognized in the subsequent sale of your Alcatel-Lucent ADSs.

CONSULT YOUR TAX ADVISOR

This worksheet was not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties. You should seek advice based on your own particular circumstances from an independent tax advisor.

The information in this document represents our understanding of federal income tax laws and regulations, and does not constitute tax advice. It does not purport to be complete or to describe the consequences that may apply to you or particular categories of shareowners. It is being provided as a courtesy to our shareholders. Tax matters are very complicated, and the calculations described above may not be correct in your particular circumstances. You should consult your own tax advisor regarding the particular consequences of the merger or any disposition of Alcatel-Lucent ADSs, including the applicability and effect of any state, local and foreign tax laws.

Lucent shareowners are urged to read the discussion set forth in the proxy statement related to the merger under the heading “The Merger – Material U.S. Federal Income Tax Consequences” and to consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger. A copy of the proxy statement was mailed to shareowners prior to the September 7, 2006 Lucent shareholder meeting and is also available on the internet at <http://www.sec.gov>.