



**Issuance by Alcatel-Lucent of bonds convertible into and/or exchangeable for new or existing shares (OCEANEs) in the amount of approximately €870 million which may be increased to up to a maximum of €1,000 million**

**Final Terms of the OCEANEs (subject to AMF visa)**

**Paris, September 2, 2009** - Alcatel-Lucent (Euronext Paris and NYSE: ALU) launched today an offering of bonds convertible into and/or exchangeable for new or existing shares of Alcatel-Lucent (the "Bonds") due January 1, 2015 for an initial nominal amount of approximately €870 million, with a nominal value per Bond of €3.23, representing an issue premium of 35% over Alcatel-Lucent's reference share price<sup>1</sup> on Euronext Paris.

The amount of the offering may be increased up to a maximum of €1,000 million if the over-allotment option granted to the Joint Lead-Managers and Joint Bookrunners is exercised in full at the latest by September 8, 2009.

The conversion / exchange ratio of the Bonds will be one new or existing Alcatel-Lucent share per Bond, subject to potential further adjustments.

The Bonds will bear interest at a rate of 5.00 % per annum payable semi-annually in arrears on January 1st and July 1st of each year commencing January 1<sup>st</sup>, 2010 (or, if it is not a business day, the following business day), namely €0.08075 per half-year and per Bond. For the period from and including September 10, 2009, the issue date, up to and including December 31, 2009, the coupon will be payable on January 1, 2010 (or on the following business day if such date is not a business day), will amount to approximately €0.05 per Bond.

The Bonds will be issued at par on September 10, 2009 and will mature and be redeemed in cash at par on January 1, 2015. The Bonds may be redeemed early at the option of Alcatel-Lucent subject to certain conditions.

The expected date of issue and settlement and delivery for the Bonds is September 10, 2009.

The principal purpose of the offering is to contribute to the refinancing of the group's debt and the extension of its maturity, and, secondarily, to further enhance the group's financial position.

In particular, all or part of the proceeds of the issue may be used to finance the repurchase of part of the group's debt, including the bonds convertible into and/or exchangeable for new or existing shares due January 1, 2011 (the "2011 OCEANE"), of which the principal amount outstanding is approximately €1,022 million.

---

<sup>1</sup> The reference share price is the volume-weighted average price (VWAP) of Alcatel-Lucent's shares quoted on Euronext Paris from the opening of trading on September 2, 2009 until the final terms of the Bonds were determined.

This press release does not constitute an offering to subscribe, and the offering of the Bonds is not a public offering in any jurisdiction except in France, subject to the following:

In France,

- The Bonds were initially offered only in a private placement in accordance with article L. 411-2-II of the French Monetary and Financial Code;
- Following such placement and the fixing of the final terms of the offering, a visa will be requested from the French *Autorité des marchés financiers* (the “AMF”) on the offering circular (prospectus). Upon receipt of such visa, the Bonds will be offered to the public in France during the following three trading days.

#### DISCLAIMER

This press release must not be published, released or distributed, directly or indirectly, in Canada, Japan or Australia.

This press release and the information contained herein do not constitute an offer to sell or subscribe, nor the solicitation of an order to purchase or subscribe, securities in the United States or in any other country. In particular, securities may not be offered or sold in France absent a prospectus approved by the AMF. The release, publication or distribution of this press release in certain jurisdictions may be restricted by laws or regulations. Therefore, persons in such jurisdictions into which this press release is released, published or distributed must inform themselves about and comply with such laws or regulations.

The offer and sale of the Bonds in France were first carried out in a private placement in accordance with article L.411-2-II of the French Monetary and Financial Code. The offer will be made to the public in France only after the granting of the “visa” by the AMF on the prospectus.

With respect to the member States of the European Economic Area, other than France, which have implemented the Directive EC/2003/71 called the “Prospectus Directive” (each, a “relevant member State”), no action has been undertaken or will be undertaken to make an offer to the public of the Bonds requiring a publication of a prospectus in any relevant member State. As a result, the Bonds may only be offered in relevant member States:

- (I) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to place securities;
- (II) to any legal entity which has two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43 million; and (3) an annual net turnover of more than € 50 million, as per its last annual or consolidated accounts;
- (III) in any other circumstances, not requiring the issuer to publish a prospectus as provided under article 3(2) of the prospectus directive.

The securities referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”), and may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act. Alcatel-Lucent does not intend to register any portion of the planned offering in the United States or to conduct a public offering of securities in the United States.

This press release is not an invitation nor an inducement to engage in investment activity for the purpose of Section 21 of the Financial Services and Markets Act 2000, as amended (“FSMA”). This press release is directed only at (i) persons outside the United Kingdom; or (ii) persons in the United Kingdom that are “qualified investors” within the meaning of Section 86(7) of FSMA that are also (a) persons authorised under FSMA or otherwise having professional experience in matters relating to investments and qualifying as investment professionals under article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”); or (b) high net worth companies, unincorporated associations and other persons to whom article 49(2) (a) to (d) of the Financial Promotion Order applies; or (c) any other persons to whom this press release for the purposes of Section 21 of FSMA can otherwise lawfully be made available (all such persons together being referred to as “Relevant Persons”). Any person in the United Kingdom that is not a Relevant Person should not act or rely on this press release. The securities referred to in this press release or any investment or controlled activity to which such securities relate are only available to, and will be engaged in only with, Relevant Persons.

One of the Joint-Lead Managers of the offering of the Bonds, acting as stabilizing manager (or any other affiliated institution) will have the ability, but not the obligation, as from the moment on which the final terms of the Bonds and the offering become public, i.e. on September 2, 2009, to intervene, so as to stabilize the market for the Bonds and possibly the shares of Alcatel-Lucent, in accordance with applicable legislation, and in particular Regulation (EC) No. 2273/2003 of the Commission dated December 22, 2003. If implemented, such stabilization activities may be suspended at any time and will end at the latest on September 8, 2009, in accordance with Article 8.5 of CE Regulation No. 2273/2003. Such transactions are intended to stabilize the price of the Bonds and/or shares of Alcatel-Lucent. Such transactions could affect the price of the Bonds and/or shares of Alcatel-Lucent and could result in such prices being higher than those that might otherwise prevail.

#### **About Alcatel-Lucent**

Alcatel-Lucent (Euronext Paris and NYSE: ALU) is the trusted partner of service providers, enterprises and governments worldwide, providing solutions to deliver voice, data and video communication services to end-users. A leader in fixed, mobile and converged broadband networking, IP technologies, applications and services, Alcatel-Lucent leverages the unrivalled technical and scientific expertise of Bell Labs, one of the largest innovation powerhouses in the communications industry. With operations in more than 130 countries and the most experienced global services organization in the industry, Alcatel-Lucent is a local partner with a global reach. Alcatel-Lucent achieved revenues of Euro 16.98 billion in 2008 and is incorporated in France, with executive offices located in Paris. For more information, visit Alcatel-Lucent on the Internet: <http://www.alcatel-lucent.com>.

**Website:** <http://www.alcatel-lucent.com>

#### **Alcatel-Lucent press contacts:**

Régine Coqueran	Tel: + 33 (0)1 40 76 49 24	<a href="mailto:regine.coqueran@alcatel-lucent.com">regine.coqueran@alcatel-lucent.com</a>
Peter Benedict	Tel: + 33 (0)1 40 76 50 84	<a href="mailto:Peter.benedict@alcatel-lucent.com">Peter.benedict@alcatel-lucent.com</a>

#### **Alcatel-Lucent Investor Relations:**

Rémi Thomas	Tel: + 33 (0)1 40 76 50 61	<a href="mailto:remi.thomas@alcatel-lucent.com">remi.thomas@alcatel-lucent.com</a>
Tom Bevilacqua	Tel: + 1 908-582-7998	<a href="mailto:bevilacqua@alcatel-lucent.com">bevilacqua@alcatel-lucent.com</a>
Tony Lucido	Tel: + 33 (0)1 40 76 49 80	<a href="mailto:alucido@alcatel-lucent.com">alucido@alcatel-lucent.com</a>
Don Sweeney	Tel: + 1 908 582 6153	<a href="mailto:dsweeney@alcatel-lucent.com">dsweeney@alcatel-lucent.com</a>