

## REPORTED RESULTS

In the second quarter, the reported net income (group share) was Euro 14 million or Euro 0.01 per diluted share (USD 0.01 per ADS), including the negative after tax impact from Purchase Price Allocation (PPA) entries of Euro (42) million.

Reported Profit & Loss Statement In Euro million except for EPS	Second quarter 2009	Second quarter 2008	% change, y-o-y (% or pt)	First quarter 2009	% change q-o-q (% or pt)
Revenues	3,905	4,101	-4.8%	3,598	8.5%
Gross profit	1,293	1,432	-9.7%	1,133	14.1%
<i>in % of revenues</i>	33.1%	34.9%	-1.8 pt	31.5%	1.6 pt
Operating income (1)	(130)	(21)	Nm	(326)	Nm
<i>in % of revenues</i>	-3.3%	-0.5%	-2.8 pt	-9.1%	5.7 pt
Net income (loss) (Group share)	14	(1,102)	Nm	(402)	Nm
EPS diluted (in Euro)	0.01	(0.49)	Nm	(0.18)	Nm
E/ADS* diluted (in USD)	0.01	(0.77)	Nm	(0.24)	Nm
Number of diluted shares (million)	2,267.3	2,259.1	0.4%	2,259.7	0.3%

\*E/ADS calculated using the US Federal Reserve Bank of New York noon Euro/dollar buying rate of USD 1.4020 as of June 30 2009, 1.5748 as of June 30 2008 and 1.3261 as of March 31 2009.

## ADJUSTED RESULTS

In addition to the reported results, Alcatel-Lucent is providing adjusted results in order to provide meaningful comparable information, which exclude the main non-cash impacts from Purchase Price Allocation (PPA) entries in relation to the Lucent business combination. The second quarter 2009 adjusted<sup>2</sup> net profit (group share) was Euro 56 million or Euro 0.02 per diluted share (USD 0.03 per ADS), which mainly includes a restructuring charge of Euro (123) million, a net financial profit of Euro 35 million, an adjusted income tax credit of Euro 61 million and a minority interest loss of Euro 12 million.

Adjusted Profit & Loss Statement In Euro million except for EPS	Second quarter 2009	Second quarter 2008	% change, y-o-y (% or pt)	First quarter 2009	% change q-o-q (% or pt)
Revenues	3 905	4 101	-4,8%	3 598	8,5%
Gross profit	1 293	1 433	-9,8%	1 133	14,1%
<i>in % of revenues</i>	33,1%	34,9%	-1,8 pt	31,5%	1,6 pt
Operating income (1)	-62	93	Nm	-254	Nm
<i>in % of revenues</i>	-1,6%	2,3%	-3,9 pt	-7,1%	5,5 pt
Net income (loss) (Group share)	56	-222	Nm	-358	Nm
EPS diluted (in Euro)	0,02	(0,10)	Nm	(0,16)	Nm
E/ADS* diluted (in USD)	0,03	(0,15)	Nm	(0,21)	Nm
Number of diluted shares (million)	2 645,0	2 259,1	17,1%	2 259,7	17,1%

\*E/ADS calculated using the US Federal Reserve Bank of New York noon Euro/dollar buying rate of USD 1.4020 as of June 30 2009, 1.5748 as of June 30 2008 and 1.3261 as of March 31 2009.

## KEY FIGURES

Geographic breakdown of revenues (In Euro million)	Second quarter 2009	Second quarter 2008	% change, y-o-y (% or pt)	First quarter 2009	% change q-o-q (% or pt)
North America	1,202	1,200	0.2%	1,113	8.0%
Asia Pacific	861	788	9.3%	649	32.7%
Europe	1,286	1,475	-12.8%	1,248	3.0%
RoW	556	638	-12.9%	588	-5.4%
<b>Total group revenues</b>	<b>3,905</b>	<b>4,101</b>	<b>-4.8%</b>	<b>3,598</b>	<b>8.5%</b>

Segment breakdown of revenues (In Euro million)	Second quarter 2009	Second quarter 2008	% change, y-o-y (% or pt)	First quarter 2009	% change q-o-q (% or pt)
Carrier	2,384	2,659	-10.3%	2,219	7.4%
- o/w IP	285	306	-6.9%	287	-0.7%
- o/w Optics	728	776	-6.2%	657	10.8%
- o/w Wireless	975	1,030	-5.3%	911	7.0%
- o/w Wireline	423	574	-26.3%	394	7.4%
- o/w eliminations	(27)	(27)	0.0%	(30)	-10.0%
Applications Software	260	252	3.2%	255	2.0%
Enterprise	258	306	-15.7%	245	5.3%
Services	873	809	7.9%	797	9.5%
Other & eliminations	130	75	Nm	82	Nm
<b>Total group revenues</b>	<b>3,905</b>	<b>4,101</b>	<b>-4.8%</b>	<b>3,598</b>	<b>8.5%</b>

Breakdown of segment operating income (1) (loss) (in Euro million)	Second quarter 2009	Second quarter 2008	% change, y-o-y (% or pt)	First quarter 2009	% change q-o-q (% or pt)
Carrier	(136)	83	Nm	(154)	Nm
<i>In % of revenues</i>	-5.7%	3.1%	-8.8 pt	-6.9%	1.2 pt
Applications software	(25)	(18)	Nm	(26)	Nm
<i>In % of revenues</i>	-9.6%	-7.1%	-2.5 pt	-10.2%	0.6 pt
Enterprise	(6)	24	Nm	(36)	Nm
<i>In % of revenues</i>	-2.3%	7.8%	-10.2 pt	-14.7%	12.4 pt
Services	87	64	Nm	(63)	Nm
<i>In % of revenues</i>	10.0%	7.9%	2.1 pt	-7.9%	17.9 pt
Other & eliminations	18	(60)	Nm	25	Nm
<b>Total group op. income (loss)</b>	<b>(62)</b>	<b>93</b>	<b>NM</b>	<b>(254)</b>	<b>Nm</b>

Cash Flow highlights	Second quarter	First quarter	Second quarter
In Euro million	2009	2009	2008
<b>Net (debt)/cash at beginning of period</b>	<b>(841)</b>	<b>(389)</b>	<b>(30)</b>
Adjusted operating income	(62)	(254)	93
Depreciation & Amort; OP non cash; other	160	136	177
<b>Op. Cash Flow before change in WCR*</b>	<b>98</b>	<b>(118)</b>	<b>270</b>
Change in operating & other WCR	(385)	75	(150)
<b>Operating Cash Flow **</b>	<b>(287)</b>	<b>(43)</b>	<b>120</b>
Interest	(40)	(75)	(16)
Taxes	(18)	(24)	(48)
Dividends received from equity affiliates	0	0	41
Cash contribution to pension & OPEB	(72)	(50)	(112)
Restructuring cash outlays	(104)	(178)	(166)
<b>Cash flow from operating activities</b>	<b>(521)</b>	<b>(370)</b>	<b>(181)</b>
Capital expenditures (incl. R&D cap.)	(175)	(165)	(203)
<b>Free Cash Flow</b>	<b>(696)</b>	<b>(535)</b>	<b>(384)</b>
Disposal of Thales	1566	0	0
Change in the carrying value of the Lucent 2023 debenture	(165)	0	0
Discontinued, Cash from financing & Forex	164	83	(1)
<b>Change in net(debt)/cash position</b>	<b>869</b>	<b>(452)</b>	<b>(385)</b>
<b>Net (debt)/cash at end of period</b>	<b>28</b>	<b>(841)</b>	<b>(415)</b>

\* Before changes in working capital, interest/tax paid, restructuring cash outlay and pension & OPEB cash outlay

\*\* Operating cash flow defined as cash generated from operations after changes in working capital but before interest/tax paid, restructuring cash outlay and pension & OPEB outlay

Balance sheet - Assets	June 30,	March 31,	June 30,
In Euro million	2009	2009	2008
<b>Total non-current assets</b>	<b>12,276</b>	<b>12,547</b>	<b>18,348</b>
of which Goodwill & intangible assets, net	6,587	6,920	10,004
of which Prepaid pension costs	2,485	2,315	3,129
of which Other non-current assets	3,204	3,312	5,215
<b>Total current assets</b>	<b>12,080</b>	<b>13,102</b>	<b>12,595</b>
of which OWC assets	6,227	6,890	6,902
of which other current assets	1,612	2,877	1,284
of which marketable securities, cash & cash equivalents	4,241	3,335	4,409
<b>Total assets</b>	<b>24,356</b>	<b>25,649</b>	<b>30,943</b>

Balance sheet - Liabilities and shareholders' equity	June 30,	March 31,	June 30,
In Euro million	2009	2009	2008
<b>Total shareholders equity</b>	<b>4,507</b>	<b>4,893</b>	<b>9,904</b>
of which attributable to the equity holders of the parent	3,951	4,290	9,392
of which minority interests	556	603	512
<b>Total non-current liabilities</b>	<b>10,306</b>	<b>10,550</b>	<b>9,854</b>
of which pensions, and other post-retirement benefits	5,271	4,878	4,020
of which long term debt	3,588	4,077	3,649
of which other non-current liabilities	1,447	1,595	2,185
<b>Total current liabilities</b>	<b>9,543</b>	<b>10,206</b>	<b>11,185</b>
of which provisions	1,982	2,087	2,545
of which short term debt	698	186	1,194
of which OWC liabilities	4,796	5,638	5,394
of which other current liabilities	2,067	2,295	2,052
<b>Total liabilities and shareholder's equity</b>	<b>24,356</b>	<b>25,649</b>	<b>30,943</b>

## ADJUSTED PROFORMA RESULTS

(unaudited)	Q1-2009			Q2-2009			H1-2009		
	Reported	PPA	Adjusted	Reported	PPA	Adjusted	Reported	PPA	Adjusted
<i>Revenues</i>	3,598		3,598	3,905	0	3,905	7,503	0	7,503
<i>Cost of sales (a)</i>	(2,465)		(2,465)	(2,612)	0	(2,612)	(5,077)	0	(5,077)
<b>Gross Profit</b>	<b>1,133</b>	<b>0</b>	<b>1,133</b>	<b>1293</b>	<b>0</b>	<b>1,293</b>	<b>2,426</b>	<b>0</b>	<b>2,426</b>
<i>Administrative and selling expenses (b)</i>	(768)	31	(737)	(769)	30	(739)	(1,537)	61	(1,476)
<i>Research and Development costs (c)</i>	(691)	41	(650)	(654)	38	(616)	(1,345)	79	(1,266)
<b>Operating income (loss) (1)</b>	<b>(326)</b>	<b>72</b>	<b>(254)</b>	<b>(130)</b>	<b>68</b>	<b>(62)</b>	<b>(456)</b>	<b>140</b>	<b>(316)</b>
Restructuring costs	(78)		(78)	(123)	0	(123)	(201)		(201)
Impairment of assets	0		0	0	0	0	0		0
Post-retirement benefit plan amendment	(2)		(2)	1	0	1	(1)		(1)
Gain/(loss) on disposal of consolidated entities	0		0	0	0	0	0		0
<b>Income (loss) from operating activities</b>	<b>(406)</b>	<b>72</b>	<b>(334)</b>	<b>(252)</b>	<b>68</b>	<b>(184)</b>	<b>(658)</b>	<b>140</b>	<b>(518)</b>
<b>Financial result (net)</b>	<b>(13)</b>	<b>0</b>	<b>(13)</b>	<b>35</b>	<b>0</b>	<b>35</b>	<b>22</b>		<b>22</b>
<i>Share in net income(losses) of equity affiliates</i>	(9)		(9)	3	0	3	(6)		(6)
<i>Income tax (expense) benefit (d)</i>	6	(28)	(22)	87	(26)	61	93	(54)	39
<b>Income (loss) from continuing operations</b>	<b>(422)</b>	<b>44</b>	<b>(378)</b>	<b>(127)</b>	<b>42</b>	<b>(85)</b>	<b>(549)</b>	<b>86</b>	<b>(463)</b>
<i>Income (loss) from discontinued activities</i>	0		0	129	0	129	129		129
<b>Net Income (loss)</b>	<b>(422)</b>	<b>44</b>	<b>(378)</b>	<b>2</b>	<b>42</b>	<b>44</b>	<b>(420)</b>	<b>86</b>	<b>(334)</b>
<b>of which : Group share</b>	<b>(402)</b>	<b>44</b>	<b>(358)</b>	<b>14</b>	<b>42</b>	<b>56</b>	<b>(388)</b>	<b>86</b>	<b>(302)</b>
<i>Minority interests</i>	(20)		(20)	(12)	0	(12)	(32)		(32)
Earnings per share : basic	(0.18)		(0.16)	0.01		0.02	(0.17)		(0.13)
Earnings per share : diluted	(0.18)		(0.16)	0.01		0.02	(0.17)		(0.13)

(1) Income (loss) from operating activities before restructuring costs, impairment of assets, gain / (loss) on disposal of consolidated entities and post-retirement benefit plan amendment

Corresponds to the measure of operating income (loss) of the segments (refer to note 4 of the consolidated financial statements at June 30, 2009).

PPA : Purchase Price Allocation entries related to Lucent business combination

Nature of PPA - non cash amortization charges included in Reported Accounts but excluded from Adjusted Accounts (cf. Note 3 to our Consolidated Financial Statements as of December 31, 2008)

These impacts are non recurring due to the different amortization periods depending of the nature of the adjustments, as indicated hereafter.

(a) Depreciation of the reevaluation to fair value of productive tangible assets

(b) Amortization of intangibles assets - long term customer relationship (5-8 years)

(c) Amortization of intangibles assets : Acquired technologies (5-10 years) and In Process R&D (5-8 years)

(d) Normative tax impact at 39% on above PPA adjustments excluding goodwill impairment