

PRESS RELEASE

Compensation of new Chief Executive Officer, Michel Combes

- Fixed salary of EUR 1.2 million
- Variable compensation element directly linked to transformation of the company

Paris, March 14, 2013 – The Board of Directors of Alcatel-Lucent (Euronext Paris and NYSE: ALU) has approved the compensation of the new Chief Executive Officer, Michel Combes who, from March 1, 2013, has become a French tax resident again.

In regulatory filings to financial authorities in France and the United States, Alcatel-Lucent confirmed that, Mr. Combes, who becomes Alcatel-Lucent CEO on April 1, 2013, will receive annual compensation comprised of two elements: a fixed gross salary of EUR 1.2 million (the same as the previous CEO's base salary), and a variable compensation element directly linked to the transformation of the company.

The performance objectives and variable compensation level will be determined each year by the Board of Directors upon recommendation of the Compensation Committee. The target variable compensation will be 100% of Mr. Combes' annual fixed compensation, should performance criteria be met at 100%. This bonus could reach a maximum of 200% of the fixed compensation should performance objectives be exceeded very substantially.

For 2013, Mr. Combes' variable compensation level will be determined by two factors – 50% based on the Alcatel-Lucent Group's 2013 operating profit and 50% based on achieving targets set out in The Performance Program announced on July 26, 2012.

The Board of Directors has also agreed the award of a total of 1,300,000 'Performance Units', and indexed to the performance of the Alcatel-Lucent stock over three years. One third of these units will vest each year subject to the fulfillment of performance conditions, but will be unavailable until April 1, 2016. At this date and subject to the continued presence of the CEO within the company, these units give beneficiaries the right to remuneration indexed on the basis of the average price of Alcatel-Lucent stock over the 20 trading days preceding April 1, 2016.

Mr. Combes will benefit from the private pension scheme applicable to all corporate executives of the Alcatel-Lucent Group's French subsidiaries to cover the portion of their remuneration exceeding eight times the annual French social security ceiling. Specific to Mr. Combes, this pension scheme is subject to additional performance conditions. He will not benefit from a supplementary pension scheme.

Mr. Combes will also be eligible for a termination benefit in the event of a change of control of strategy. This benefit is equal to one year of Mr Combes' fixed and target variable remuneration and is subject to a performance condition consisting of the delivery of positive free cash flow for at least one fiscal year until the end of the CEO's mandate.

These commitments are subject to both quantitative and qualitative criteria, and will be submitted for approval at the company's next Annual Shareholders meeting, on May 7, 2013.

Full details of Mr. Combes' compensation terms and conditions can be found online [here](#).



Michel Combes' appointment as CEO of Alcatel-Lucent was [announced on February 22](#). He will also join the company's Board of Directors, subject to the approval of shareholders at the Alcatel-Lucent annual general meeting on May 7.

ABOUT ALCATEL-LUCENT (EURONEXT PARIS AND NYSE: ALU)

The long-trusted partner of service providers, enterprises and governments around the world, Alcatel-Lucent is a leading innovator in the field of networking and communications technology, products and services. The company is home to Bell Labs, one of the world's foremost research centers, responsible for breakthroughs that have shaped the networking and communications industry.

Alcatel-Lucent innovations are regularly recognized by international institutions for their positive impact on society. In 2012 and for the second year running, Alcatel-Lucent was named one of the Thomson Reuters Top 100 Global Innovators, recognition for the company's continued addition to its world-class patent portfolio, one of the largest in the telecom industry. Alcatel-Lucent has also been recognized for its sustainability performance. In 2012 the company was ranked Technology Supersector Leader by the Dow Jones Sustainability Index. Through its innovations, Alcatel-Lucent is making communications more sustainable, more affordable and more accessible as we pursue our mission of Realizing the Potential of a Connected World.

With operations throughout the world, Alcatel-Lucent is a local partner with global reach. The Company achieved revenues of Euro 14.4 billion in 2012 and is incorporated in France and headquartered in Paris.

For more information, visit Alcatel-Lucent on: <http://www.alcatel-lucent.com>, read the latest posts on the Alcatel-Lucent blog <http://www.alcatel-lucent.com/blog> and follow the Company on Twitter: http://twitter.com/Alcatel_Lucent.

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