

Paris, October 30, 2009

## THIRD QUARTER 2009 RESULTS

### REPORTED RESULTS

Reported Profit & Loss Statement In Euro million except for EPS	Third quarter 2009	Third quarter 2008	% change, y-o-y (% or pt)	Second quarter 2009	% change q-o-q (% or pt)
<b>Revenues</b>	<b>3,687</b>	<b>4,065</b>	<b>-9.3%</b>	<b>3,905</b>	<b>-5.6%</b>
<b>Gross profit</b>	<b>1,232</b>	<b>1,319</b>	<b>-6.6%</b>	<b>1,293</b>	<b>-4.7%</b>
<i>in % of revenues</i>	33.4%	32.4%	1.0 pt	33.1%	0.3 pt
<b>Operating income (1)</b>	<b>(76)</b>	<b>(85)</b>	<b>Nm</b>	<b>(130)</b>	<b>Nm</b>
<i>in % of revenues</i>	-2.1%	-2.1%	0.0 pt	-3.3%	1.3 pt
<b>Net income (loss) (Group share)</b>	<b>(182)</b>	<b>(40)</b>	<b>Nm</b>	<b>14</b>	<b>Nm</b>
EPS diluted (in Euro)	(0.08)	(0.02)	Nm	0.01	Nm
E/ADS* diluted (in USD)	(0.12)	(0.02)	Nm	0.01	Nm
Number of diluted shares (million)	2,259.7	2,259.1	0.0%	2,267.3	-0.3%

\*E/ADS calculated using the US Federal Reserve Bank of New York noon Euro/dollar buying rate of USD 1.4630 as of September 30<sup>th</sup> 2009, USD 1.4081 as of September 30<sup>th</sup> 2008 and 1.4020 as of June 30<sup>th</sup> 2009.

### ADJUSTED RESULTS

Adjusted Profit & Loss Statement In Euro million except for EPS	Third quarter 2009	Third quarter 2008	% change, y-o-y (% or pt)	Second quarter 2009	% change q-o-q (% or pt)
<b>Revenues</b>	<b>3,687</b>	<b>4,065</b>	<b>-9.3%</b>	<b>3,905</b>	<b>-5.6%</b>
<b>Gross profit</b>	<b>1,232</b>	<b>1,320</b>	<b>-6.7%</b>	<b>1,293</b>	<b>-4.7%</b>
<i>in % of revenues</i>	33.4%	32.5%	0.9 pt	33.1%	0.3 pt
<b>Operating income (1)</b>	<b>(11)</b>	<b>40</b>	<b>Nm</b>	<b>(62)</b>	<b>Nm</b>
<i>in % of revenues</i>	-0.3%	1.0%	-1.3 pt	-1.6%	1.3 pt
<b>Net income (loss) (Group share)</b>	<b>(143)</b>	<b>41</b>	<b>Nm</b>	<b>56</b>	<b>Nm</b>
EPS diluted (in Euro)	(0.06)	0.02	Nm	0.02	Nm
E/ADS* diluted (in USD)	(0.09)	0.03	Nm	0.03	Nm
Number of diluted shares (million)	2,259.7	2,260.4	0.0%	2,645.0	-14.6%

\*E/ADS calculated using the US Federal Reserve Bank of New York noon Euro/dollar buying rate of USD 1.4630 as of September 30<sup>th</sup> 2009, USD 1.4081 as of September 30<sup>th</sup> 2008 and 1.4020 as of June 30<sup>th</sup> 2009.

## KEY FIGURES

Geographic breakdown of revenues (In Euro million)	Third quarter 2009	Third quarter 2008	% change, y-o-y (% or pt)	Second quarter 2009	% change q-o-q (% or pt)
North America	1,215	1,149	5.7%	1,202	1.1%
Asia Pacific	728	727	0.1%	861	-15.4%
Europe	1,231	1,436	-14.3%	1,286	-4.3%
RoW	513	753	-31.9%	556	-7.7%
<b>Total group revenues</b>	<b>3,687</b>	<b>4,065</b>	<b>-9.3%</b>	<b>3,905</b>	<b>-5.6%</b>

Segment breakdown of revenues (In Euro million)	Third quarter 2009	Third quarter 2008	% change, y-o-y (% or pt)	Second quarter 2009	% change q-o-q (% or pt)
Carrier	2,231	2,611	-14.6%	2,384	-6.4%
- o/w IP	284	298	-4.7%	285	-0.4%
- o/w Optics	706	798	-11.5%	728	-3.0%
- o/w Wireless	859	1,051	-18.3%	975	-11.9%
- o/w Wireline	404	495	-18.4%	423	-4.5%
- o/w eliminations	(22)	(31)	-29.0%	(27)	-18.5%
Applications Software	286	239	19.7%	260	10.0%
Enterprise	250	302	-17.2%	258	-3.1%
Services	869	848	2.5%	873	-0.5%
Other & eliminations	51	65	Nm	130	Nm
<b>Total group revenues</b>	<b>3,687</b>	<b>4,065</b>	<b>-9.3%</b>	<b>3,905</b>	<b>-5.6%</b>

Breakdown of segment operating income (1) (loss) (in Euro million)	Third quarter 2009	Third quarter 2008	% change, y-o-y (% or pt)	Second quarter 2009	% change q-o-q (% or pt)
<b>Carrier</b>	<b>(27)</b>	<b>22</b>	<b>Nm</b>	<b>(136)</b>	<b>Nm</b>
<i>In % of revenues</i>	-1.2%	0.8%	-2.1 pt	-5.7%	4.5 pt
<b>Applications software</b>	<b>0</b>	<b>(22)</b>	<b>Nm</b>	<b>(25)</b>	<b>Nm</b>
<i>In % of revenues</i>	0.0%	-9.2%	9.2 pt	-9.6%	9.6 pt
<b>Enterprise</b>	<b>4</b>	<b>21</b>	<b>Nm</b>	<b>(6)</b>	<b>Nm</b>
<i>In % of revenues</i>	1.6%	7.0%	-5.4 pt	-2.3%	3.9 pt
<b>Services</b>	<b>38</b>	<b>88</b>	<b>Nm</b>	<b>87</b>	<b>Nm</b>
<i>In % of revenues</i>	4.4%	10.4%	-6.0 pt	10.0%	-5.6 pt
Other & eliminations	(26)	(69)	Nm	18	Nm
<b>Total group op. income (loss)</b>	<b>(11)</b>	<b>40</b>	<b>NM</b>	<b>(62)</b>	<b>Nm</b>

Cash Flow highlights	Third quarter	Second quarter	Third quarter
In Euro million	2009	2009	2008
<b>Net (debt)/cash at beginning of period</b>	<b>28</b>	<b>(841)</b>	<b>(415)</b>
Adjusted operating income	(11)	(62)	40
Depreciation & Amort; OP non cash; other	197	160	198
<b>Op. Cash Flow before change in WCR*</b>	<b>186</b>	<b>98</b>	<b>238</b>
Change in operating WCR	430	(280)	163
Change in other working capital	123	(105)	(35)
<b>Operating Cash Flow **</b>	<b>739</b>	<b>(287)</b>	<b>366</b>
Interest	(41)	(40)	(36)
Taxes	(20)	(18)	(14)
Dividends received from equity affiliates	0	0	0
Cash contribution to pension & OPEB	(37)	(72)	(98)
Restructuring cash outlays	(122)	(104)	(113)
<b>Cash flow from operating activities</b>	<b>519</b>	<b>(521)</b>	<b>105</b>
Capital expenditures (incl. R&D cap.)	(157)	(175)	(217)
<b>Free Cash Flow</b>	<b>362</b>	<b>(696)</b>	<b>(112)</b>
Disposal of Thales	0	1,566	0
Accounting valuation for 2023 and 2015 convertible bonds	195	(165)	0
Discontinued, Cash from financing & Forex	7	164	(73)
<b>Change in net(debt)/cash position</b>	<b>564</b>	<b>869</b>	<b>(185)</b>
<b>Net (debt)/cash at end of period</b>	<b>592</b>	<b>28</b>	<b>(600)</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	Sept. 30,	June 30,	Sept. 30,
In Euro million	2009	2009	2008
<b>Total non-current assets</b>	<b>11,892</b>	<b>12,276</b>	<b>18,941</b>
of which Goodwill & intangible assets, net	6,378	6,587	10,644
of which Prepaid pension costs	2,559	2,485	3,053
of which Other non-current assets	2,955	3,204	5,244
<b>Total current assets</b>	<b>12,502</b>	<b>12,080</b>	<b>12,941</b>
of which OWC assets	5,686	6,227	6,991
of which other current assets	1,537	1,612	1,489
of which marketable securities, cash & cash equivalents	5,279	4,241	4,461
<b>Total assets</b>	<b>24,394</b>	<b>24,356</b>	<b>31,882</b>

Balance sheet - Liabilities and shareholders' equity	Sept. 30,	June 30,	Sept. 30,
In Euro million	2009	2009	2008
<b>Total shareholders equity</b>	<b>4,140</b>	<b>4,507</b>	<b>10,421</b>
of which attributable to the equity holders of the parent	3,603	3,951	9,856
of which minority interests	537	556	565
<b>Total non-current liabilities</b>	<b>10,941</b>	<b>10,306</b>	<b>9,977</b>
of which pensions, and other post-retirement benefits	5,465	5,271	3,971
of which long term debt	4,141	3,588	3,900
of which other non-current liabilities	1,335	1,447	2,106
<b>Total current liabilities</b>	<b>9,313</b>	<b>9,543</b>	<b>11,484</b>
of which provisions	1,921	1,982	2,541
of which short term debt	622	698	1,204
of which OWC liabilities	4,674	4,796	5,546
of which other current liabilities	2,096	2,067	2,193
<b>Total liabilities and shareholder's equity</b>	<b>24,394</b>	<b>24,356</b>	<b>31,882</b>

## ADJUSTED PROFORMA RESULTS

In Euro Million (unaudited)	Q1-2009			Q2-2009			Q3-2009			At September 30, 2009		
	As reported	PPA	Adjusted	As reported	PPA	Adjusted	As reported	PPA	Adjusted	As reported	PPA	Adjusted
Revenues	3,598		3,598	3,905	0	3,905	3,687		3,687	11,190		11,190
Cost of sales (a)	(2,465)		(2,465)	(2,612)	0	(2,612)	(2,455)		(2,455)	(7,532)		(7,532)
<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>1,232</b>	<b>0</b>	<b>1,232</b>	<b>3,658</b>	<b>0</b>	<b>3,658</b>
Administrative and selling expenses (b)	(768)	31	(737)	(769)	30	(739)	(699)	28	(671)	(2,236)	89	(2,147)
Research and Development costs (c)	(691)	41	(650)	(654)	38	(616)	(609)	37	(572)	(1,954)	116	(1,838)
<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>(76)</b>	<b>65</b>	<b>(11)</b>	<b>(532)</b>	<b>205</b>	<b>(327)</b>
Restructuring costs	(78)		(78)	(123)	0	(123)	(136)	0	(136)	(337)		(337)
Impairment of assets	0		0	0	0	0	0	0	0	0		0
Post-retirement benefit plan amendment	(2)		(2)	1	0	1	38	0	38	37		37
Gain/(loss) on disposal of consolidated entities	0		0	0	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>(174)</b>	<b>65</b>	<b>(109)</b>	<b>(832)</b>	<b>205</b>	<b>(627)</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>(15)</b>		<b>(15)</b>	<b>7</b>	<b>0</b>	<b>7</b>
Share in net income(losses) of equity affiliates	(9)		(9)	3	0	3	2	0	2	(4)		(4)
Income tax (expense) benefit (d)	6	(28)	(22)	87	(26)	61	8	(26)	(18)	101	(80)	21
<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>(179)</b>	<b>39</b>	<b>(140)</b>	<b>(728)</b>	<b>125</b>	<b>(603)</b>
Income (loss) ferom discontinued activities	0		0	129	0	129	0		0	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>(179)</b>	<b>39</b>	<b>(140)</b>	<b>(599)</b>	<b>125</b>	<b>(474)</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>(182)</b>	<b>39</b>	<b>(143)</b>	<b>(570)</b>	<b>125</b>	<b>(445)</b>
Minority interests	(20)		(20)	(12)	0	(12)	3		3	(29)		(29)
Earnings per share : basic	(0.18)		(0.16)	0.01		0.02	(0.08)		(0.06)	(0.25)		(0.20)
Earnings per share : diluted	(0.18)		(0.16)	0.01		0.02	(0.08)		(0.06)	(0.25)		(0.20)

(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 September 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