UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 10-20907 CR-MOORE

MAGISTRATE JUDGE SIMONTON

UNITED STATES OF AMERICA

vs.

ALCATEL-LUCENT, S.A.,
f/k/a "ALCATEL, S.A.,"

Defendant.

_____/

DEFERRED PROSECUTION AGREEMENT

Defendant Alcatel-Lucent, S.A. ("Alcatel-Lucent"), formerly known as "Alcatel, S.A." before its late 2006 merger with Lucent Technologies, Inc., by its undersigned attorneys, pursuant to authority granted by Alcatel-Lucent's Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section (the "Department"), enter into this deferred prosecution agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

Criminal Information and Acceptance of Responsibility

1. Alcatel-Lucent acknowledges and agrees that the Department will file the attached two-count criminal Information in the United States District Court for the Southern District of Florida charging violations of the internal controls and books and records provisions of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(2)(B), 78m(b)(5), and 78ff(a). In so doing, Alcatel-Lucent: (a) knowingly waives its right to indictment on these charges, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and

Federal Rule of Criminal Procedure 48(b); and (b) consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Southern District of Florida.

2. Alcatel-Lucent admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, agents, and those of Alcatel-Lucent's subsidiaries as charged in the Information, and as set forth in the Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the allegations described in the Information and the facts described in Attachment A are true and accurate. Should the Department pursue the prosecution that is deferred by this Agreement, Alcatel-Lucent agrees that it will neither contest the admissibility of nor contradict the Statement of Facts in any such proceeding, including any guilty plea or sentencing proceeding.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three (3) years and seven (7) calendar days from that date (the "Term"). However, Alcatel-Lucent agrees that, in the event that the Department determines, in its sole discretion, that Alcatel-Lucent has knowingly violated any provision of this Agreement, an extension or extensions of the term of the Agreement may be imposed by the Department, in its sole discretion, for up to a total additional time period of one year, without prejudice to the Department's right to proceed as provided in Paragraphs 16-19 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the monitorship under Paragraphs 10-13 and Attachment D, for an equivalent period. Conversely, in the event the Department finds, in its sole discretion, that there exists a change in circumstances sufficient to

eliminate the need for the corporate compliance monitor described in Paragraphs 10-13 and Attachment D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

4. The Department enters into this Agreement based on the individual facts and circumstances presented by this case and Alcatel-Lucent. Among the facts considered were the following: (a) following press reports concerning bribery by Alcatel, S.A., in Costa Rica, the company investigated and disclosed over the course of several years to the Department and the United States Securities and Exchange Commission (the "SEC") the misconduct described in the Information and Statement of Facts; (b) Alcatel-Lucent conducted a global internal investigation concerning bribery and related misconduct; (c) Alcatel-Lucent reported its findings to the Department and the SEC; (d) after limited and inadequate cooperation for a substantial period of time, Alcatel-Lucent substantially improved its cooperation with the Department's investigation of this matter, as well as the SEC's investigation; (e) Alcatel-Lucent undertook remedial measures, including the implementation of an enhanced compliance program, and agreed to undertake further remedial measures as contemplated by this Agreement; (f) on its own initiative and at a substantial financial cost, Alcatel-Lucent determined as a matter of company policy to no longer use third party sales and marketing agents in conducting its worldwide business; and (g) Alcatel-Lucent agreed to continue to cooperate with the Department in any ongoing investigation of the conduct of Alcatel-Lucent and its employees, agents, consultants, contractors, subcontractors, and subsidiaries relating to violations of the FCPA.

5. Alcatel-Lucent shall continue to cooperate fully with the Department in any and

all matters relating to corrupt payments and related false books and records and internal controls, subject to applicable law and regulations, including Article 1 of French Law No. 68-678 of July 26, 1968, as amended by Law No. 80-538 of July 16, 1980 (the "Blocking Statute"). At the request of the Department, and consistent with applicable law and regulations as referenced in the preceding sentence, Alcatel-Lucent shall also cooperate fully with such other domestic or foreign law enforcement authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of Alcatel-Lucent, or any of its present and former officers, directors, employees, agents, consultants, contractors, subcontractors, and subsidiaries, or any other party, in any and all matters relating to corrupt payments, related false books and records, and inadequate internal controls, and in such manner as the parties may agree. Alcatel-Lucent agrees that its cooperation shall include, but is not limited to, the following:

a. Alcatel-Lucent shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities and those of its present and former directors, employees, agents, consultants, contractors and subcontractors, and subsidiaries concerning all matters relating to corrupt payments and related false books and records and inadequate internal controls, about which Alcatel-Lucent has any knowledge or about which the Department may inquire. This obligation of truthful disclosure includes the obligation of Alcatel-Lucent to provide to the Department, upon request, any document, record or other tangible evidence relating to such corrupt payments, false books and records, or inadequate internal controls about which the Department may inquire of Alcatel-Lucent.

b. Upon request of the Department, with respect to any issue relevant to its

investigation of corrupt payments in connection with the operations of Alcatel-Lucent, related false books and records, and inadequate internal controls, Alcatel-Lucent shall designate knowledgeable employees, agents or attorneys to provide to the Department the information and materials described in Paragraph 5(a) above, on behalf of Alcatel-Lucent. It is further understood that Alcatel-Lucent must at all times provide complete, truthful, and accurate information.

c. With respect to any issue relevant to the Department's investigation of corrupt payments, related false books and records, and inadequate internal controls in connection with the operations of Alcatel-Lucent, or any of its present or former subsidiaries or affiliates, Alcatel-Lucent shall use its best efforts to make available for interviews or testimony, as requested by the Department, present or former officers, directors, employees, agents and consultants of Alcatel-Lucent as well as the officers, directors, employees, agents and consultants of contractors and subcontractors. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of Alcatel-Lucent, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Department pursuant to this Agreement, Alcatel-Lucent consents to any and all disclosures, subject to applicable law and regulations, including the Blocking Statute, to other governmental authorities, including United States authorities and those of a foreign government, and the MDBs, of such materials as the Department, in its sole discretion, shall deem appropriate.

Payment of Monetary Penalty

6. The Department and Alcatel-Lucent agree that application of the United States Sentencing Guidelines ("USSG" or "Sentencing Guidelines") to determine the applicable fine range yields the following analysis:

a. The 2010 USSG are applicable to this matter.

b. Base Offense. Based upon USSG § 2B1.1, the total offense level is 36, calculated as follows:

(a)(2)	Base Offense Level	6
(b)(1)	Value of benefit received more than $20,000,000	+22
(b)(2)	Involved 250 or more victims	+6
(b)(9)	Substantial part of scheme committed outside U.S.	+2
	TOTAL	36

c. Base Fine. Based upon USSG § 8C2.4(a)(2), the base fine is $48,100,000 (the pecuniary gain to the organization from the offense ($48,100,000) is used where such number is greater than the fine indicated in the Offense Level Fine Table ($45,500,000))

d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 9, calculated as follows:

(a)	Base Culpability Score	5
(b)(1)	the organization had 5,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was willfully ignorant of the offense	+5

(g)	The organization clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	- 1
	TOTAL	9

Calculation of Fine Range:

Base Fine	$48,100,000
Multipliers	1.8(min)/3.6(max)
Fine Range	$86,580,000 / $173,160,000

Alcatel-Lucent agrees to pay a monetary penalty in the amount of $92,000,000, Alcatel-Lucent and the Department agree that this fine is appropriate given the nature and extent of Alcatel-Lucent's cooperation in this matter, penalties related to the same conduct in Costa Rica, and the extraordinary remedial step of terminating use of third-party sales and marketing agents. This monetary penalty is consistent with the Alternative Fines Act, Title 18, United States Code, Section 3571, which permits an organization to be fined not more than twice the gross gain (here, $96,200,000). Alcatel-Lucent and the Department have agreed that Alcatel-Lucent will pay $25,000,000 of this $92,000,000 monetary penalty to the United States Treasury within ten days of the sentencing of the subsidiaries (the "sentencing date") reflected in Paragraph 14(c) below. Thereafter, Alcatel-Lucent will pay an additional $25,000,000 within one year of the sentencing date, an additional $25,000,000 within two years of the sentencing date, and an additional $17,000,000 within three years of the sentencing date. The $92,000,000 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Department that $92,000,000 is the maximum penalty that may be imposed in any future

prosecution, and the Department is not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Department agrees that under those circumstances, it will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. Finally, the parties agree that any criminal penalties that might be imposed by the Court on Alcatel-Lucent's wholly owned subsidiaries in connection with their guilty pleas and plea agreements entered into simultaneously herewith will be deducted from the $92,000,000 penalty agreed to under this Agreement. Alcatel-Lucent acknowledges that no tax deduction may be sought in connection with the payment of any part of this $92,000,000 penalty.

Conditional Release from Criminal Liability

7. In return for the full and truthful cooperation of Alcatel-Lucent, and its compliance with the terms and conditions of this Agreement, the Department agrees not to use any information related to the conduct described in the attached Statement of Facts against Alcatel-Lucent or any of its wholly owned or controlled subsidiaries in any criminal or civil case, except: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. In addition, the Department agrees, except as provided herein, that it will not bring any criminal case against Alcatel-Lucent or any of its wholly owned or controlled subsidiaries related to the conduct of present and former officers, directors, employees, agents, consultants, contractors and subcontractors, as described in the attached Statement of Facts, or

relating to information Alcatel-Lucent disclosed to the Department prior to the date on which this Agreement was signed.

a. This Paragraph does not provide any protection against prosecution for any corrupt payments, false books and records, or inadequate internal controls, if any, by Alcatel-Lucent in the future.

b. In addition, this Paragraph does not provide any protection against prosecution of any present or former officer, director, officer, employee, shareholder, agent, consultant, contractor, or subcontractor of Alcatel-Lucent for any violations committed by them.

Corporate Compliance Program

8. Alcatel-Lucent represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA, the anti-corruption provisions of French law, and other applicable anti-corruption laws throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors, with responsibilities that include interacting with foreign officials or other high risk activities. Implementation of these policies and procedures shall not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes not disclosed to the Department as of the date of signing of this Agreement for which Alcatel-Lucent would otherwise be responsible.

9. In order to address any deficiencies in its internal controls, policies, and procedures, Alcatel-Lucent represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal controls, policies, and procedures regarding compliance with the FCPA, the

anti-corruption provisions of French law, and other applicable anti-corruption laws. If necessary and appropriate, Alcatel-Lucent will adopt new or modify existing internal controls, policies, and procedures in order to ensure that Alcatel-Lucent maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA, the anti-corruption provisions of French law, and other applicable anti-corruption laws. The internal controls system and compliance code, standards, and procedures will include, but not be limited to, the minimum elements set forth in Attachment C, which is incorporated by reference into this Agreement.

Corporate Compliance Monitor

10. Within sixty (60) calendar days of the filing of the Agreement and the accompanying Information, or promptly after the Department's selection pursuant to Paragraph 11 below, Alcatel-Lucent agrees to retain an independent compliance monitor who is a French national (the "Monitor") for the term specified in Paragraph 13. The Monitor's duties and authority, and the obligations of Alcatel-Lucent with respect to the Monitor and the Department, are set forth in Attachment D, which is incorporated by reference into this Agreement. Within thirty (30) calendar days after the execution of this Agreement, and after consultation with the Department, Alcatel-Lucent will propose to the Department a pool of three qualified candidates to serve as the Monitor. If the Department, in its sole discretion, is not satisfied with the candidates proposed, the Department reserves the right to seek additional nominations from Alcatel-Lucent. The Monitor candidates shall have, at a minimum, the following qualifications:

a. demonstrated expertise with respect to the FCPA, the anti-corruption provisions of French law, and other applicable anti-corruption laws, including experience counseling on FCPA issues;

b. experience designing and/or reviewing corporate compliance policies, procedures and internal controls, including FCPA and anti-corruption policies, procedures and internal controls;

c. the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Agreement; and

d. sufficient independence from Alcatel-Lucent to ensure effective and impartial performance of the Monitor's duties as described in the Agreement.

11. The Department retains the right, in its sole discretion, to choose the Monitor from among the candidates proposed by Alcatel-Lucent, though Alcatel-Lucent may express its preference(s) among the candidates. If the Monitor resigns or is otherwise unable to fulfill his or her obligations as set out herein and Attachment D, Alcatel-Lucent shall within sixty (60) calendar days recommend a pool of three qualified Monitor candidates from which the Department will choose a replacement.

12. Alcatel-Lucent agrees that it will not employ or be affiliated with the Monitor for a period of not less than one year from the date on which the Monitor's term expires.

13. The Monitor's term shall be three (3) years from the date on which the Monitor is retained by Alcatel-Lucent, subject to extension or early termination as described in Paragraph 3.

Deferred Prosecution

14. In consideration of: (a) the past and future cooperation of Alcatel-Lucent described in Paragraphs 4 and 5 above; (b) Alcatel-Lucent's payment of a monetary criminal penalty of $92,000,000; (c) the guilty pleas by Alcatel-Lucent's wholly owned subsidiaries Alcatel-Lucent France, S.A., Alcatel-Lucent Trade International, A.G., and Alcatel Centroamerica, S.A.; and (d) Alcatel-Lucent's implementation and maintenance of remedial measures, and independent review and audit of such measures, including the compliance code and review by the Monitor as described in Paragraphs 8 through 11 above, the Department agrees that any prosecution of Alcatel-Lucent for the conduct set forth in the attached Statement of Facts, and for the conduct that Alcatel-Lucent disclosed to the Department prior to the signing of this Agreement, be and hereby is deferred for the Term of this Agreement.

15. The Department further agrees that if Alcatel-Lucent fully complies with all of its obligations under this Agreement, the Department will not continue the criminal prosecution against Alcatel-Lucent described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within thirty (30) days of the Agreement's expiration, the Department shall seek dismissal with prejudice of the criminal Information filed against Alcatel-Lucent described in Paragraph 1.

Breach of the Agreement

16. If, during the Term of this Agreement, the Department determines, in its sole discretion, that Alcatel-Lucent has (a) committed any felony under federal law subsequent to the signing of this Agreement, (b) at any time provided deliberately false, incomplete, or misleading information, or (c) otherwise breached the Agreement, Alcatel-Lucent shall thereafter be subject to prosecution for any federal criminal violation of which the Department has knowledge,

including the charges in the Information attached as Exhibit 1, which may be pursued by the Department in the U.S. District Court for the Southern District of Florida. Any such prosecution may be premised on information provided by Alcatel-Lucent. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against Alcatel-Lucent notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, Alcatel-Lucent agrees that the statute of limitations with respect to any prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year.

17. In the event that the Department determines that Alcatel-Lucent has breached this Agreement, the Department agrees to provide Alcatel-Lucent with written notice of such breach prior to instituting any prosecution resulting from such breach. Alcatel-Lucent shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the Department in writing to explain the nature and circumstances of such breach, as well as the actions Alcatel-Lucent has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

18. In the event that the Department determines that Alcatel-Lucent has breached this Agreement: (a) all statements made by or on behalf of Alcatel-Lucent to the Department or to the Court, including the attached Statement of Facts, and any testimony given by Alcatel-Lucent before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, or any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against

Alcatel-Lucent; and (b) Alcatel-Lucent shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of Alcatel-Lucent prior or subsequent to this Agreement, and any leads derived therefrom, should be suppressed. The decision whether conduct or statements of any current director or employee, or any person acting on behalf of, or at the direction of, Alcatel-Lucent, will be imputed to Alcatel-Lucent for the purpose of determining whether Alcatel-Lucent has violated any provision of this Agreement shall be in the sole discretion of the Department.

19. Alcatel-Lucent acknowledges that the Department has made no representations, assurances, or promises concerning what sentence may be imposed by the Court if Alcatel-Lucent breaches this Agreement and this matter proceeds to judgment. Alcatel-Lucent further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

Sale or Merger of Alcatel-Lucent

20. Alcatel-Lucent agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock or asset sale, merger or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

Public Statements by Alcatel-Lucent

21. Alcatel-Lucent expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for

Alcatel-Lucent make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by Alcatel-Lucent set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of Alcatel-Lucent described below, constitute a breach of this Agreement and Alcatel-Lucent thereafter shall be subject to prosecution as set forth in Paragraphs 16-19 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to Alcatel-Lucent for the purpose of determining whether they have breached this Agreement shall be at the sole discretion of the Department. If the Department determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Department shall so notify Alcatel-Lucent, and Alcatel-Lucent may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. Consistent with the obligations of Alcatel-Lucent as set forth above, Alcatel-Lucent shall be permitted to raise defenses and to assert affirmative claims in civil and regulatory proceedings relating to the matters set forth in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former employee of Alcatel-Lucent in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of Alcatel-Lucent.

22. Alcatel-Lucent agrees that if it or any of its direct or indirect affiliates or subsidiaries issues a press release or holds any press conference in connection with this Agreement, Alcatel-Lucent shall first consult the Department to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to

matters between the Department and Alcatel-Lucent; and (b) whether the Department has no objection to the release.

23. The Department agrees to bring to the attention of governmental and other debarment authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of Alcatel-Lucent's cooperation and remediation. By agreeing to provide this information to debarment authorities, the Department is not agreeing to advocate on behalf of Alcatel-Lucent, but rather is providing facts to be evaluated independently by the debarment authorities.

Limitations on Binding Effect of Agreement

24. This Agreement is binding on Alcatel-Lucent and the Department but specifically does not bind any other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Department will bring the cooperation of Alcatel-Lucent and its compliance with its other obligations under this Agreement, to the attention of such agencies and authorities if requested to do so by Alcatel-Lucent.

Notice

25. Any notice to the Department under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to the Deputy Chief – FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, Fourth Floor, 1400 New York Avenue, N.W., Washington, D.C. 20005. Any notice to Alcatel-Lucent under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Stephen R. Reynolds (or his successor), General Counsel, Alcatel-Lucent, 600 Mountain Avenue, Murray

Hill, NJ 07974, and Martin J. Weinstein, Willkie Farr & Gallagher LLP, 1875 K Street, N.W., Washington, D.C. 20006. Notice shall be effective upon actual receipt by the Department or Alcatel-Lucent.

Complete Agreement

26. This Agreement sets forth all the terms of the agreement between Alcatel-Lucent and the Department. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Department, the attorneys for Alcatel-Lucent and a duly authorized representative of Alcatel-Lucent.

AGREED:

FOR ALCATEL-LUCENT, S.A.:

Date: 12/20/10

By: _____
STEPHEN R. REYNOLDS
General Counsel

Date: 12/20/10

By: _____
MARTIN J. WEINSTEIN
Willkie Farr & Gallagher LLP

FOR THE DEPARTMENT OF JUSTICE:

DENIS J. McINERNEY
Chief, Fraud Section

Date: 12/20/10

By: _____
CHARLES E. DUROSS
Deputy Chief, Fraud Section

Date: 12/20/10

By: A. Gentin

ANDREW GENTIN
Trial Attorney, Fraud Section

United States Department of Justice
Criminal Division
1400 New York Ave., N.W.
Washington, D.C. 20005
(202) 353-7691

GENERAL COUNSEL'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for Alcatel-Lucent, S.A. ("Alcatel-Lucent"). I understand the terms of this Agreement and voluntarily agree, on behalf of Alcatel-Lucent, to each of its terms. Before signing this Agreement, I consulted outside counsel for Alcatel-Lucent. Counsel fully advised me of the rights of Alcatel-Lucent, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of Alcatel-Lucent. I have advised and caused outside counsel for Alcatel-Lucent to advise the Board of Directors fully of the rights of Alcatel-Lucent, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of Alcatel-Lucent, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am General Counsel for Alcatel-Lucent and that I have been duly authorized by Alcatel-Lucent to execute this Agreement on behalf of Alcatel-Lucent.

Date: 12/20/10, 2010

ALCATEL-LUCENT, S.A.

By: _____

STEPHEN R. REYNOLDS
General Counsel

CERTIFICATE OF COUNSEL

I am counsel for Alcatel-Lucent, S.A. ("Alcatel-Lucent") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Alcatel-Lucent documents and have discussed the terms of this Agreement with the Alcatel-Lucent Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of Alcatel-Lucent has been duly authorized to enter into this Agreement on behalf of Alcatel-Lucent and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of Alcatel-Lucent and is a valid and binding obligation of Alcatel-Lucent. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the General Counsel of Alcatel-Lucent. I have fully advised them of the rights of Alcatel-Lucent, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of Alcatel-Lucent to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: December 20, 2010

MARTIN J. WEINSTEIN
Willkie Farr & Gallagher LLP
Counsel for Alcatel-Lucent, S.A.

ATTACHMENT A

STATEMENT OF FACTS

1. The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section (the "Department") and ALCATEL-LUCENT, S.A. ("ALCATEL-LUCENT"), and the parties hereby agree and stipulate that the following information is true and accurate. ALCATEL-LUCENT admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, agents, and those of ALCATEL-LUCENT's subsidiaries as set forth below. Should the Department pursue the prosecution that is deferred by this Agreement, ALCATEL-LUCENT agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. If this matter were to proceed to trial, the Department would prove beyond a reasonable doubt, by admissible evidence, the facts alleged below and set forth in the criminal Information attached to this Agreement. This evidence would establish the following:

Relevant ALCATEL-Related Corporate Entities and Employees

2. Defendant **ALCATEL-LUCENT, S.A.** ("**ALCATEL**"), was a corporation organized under the laws of France with its principal offices in Paris, France. In late 2006, an ALCATEL subsidiary merged with Lucent Technologies, Inc. in the United States (hereinafter the "2006 Merger") and ALCATEL S.A. changed its name to ALCATEL-LUCENT, S.A. ALCATEL was a worldwide provider of a wide variety of telecommunications equipment and services and other technology products. From 2001 to 2005, ALCATEL employed between 55,000 and 100,000 employees through the Alcatel Group. The Alcatel Group operated in more than 130 countries, directly and through certain wholly owned and indirect subsidiaries,

including in France, the United States of America, and, as set forth more fully below, in Costa Rica, Honduras, Malaysia, and Taiwan. The Alcatel Group maintained an office in Miami, Florida, in the Southern District of Florida, through which ALCATEL pursued business throughout Central and South America. From at least 1998 until late 2006, American Depositary Shares of ALCATEL were registered with the U.S. Securities and Exchange Commission ("SEC") and traded on the New York Stock Exchange as American Depositary Receipts ("ADRs"). Accordingly, ALCATEL was an "issuer" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1.

3. **Alcatel-Lucent France, S.A.**, which was known before the 2006 Merger as "Alcatel CIT, S.A." (hereinafter "**Alcatel CIT**"), was headquartered in Vélizy, France, just outside Paris. Alcatel CIT was a wholly owned subsidiary of ALCATEL, and was incorporated in France. Accordingly, Alcatel CIT was a "person other than an issuer or a domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3. In the 1990s and continuing until at least late 2006, Alcatel CIT was a commercial arm of ALCATEL and was responsible for contracting with telecommunications providers, including many telecommunications providers owned by foreign governments, to sell ALCATEL's telecommunications equipment and services and other technology products. Throughout the relevant time period, Alcatel CIT had more than 7,000 employees, and its financial results were included in the consolidated financial statements that ALCATEL filed with the SEC. Alcatel CIT and its employees had regular communications with, and Alcatel CIT employees traveled to and met with, ALCATEL personnel located in the office in Miami, Florida, in the Southern District of Florida. Such communications and meetings involved, among other things,

discussions about payments to third-party consultants, who passed on some or all of such payments to foreign officials in exchange for obtaining or retaining business. Alcatel CIT also maintained at least one bank account in the United States through which it paid money to third-party consultants that it knew were going to pass on some or all of that money to foreign officials in exchange for obtaining or retaining business.

4. **Alcatel-Lucent Trade International, A.G.**, which was known before the 2006 Merger as "Alcatel Standard, A.G." (hereinafter **"Alcatel Standard"**), was headquartered in Basel, Switzerland. Alcatel Standard was a wholly owned subsidiary of ALCATEL, and was incorporated in Switzerland. Accordingly, Alcatel Standard was a "person other than an issuer or a domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3. Alcatel Standard was responsible for entering into most agreements with consultants worldwide on behalf of ALCATEL, Alcatel CIT, and certain other subsidiaries of ALCATEL. Throughout the relevant time period, Alcatel Standard had approximately a dozen employees, and its financial results were included in the consolidated financial statements that ALCATEL filed with the SEC. Alcatel Standard and its employees had regular communications, including telephone calls, facsimiles, and email, with ALCATEL personnel located in the office in Miami, Florida, in the Southern District of Florida. Such communications involved, among other things, discussions about payments to third-party consultants, who passed on some or all of such payments to foreign officials in exchange for obtaining or retaining business. Alcatel Standard also made some payments to third-party consultants via a correspondent account in the United States.

5. **Alcatel Centroamerica, S.A.**, which was known before the 2006 Merger as "Alcatel de Costa Rica, S.A." (hereinafter "**ACR**"), was formed under the laws of Costa Rica and was headquartered in San Jose, Costa Rica. ACR was a wholly owned subsidiary of ALCATEL. Accordingly, ACR was a "person other than an issuer or a domestic concern" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3. ACR was responsible for the day-to-day commercial operations of ALCATEL in Costa Rica and Honduras during the relevant time period. Throughout the relevant time period, ACR had approximately fifty employees, and its financial results were included in the consolidated financial statements that ALCATEL filed with the SEC. ACR and its employees had regular communications, including telephone calls, facsimiles, and emails, with ALCATEL personnel located in the office in Miami, Florida, in the Southern District of Florida. Such communications involved, among other things, discussions about payments to third-party consultants, who passed on some or all of such payments to foreign officials in exchange for obtaining or retaining business.

6. **Alcatel Network Systems Malaysia Sdn. Bhd.** ("**Alcatel Malaysia**") was founded as a joint venture in 1992 in Kuala Lumpur, Malaysia. ALCATEL owned a majority share of and exercised control over the joint venture. Alcatel Malaysia's primary function was to provide product and sales support for ALCATEL's business units in Malaysia during the relevant time period. Throughout the relevant time period, Alcatel Malaysia's financial results were included in the consolidated financial statements that ALCATEL filed with the SEC.

7. **Alcatel SEL, A.G.** ("**Alcatel SEL**") was formed under the laws of Germany and was headquartered in Stuttgart, Germany. Alcatel SEL was an indirect subsidiary of ALCATEL. Alcatel SEL's Transport Automation Solutions business unit was responsible for bidding on an

axle counting contract with the state-owned Taiwan Railway Administration in Taiwan during the relevant time period. Throughout the relevant time period, Alcatel SEL's financial results were included in the consolidated financial statements that ALCATEL filed with the SEC.

8. **Executive 1** was a citizen of France and served as the Chief Executive Officer of Alcatel Standard in Basel, Switzerland. In this capacity, Executive 1's final approval was necessary for the hiring of almost all third-party consultants retained by ALCATEL and its subsidiaries, including ensuring that appropriate due diligence was conducted prior to the hiring of each consultant. Executive 1 executed the consultancy agreements with consultants throughout the world on behalf of Alcatel Standard for the benefit of ALCATEL, Alcatel CIT, ACR, and certain other wholly owned and indirect subsidiaries of ALCATEL and its joint ventures. Executive 1 was also responsible, in part, for the training of ALCATEL's Country Senior Officers on how to process the required paperwork for retaining and using third-party consultants.

9. **Christian Sapsizian** ("**Sapsizian**") was a citizen of France and was a long-term employee of ALCATEL and its wholly owned subsidiary, Alcatel CIT, eventually rising to the level of Alcatel CIT's Director for Latin America. In this capacity, Sapsizian developed business in Latin America on behalf of ALCATEL and its subsidiaries, including ACR, and spent part of his time working at Alcatel CIT headquarters in France and part of his time traveling throughout Latin America attending to ALCATEL's business in the region.

10. **Edgar Valverde Acosta** ("**Valverde**") was a citizen of Costa Rica and served as the President of ACR and Country Senior Officer ("CSO") for Costa Rica. As the President of ACR and CSO of Costa Rica, Valverde worked with Sapsizian. In this capacity, Valverde was

responsible for developing business for ALCATEL's services and equipment with Instituto Costarricense de Electricidad, S.A, the Costa Rican state-owned telecommunications authority. In Costa Rica, Valverde negotiated contracts with third-party consultants who worked on ALCATEL's behalf in Costa Rica. Valverde was himself a former official at Instituto Costarricense de Electricidad, S.A.

11. **Executive 2** and **Executive 3** served as Alcatel Malaysia's CSO and Chief Financial Officer, respectively.

12. **Executive 4** was a citizen of Germany and served as Alcatel SEL's director of international business and sales of Transport Automation Solutions. In that capacity, Executive 4 was responsible for ALCATEL's Taiwan Railway Administration contracts in Taiwan.

Relevant Entities and Foreign Officials in Costa Rica

13. **Instituto Costarricense de Electricidad S.A.** ("**ICE**") was a wholly state-owned telecommunications authority in Costa Rica responsible for awarding and administering public tenders for telecommunications contracts. ICE was governed by a seven-member board of directors that evaluated and approved, on behalf of the government of Costa Rica, all bid proposals submitted by telecommunications companies. The Board of Directors was led by an Executive President, who was appointed by the President of Costa Rica. The other members of the Board of Directors were appointed by the President of Costa Rica and the Costa Rican governing cabinet. Accordingly, officers, directors and employees of ICE were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

14. **Servicios Notariales, Q.C. S.A.** ("**Servicios Notariales**") was a purported consulting firm based in Costa Rica that entered into several sham consulting agreements with Alcatel Standard on behalf of Alcatel CIT to assist ALCATEL in obtaining telecommunications contracts in Costa Rica.

15. **Intelmar Costa Rica, S.A.** ("**Intelmar**") was a consulting firm based in Costa Rica that entered into numerous sham consulting agreements with Alcatel Standard on behalf of Alcatel CIT to assist ALCATEL in obtaining telecommunications contracts in Costa Rica. Intelmar maintained an office within ACR's office space in Costa Rica.

16. **ICE Official 1** was a director of ICE and had a close relationship with **Senior Government Official 1**, who was a high-ranking official in the Costa Rican executive branch. **ICE Official 2**, **ICE Official 3**, **ICE Official 4**, **ICE Official 5**, and **ICE Official 6** were also officers, directors or employees of ICE. **Legislator 1** was a legislator in the Legislative Assembly (*Asamblea Legislativa*), which was the unicameral legislative branch of the Government of Costa Rica. ICE Officials 1-6, Senior Government Official 1, and Legislator 1 were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A), and they were each in a significant position to influence the policy decisions made by ICE and the contracts awarded by ICE.

Relevant Entities and Foreign Officials in Honduras

17. **Empresa Hondureña de Telecomunicaciones** ("**Hondutel**") was a wholly state-owned telecommunications authority in Honduras, established under Honduran law, and it was responsible for providing telecommunications services in Honduras which, until late 2002, included evaluating and awarding telecommunications contracts on behalf of the government of

Honduras. Several senior government officials sat on Hondutel's Board of Directors. Hondutel's operations were overseen by another Honduran government entity, Comisión Nacional de Telecomunicaciones. Profits earned by Hondutel belonged to the government of Honduras, though part of the profit was permitted to be used by Hondutel for its operations. Accordingly, employees of Hondutel were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

18. **Comisión Nacional de Telecomunicaciones** (**"Conatel"**) was the Honduran government agency that regulated the telecommunications sector in Honduras. Conatel issued licenses and concessions for fixed-line and wireless telephony, data transmission, and Internet services. Conatel was part of the Honduran executive branch under the Secretariat of Finance. Conatel's commissioners were appointed by the President of Honduras. Accordingly, officers, commissioners, and employees of Conatel were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

19. **Honduran Consultant 1** was a purported consulting firm based in Honduras that entered into a sham consulting agreement with Alcatel Standard to assist Alcatel CIT and Alcatel Mexico (formerly known as "Alcatel Indetel"), a wholly owned subsidiary of ALCATEL, in obtaining telecommunications contracts in Honduras on behalf of ALCATEL.

20. **Senior Government Official 2** was a high-ranking government official in the Honduran executive branch. **Hondutel Official** and **Conatel Official** were both high-ranking officials within Hondutel and Conatel, respectively. Senior Government Official 2, Hondutel Official, and Conatel Official were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A), and they were each in a significant position to

influence the policy decisions made by the Honduran government, including the awarding of contracts by Hondutel prior to 2003.

Relevant Entities in Malaysia

21. **Telekom Malaysia Berhad** ("**Telekom Malaysia**") was a state-owned and controlled telecommunications provider in Malaysia. Telekom Malaysia was responsible for awarding telecommunications contracts during the relevant time period. The Malaysian Ministry of Finance owned approximately 43% of Telekom Malaysia's shares, had veto power over all major expenditures, and made important operational decisions. The government owned its interest in Telekom Malaysia through the Minister of Finance, who had the status of a "special shareholder." Most senior Telekom Malaysia officers were political appointees, including the Chairman and Director, the Chairman of the Board of the Tender Committee, and the Executive Director. Accordingly, officers, directors and employees of Telekom Malaysia were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

22. **Malaysian Consultant 1** was a consulting firm with operations in Asia that entered into sham consulting agreements with Alcatel Standard to provide market strategy reports focusing on technology.

23. **Malaysian Consultant 2** was a consulting firm based in Asia that entered into a sham consulting agreement with Alcatel Standard to provide a strategic intelligence report for ALCATEL's Southeast Asia South Region.

Relevant Entities and Foreign Officials in Taiwan

24. **Taiwan Railway Administration** ("**TRA**") was the wholly state-owned authority in Taiwan responsible for managing, maintaining, and running passenger freight service on Taiwan's railroad lines. It was responsible for awarding and administering all public tenders in connection with Taiwan's railroad lines, including contracts to design, manufacture, and install an axle counting system to control rail traffic. TRA was an agency of Taiwan's Ministry of Transportation and Communications, a cabinet-level governmental body responsible for the regulation of transportation and communications networks and operations. Accordingly, officers and employees of TRA were "foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

25. **Taiwan International Standard Electronics, Ltd.** ("**Taisel**") was based in Taiwan and was a joint venture sixty-percent owned by Alcatel Participations, a wholly owned subsidiary of ALCATEL, and forty-percent owned by a Taiwanese corporation.

26. **Taiwanese Consultant 1** was a consulting firm based in Taiwan that entered into a consulting agreement with Alcatel Standard to assist Alcatel SEL in obtaining axle counting contracts in Taiwan on behalf of ALCATEL.

27. **Taiwanese Consultant 2** was a consulting firm based in Taiwan which entered into a consulting agreement with Taisel on behalf of ALCATEL to assist Alcatel SEL in obtaining axle counting contracts in Taiwan on behalf of ALCATEL.

28. **Legislator 2**, **Legislator 3**, and **Legislator 4** were all members of the Legislative Yuan, the unicameral legislative assembly of the Republic of China, whose territory consists of Taiwan, Penghu, Kinmen, and Matsu Islands. Legislator 2, Legislator 3, and Legislator 4 were

"foreign officials" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A), and they were in a significant position to influence the policy decisions made by the Taiwan government, including the awarding of contracts.

Background Regarding ALCATEL's Business Practices and the State Of Its Internal Controls

29. Starting in the 1990s and continuing through at least late 2006, ALCATEL pursued many of its business opportunities around the world through the use of third-party agents and consultants. This business model was shown to be prone to corruption, as consultants were repeatedly used as conduits for bribe payments to foreign officials (and business executives of private customers) to obtain or retain business in many countries. ALCATEL also suffered from a de-centralized business structure, which permitted the different ALCATEL employees around the world to initially vet the third-party consultants, and then rely on Executive 1 at Alcatel Standard to perform due diligence on them. In practice, this de-centralized structure and approval process permitted corruption to occur, as the local employees were more interested in obtaining business than ensuring that business was won ethically and legally. Meanwhile, Executive 1 performed no due diligence of substance and remained, at best, deliberately ignorant of the true purpose behind the retention of and payment to many of the third-party consultants.

30. ALCATEL's organizational structure consisted of geographic Regions (each responsible for marketing and sales to customers within their territorial boundaries), Business Groups (further subdivided into Business Divisions, which were responsible for product-related activities, including the tendering process), and Units (legal entities with the ability to sign contracts and incur financial obligations). ALCATEL's Units were structured in a matrix

operating model that featured (a) large, autonomous legal entities with worldwide responsibility for researching, developing, and manufacturing particular product lines, and (b) similarly autonomous legal entities with a local presence in many countries responsible for the sale and support of those product lines in defined geographic areas. Units were located in specific geographical Regions and could also house specific Business Division operations.

31. ALCATEL typically set up a subsidiary or affiliated entity, such as ACR or Alcatel Malaysia, in a country to obtain contracts. A Country Senior Officer, or CSO, managed the subsidiary and selected consultants to solicit business for ALCATEL from government officials in that country. The CSO engaged a consultant by preparing a form called a Service Agreement Request ("SAR"). The SAR identified the consultant, the project for which the consultant was being engaged, and the terms of the engagement. The SAR required approval by the ALCATEL Region or Area President. The SAR was accompanied by a Consultant Profile, a form that the consultant was supposed to complete with information concerning its ownership, business activities, capabilities, banking arrangements, and professional references. The completed Consultant Profile also required approval by the Area President.

32. A separate form called a Forecast of Sales Expenses ("FSE") was prepared to document approval of the expense of using a sales and/or marketing consultant. The FSE identified the project and the amount of the fee or commission to be paid to the consultant, but did not call for the consultant to be identified by name or for any information concerning the consultant's qualifications or expected activities. The FSE required the signatures of: (a) the Area President, to indicate his approval of the selection of the consultant; (b) the President of the Business Division responsible for the product involved in the transaction, to indicate his approval

of the commission expense as a profit and loss charge to his Business Division; (c) the President of the actual legal entity within ALCATEL responsible for fulfilling the customer bid or contract, to indicate his approval of the payment by his entity of the consultant's commission; and, finally, (d) the Chief Executive Officer ("CEO") of Alcatel Standard, namely, Executive 1.

33. Upon execution of the FSE by the Area President, the Business Division President, and the President of the relevant legal entity, the SAR, Consultant Profile, and FSE were transmitted to Alcatel Standard. Alcatel Standard would then typically request a Dun & Bradstreet report to confirm the existence and address of the consultant as stated in the Consultant Profile. Executive 1 would then sign the FSE to confirm that all of the necessary approvals had been obtained. Finally, Executive 1 would execute the contract with the consultant, which at times called for the consultant to perform vaguely-described marketing services.

34. Executive 1 made no effort, or virtually no effort, to verify the information provided by the consultant in the Consultant Profile, apart from using Dun & Bradstreet reports to confirm the consultant's existence and physical address. There was no requirement for the provision of information regarding conflicts of interest or relationships with government officials. Indeed, even where the Dun & Bradstreet report disclosed problems, inconsistencies, or red flags, typically nothing was done. Thus, even if the consultant was a close relative of a high-ranking foreign official, as was the case in some instances, this information was not listed on the Consultant Profile and little or no effort was made to address such obvious conflicts and risks. Rather, if the paperwork was completed, regardless of any obvious issues (such as close

relationships with foreign officials or a clear lack of skill, experience or telecommunications expertise), Executive 1 authorized hiring and paying the third-party consultant.

35. In many instances, Alcatel Standard would contract with the third-party consultant and then Alcatel CIT would pay the consultant, to the extent that Alcatel CIT was the responsible legal entity. Typically when ALCATEL received payment for its telecommunications services and equipment from its customers (which were often governments or agencies or instrumentalities of governments), Alcatel CIT would then pay the consultant who assisted in securing that business. As such, the payments by Alcatel CIT to the agents retained by Alcatel Standard occurred over a number of years, and because of the value of many of these contracts, the payments made to these consultants involved millions of dollars paid out over many years. To pay this money, among other things, Alcatel CIT maintained a bank account at ABN Amro Bank in New York, New York, which was used, in part, to pay third-party consultants located around the world.

36. Often senior executives at Alcatel CIT, Alcatel Standard, and ACR, among others, knew bribes were being paid, or were aware of the high probability that many of these third-party consultants were paying bribes, to foreign officials to obtain or retain business. For example, in a significant number of instances, the consultant contracts were executed *after* ALCATEL had already obtained the customer business, the consultant commissions were excessive, and lump sum payments were made to the consultants that did not appear to correspond to any one contract. In other instances, the same person would establish more than one consulting company, and Alcatel Standard would retain those multiple companies (knowing or purposefully ignoring that they were owned and operated by the same person). This would

make it appear that the commission rate paid to the consulting company was not excessive, when in truth and in fact, the aggregate commission rate was exorbitant, thereby enabling the consultant to make payments to foreign officials.

37. In order to further conceal the illegal nature of these business practices, Alcatel CIT and ACR employees sometimes employed aliases in their emails to keep secret the names of foreign officials who were receiving bribes and who were providing ALCATEL entities with non-public information.

38. Alcatel CIT, Alcatel Standard, ACR, and certain employees of Alcatel CIT, Alcatel Standard, and ACR knew, or purposefully ignored, that many of the SARs and FSEs did not accurately reflect the true nature and purpose of the agreements. Likewise, Alcatel CIT, Alcatel Standard, ACR, and certain employees of Alcatel CIT, Alcatel Standard, and ACR knew, or purposefully ignored, that many of the invoices submitted by various third-party consultants falsely claimed that legitimate work had been completed, while the true purpose of the monies sought by the invoices was to funnel all or some of the money to foreign officials, directly or indirectly. Moreover, Alcatel CIT, Alcatel Standard, ACR, and certain employees of Alcatel CIT, Alcatel Standard, and ACR knew, or purposefully ignored, that the payments in connection with the SARs, FSEs, and invoices were going to be passed to foreign officials. These transactions were designed to circumvent ALCATEL's internal controls system and were further undertaken knowing that they would not be accurately and fairly reflected in Alcatel CIT, Alcatel Standard, and ACR's books and records, which were included in the consolidated financial statements that ALCATEL filed with the SEC.

Conduct in Costa Rica

39. In or around 2001, Valverde and Sapsizian, acting on behalf of ACR and Alcatel CIT, respectively, negotiated consultancy agreements on behalf of Alcatel CIT with two Costa Rican consultants, which were intended to make improper payments to Costa Rican government officials in exchange for telecommunications contracts. The two consultants were Servicios Notariales, which was headed by Valverde's brother-in-law, and Intelmar. Both consultants had many personal contacts at ICE.

40. Alcatel Standard, on behalf of Alcatel CIT, executed at least five consulting agreements with Servicios Notariales, in which Alcatel Standard on behalf of Alcatel CIT, promised to pay Servicios Notariales a percentage of the value of a specific contract obtained from ICE. This percentage was as high as 9.75%, a much higher commission rate than ALCATEL normally awarded to a legitimate consultant. Executive 1 of Alcatel Standard signed each of these consulting agreements. In return for the commissions, the agreements required Servicios Notariales to perform vaguely-described marketing and advisory services. Servicios Notariales created approximately eleven phony invoices between 2001 and 2003, totaling approximately $14.5 million, purportedly for commissions related to the contracts awarded to ALCATEL, and submitted those invoices, through Valverde at ACR, to Alcatel CIT.

41. Similarly, Alcatel Standard, on behalf of Alcatel CIT, entered into at least four consulting agreements with Intelmar to assist ALCATEL in obtaining telecommunications contracts with ICE. Executive 1 of Alcatel Standard signed each of these consulting agreements. The agreements required Intelmar to perform vaguely-described advisory services. Intelmar subsequently created approximately seven invoices reflecting largely inflated commissions

totaling approximately $3 million between 2001 and 2004, purportedly for commissions related to the contracts awarded to ALCATEL, and submitted those invoices to Alcatel CIT.

42. During this time period, Sapsizian's supervisor, the President of Area 1 (formerly known as the Chief Operating Officer for Latin America), worked in the Miami office, in the Southern District of Florida, and signed the Consultant Profile forms for Servicios Notariales and Intelmar and approved more than $18 million in payments to the consultants despite their huge amounts. According to Sapsizian, the President of Area 1 told him on several occasions that he knew he was "risking jail time" as a result of his approval of these payments, which he understood would, at least in part, ultimately wind up in the hands of public officials.

43. Following the approval by the President of Area 1, Executive 1 also approved the retention of and payments to Servicios Notariales and Intelmar despite some obvious indications that these "consultants" were performing little or no work yet receiving millions of dollars in payments reflecting a significant percentage of value of the entire transaction. Indeed, ALCATEL had three consultants assisting on ICE projects at that time. But Executive 1 turned a blind eye to this and other evidence, which made it substantially certain that some part of these payments would be passed on to foreign officials to assist in obtaining or retaining business.

44. ALCATEL, Alcatel CIT, Alcatel Standard, and ACR conducted insufficient due diligence of Servicios Notariales and Intelmar. Neither ALCATEL nor any of its subsidiaries took sufficient steps to ensure that the consultants were complying with the FCPA or other relevant anti-corruption laws.

45. In or around November 2000, prior to a formal vote by the ICE Board of Directors, Sapsizian and Valverde offered ICE Official 1 1.5% to 2% of the value of a future

contract to develop a Global System for Mobile ("GSM") technology network in Costa Rica and to provide 400,000 lines of mobile telephone service (the "400K GSM Contract") in exchange for ICE Official 1's assistance in favor of opening a bid round for a GSM-based mobile network, rather than a network based on a different technology not offered by ALCATEL (yet that was offered by ALCATEL's competitors). ICE Official 1 accepted the offer and subsequently agreed to share part of this fee with Senior Government Official 1. Subsequently, ICE Official 1 used his influence, and the ICE Board later voted to open a bid round for developing a mobile network in Costa Rica using the GSM technology that ALCATEL was offering.

46. On or about June 12, 2001, in part as a result of ICE Official 1's influence, ICE awarded Alcatel CIT a separate contract, valued at approximately $44 million, to supply equipment for ICE's fixed network (the "Fixed Network Contract").

47. On or about August 28, 2001, in part as a result of ICE Official 1's influence, ICE awarded Alcatel CIT the 400K GSM Contract described above in Paragraph 45. This contract was valued at approximately $149.5 million.

48. After ALCATEL received the two ICE contracts described above, from in or around December 2001 to in or around October 2003, Alcatel CIT wire transferred approximately $14.5 million from its account at ABN Amro Bank in New York to an account at a correspondent bank, the International Bank of Miami in the Southern District of Florida, to be further credited to Servicios Notariales' account at Cuscatlan International Bank in Costa Rica. This amount of money bore no relation to any actual services provided by Servicios Notariales because it was, in reality, used in large part to make bribe payments to Costa Rican government officials. Specifically, Servicios Notariales used at least $7 million of that money to pay the

following Costa Rican government officials for assisting Alcatel CIT in obtaining and retaining business in Costa Rica, including:

Official	Approximate Amount of Bribe
ICE Official 1	$2,560,000 and $100,000 in certificates of deposit
Senior Government Official 1	$950,000 (through the ICE Official 1)
ICE Official 2	$945,000
ICE Official 3	$145,000
ICE Official 4	$110,000
ICE Official 5	$1,300,000
Legislator 1	$550,000

49. Valverde and Sapsizian each received kickbacks from Servicios Notariales. Sapsizian received more than $300,000 from Servicios Notariales, an amount wired to a Panamanian bank account held by an entity he controlled. Valverde and his family members received more than $4.7 million in kickbacks from Servicios Notariales.

50. In addition, from in or around 2001 to in or around May 2004, Alcatel CIT wire transferred from its account at ABN Amro Bank in New York approximately $3.9 million to Intelmar in Costa Rica. This amount of money bore no relation to actual services provided by Intelmar and also was used to make bribe payments to Costa Rican government officials. For example, Intelmar made payments from in or around December 2002 to in or around October 2003 totaling approximately $930,000 to ICE Official 6.

51. ALCATEL's efforts in Costa Rica were further rewarded on or about May 23, 2002, when ICE awarded Alcatel CIT a third contract, for additional switching equipment for the fixed network, valued at approximately $109.5 million.

52. Moreover, Sapsizian, on behalf of Alcatel CIT, approved the payment of approximately $25,000 in travel, hotel, and other expenses incurred by ICE officials during a primarily pleasure trip to Paris in or around October 2003 to discuss the GSM contract. Sapsizian instructed an Alcatel CIT employee to pay for some of these expenses in cash to conceal the payments and avoid leaving a paper trail leading to ALCATEL. This trip was partially intended to reward these government officials for providing ALCATEL with lucrative contracts, and the expenses were not bona fide promotional expenses under Title 15, United States Code, Section 78dd-1(c)(2).

53. Through the above-referenced conduct, employees of Alcatel CIT, Alcatel Standard, and ACR knowingly circumvented ALCATEL's internal controls system and made inaccurate and false entries in the books and records of Alcatel CIT, Alcatel Standard, and ACR, whose financial results were included in the consolidated financial statements of ALCATEL submitted to the SEC. As a result of the contracts won by Alcatel CIT in Costa Rica as a result of bribe payments, ALCATEL earned approximately $23,661,000 in profits.

Conduct in Honduras

54. Besides operating in Costa Rica, ACR provided assistance to Alcatel de Honduras S.A., a wholly owned subsidiary of ALCATEL which ran operations in Honduras. Employees of ACR, along with Sapsizian, pursued business opportunities on behalf of ALCATEL in Honduras with Hondutel and Conatel. Alcatel CIT and Alcatel Mexico pursued

business in Honduras by retaining certain consultants through Alcatel Standard. Alcatel CIT and Alcatel Mexico made large commission payments to at least one consultant, knowing that all or some of the money paid to that consultant would be paid to a close relative of a Honduran government official, with the high probability that some or all of the money would be passed on to the Honduran government official, in exchange for favorable treatment of ALCATEL, Alcatel CIT, and Alcatel Mexico.

55. In or around 2002, at the request of the brother of Senior Government Official 2 in Honduras, Alcatel Standard retained a new consultant in Honduras, Honduran Consultant 1, to perform vaguely described marketing and advisory services such as "maintaining liaisons with appropriate government officials." Honduran Consultant 1, however, was, in fact, an exclusive distributor of "brand name perfumes," and had no contacts in, or prior experience with, the telecommunications industry in Honduras or anywhere else. Rather, Honduran Consultant 1 was selected by Senior Government Official 2's brother, who instructed Sapsizian and an ACR employee to use Honduran Consultant 1 as an agent. Sapsizian and other ACR employees believed that all or some of the money paid to Honduran Consultant 1 would be paid to Senior Government Official 2 and the family of Senior Government Official 2 in exchange for favorable treatment.

56. In retaining Honduran Consultant 1, Alcatel Standard knowingly failed to conduct appropriate due diligence on Honduran Consultant 1 and did not follow up on numerous, obvious red flags. First, Honduran Consultant 1 was a perfume distributor with no experience in telecommunications. Honduran Consultant 1's Company Profile, signed by Honduran Consultant 1 and ALCATEL's Area President, listed Honduran Consultant 1's main business as

the distribution of "fine fragrances and cosmetics in the Honduran market." The Dun & Bradstreet report provided to the Executive 1 of Alcatel Standard stated that the company was "engaged in cosmetic sales, house-to-house." Second, the brother of Senior Government Official 2 regularly communicated with ALCATEL employees via an e-mail address from a domain name affiliated with Senior Government Official 2 and that official's family. Third, in or around late 2003, Senior Government Official 2's brother directly contacted Alcatel's Area 1 President in an effort to collect sales commissions ALCATEL owed to Honduran Consultant 1. Senior Government Official 2 then personally met with ALCATEL's Area 1 President in March 2004 in Spain as part of this effort.

57. Using Alcatel Standard's agreement to retain Honduran Consultant 1 and Alcatel CIT's and Alcatel Mexico's payments to Honduran Consultant 1, ALCATEL, Alcatel CIT, and Alcatel Mexico sought to secure an improper advantage in seeking business with Hondutel, and were able to retain contracts that may have otherwise been rescinded. In fact, Hondutel awarded ALCATEL one contract in or around 2002: The Pair Gain Project, valued at approximately $1 million. ALCATEL was awarded four additional contracts in or around 2003, for a combined contract value of approximately $47 million. These projects were: (1) the National Fiber Optic project; (2) the Fixed Lines project; (3) the National Radio Network project; and (4) the Hondutel call center project. Alcatel CIT and Alcatel Mexico were able to retain these contracts in spite of significant performance problems.

58. Alcatel CIT and ACR employees arranged for several other Honduran government officials to take primarily pleasure trips to France, which were paid by Alcatel CIT or ACR directly. From in or around 2002 to in or around 2004, a high-ranking executive of

Conatel, Conatel Official, provided Alcatel CIT and ACR employees with several sets of confidential internal Conatel documents, including confidential Hondutel bid documents. Conatel Official also provided confidential documents to the brother of Senior Government Official 2 indicating in his email that the documents were "for your eyes only." The brother forwarded these documents to Alcatel CIT and ACR employees. Alcatel CIT and ACR employees subsequently arranged for Conatel Official to travel to Europe on three separate occasions, including one trip that had nothing to do with ALCATEL business and for which the official received full reimbursement.

59. A high-ranking executive at Hondutel, Hondutel Official, who was appointed to his position by Senior Government Official 2, also received gifts and improper payments from Alcatel CIT and ACR employees. In or around 2004, Hondutel Official solicited and then received a payment of approximately $2,000 from ACR for an educational trip for his daughter. Alcatel CIT and ACR employees also arranged and paid for Hondutel Official to take a trip to Paris, France in or around 2003 with Hondutel Official's spouse. During part of the 2003 trip to Paris, the Hondutel Official was lobbied to direct business to ALCATEL, but most of the trip consisted of touring activities via a chauffeur-driven vehicle.

60. Alcatel CIT also made payments to a Hondutel attorney who worked on the Pair Gain contract. Alcatel CIT paid for a leisure trip to Paris taken by the attorney and the attorney's daughter in or around June 2003, and then made a payment to the attorney of approximately $1,500 to thank the attorney for the attorney's work on the Pair Gain contract. The ALCATEL employee who helped arrange the trip to Paris was informed by an Alcatel CIT employee that it was "based around the idea of a visit to Paris. Versailles, Mont St. Michel, chauffeur, lido,

excursion boat, . . . , hotel in Paris." The itinerary for June 7, 2003, was listed as "Visit Germany (?) (unless they want to go shopping in Paris)."

61. In engaging in the above-referenced conduct, employees of Alcatel CIT, Alcatel Standard, and ACR knowingly circumvented ALCATEL's internal controls system and caused inaccurate and false entries in the books and records of Alcatel CIT and Alcatel Standard, whose financial results were included in the consolidated financial statements of ALCATEL submitted to the SEC. Alcatel CIT's financial results were included in the consolidated financial statements of ALCATEL submitted to the SEC. As a result of the bribe payments, ALCATEL earned approximately $870,000 in profits.

Conduct in Malaysia

62. ALCATEL also pursued business in Malaysia through Alcatel Malaysia. Telekom Malaysia was the largest telecommunications company in Malaysia and was controlled by the government of Malaysia. Telekom Malaysia was Alcatel Malaysia's largest client. Celcom was Telekom Malaysia's wholly owned subsidiary and focused exclusively on mobile communications services.

63. In at least 17 instances from in or around 2004 to in or around 2006, Alcatel Malaysia employees, with the consent and approval of Alcatel Malaysia's management, such as Executive 2 and Executive 3, made improper payments to Telekom Malaysia employees in exchange for nonpublic information relating to ongoing public tenders. The documents purchased generally consisted of internal assessments by Celcom's tender committee of non-public competitor pricing information.

64. Eight of the 17 improper payments to Telekom Malaysia employees were made in connection with a single public tender that Alcatel Malaysia ultimately won in or around June 2006: Phase II of a two-part mobile network contract with Celcom, valued at approximately $85 million. For each of these payments, Alcatel Malaysia employees created invoices falsely referring to various types of "document fees," but on at least one occasion accurately referring to "purchase of tender documents." Each of these invoices was approved for payment by Alcatel Malaysia's management, such as Executive 2 and Executive 3, and subsequently paid out of Alcatel Malaysia's petty cash account.

65. ALCATEL typically paid its agents and consultants commission rates based on the total value of a contract rather than pay a fixed fee for services. In late 2005 and early 2006, Alcatel Standard, however, entered into consulting agreements with Malaysian Consultant 1 for more than $500,000 for marketing reports and studies. At the time payments were made to Malaysian Consultant 1, Alcatel Malaysia and Alcatel Standard were aware of a significant risk that Malaysian Consultant 1 would pass on all or a part of these payments to foreign officials. None of the reports or studies appear to have ever been generated.

66. Similarly, in mid-2005, Alcatel Standard entered into a consulting agreement on behalf of Alcatel Malaysia with Malaysian Consultant 2 under which Alcatel Standard agreed to pay a total of $500,000 for a "strategic intelligence report on Celcom's positioning in the cellular industry in relation to its competitors." Despite paying Malaysian Consultant 2 half a million dollars for this report, as with Malaysian Consultant 1, there is no evidence that Malaysian Consultant 2 did any actual work for Alcatel Malaysia or ever produced the report. In or around June 2005, Malaysian Consultant 2 sent Executive 1 of Alcatel Standard a copy of a thirteen-

slide PowerPoint presentation, which appears to have been created by Celcom rather than Malaysian Consultant 2. When making this payment, executives of Alcatel Standard and Alcatel Malaysia were aware of a significant risk that Malaysian Consultant 2 was serving merely as a conduit for bribe payments to foreign officials.

67. Malaysia Consultant 1 worked for Alcatel Malaysia to benefit ALCATEL before formal agreements were finalized and executed, under what were called "gentlemen's agreements," which required that consulting agreements be entered into retroactively.

68. Alcatel Malaysia lacked internal controls, such as formal policies covering expenditures for gifts, travel, and entertainment for customers, leading to Alcatel Malaysia employees giving lavish gifts to Telekom Malaysia officials.

69. Through the above-referenced conduct, Alcatel Standard and Alcatel Malaysia knowingly circumvented ALCATEL's internal controls system and caused inaccurate and false entries in the books and records of Alcatel Standard and Alcatel Malaysia, whose financial results were included in the consolidated financial statements of ALCATEL submitted to the SEC. Although ALCATEL won the $85 million Celcom contract, ALCATEL did not generate any profits from it.

Conduct in Taiwan

70. ALCATEL also pursued business in Taiwan through its indirect subsidiary, Alcatel SEL. Executive 4 of Alcatel SEL hired two third-party consultants, Taiwanese Consultant 1 and Taiwanese Consultant 2, to assist Alcatel SEL and Taisel, an ALCATEL joint venture, in obtaining an axle counting contract from the TRA initially valued at approximately $27 million. Both consultants claimed to have close ties to certain legislators in the Taiwanese

government who were understood to have influence in awarding the contract due to their particular responsibilities in the legislature.

71. In or around June 2000, Taiwanese Consultant 1 entered into a consulting agreement with Alcatel Standard, which approved the agreement despite conducting little due diligence on the consultant. The Dun & Bradstreet report for Taiwanese Consultant 1, which was provided to Alcatel Standard in or around 2001 after the consulting agreement was entered, indicated that attempts to contact Taiwanese Consultant 1 were unsuccessful as the telephone number, facsimile number, and address provided did not relate to Taiwanese Consultant 1. The company profile, which was not signed by a Taiwanese Consultant 1 representative and the ALCATEL Area President until in or around 2002, reflected that Taiwanese Consultant 1 had no relevant market experience or knowledge, indicating that the company's main line of business was "Trading for Bar Code Reader, Printer & Ribbon, POS terminal, DATA terminal, CASH draws."

72. The original Taiwanese Consultant 1 consulting agreement provided for a 3% commission; amended agreements signed in or around March 2003 and in or around April 2004 provided that Taiwanese Consultant 1 would receive 4.75% and 6%, respectively, of the value of the contract. The agreements provided that Taiwanese Consultant 1 would promote Alcatel SEL's efforts to secure the TRA axle counting contract, including providing advice and market intelligence and keeping Alcatel SEL informed of "potential clients' requirements, decisions and future plans." Executive 1 of Alcatel Standard signed the original agreement and the amended agreements.

73. In fact, the purpose behind ALCATEL's hiring of Taiwanese Consultant 1 was so that Alcatel SEL could make improper payments to three Taiwanese legislators who had influence in the award of the TRA axle counting contract. On or about May 10, 2004, after Taisel had been awarded the contract, Alcatel SEL paid Taiwanese Consultant 1 a commission of approximately $921,413 by wire transfer from Alcatel SEL's ABN Amro bank account in New York, New York. Taiwanese Consultant 1, in turn, made improper payments to two Taiwanese legislators: Legislator 2 and Legislator 3.

74. Legislator 2 was a member of the Committee of Transport of the Legislative Council, which had oversight authority for telecommunications contracts in Taiwan. Legislator 2 assisted Alcatel SEL in convincing TRA that Alcatel SEL satisfied the technical requirements of the tenders. Legislator 2 also publicly supported Alcatel SEL's bid and provided advice to ALCATEL concerning its TRA bid documents.

75. Legislator 3 attempted to alter TRA's technical specifications to improve Alcatel SEL's bidding chances. Taiwanese Consultant 1 promised approximately $180,000 in campaign funds for Legislator 3's 2004 election campaign and then paid Legislator 3 approximately $90,000 in or around 2004, after Alcatel SEL won the bid. Taiwanese Consultant 1 kept some of the commission and kicked back approximately $150,000 to Executive 4.

76. Executive 4 and Taiwanese Consultant 1 also spent approximately $8,000 on trips to Germany in or around May 2002 for an assistant in the office of Legislator 2, and in or around October 2003 for a secretary to the Taiwan Transportation and Communications Minister. Both trips were primarily for personal, entertainment purposes, with only nominal business justification. Indeed, the secretary of the Taiwan Transportation and Communications Minister

brought his ex-wife on the trip, also at ALCATEL's expense. Alcatel SEL paid for the hotel and meal expenses directly and reimbursed Executive 4 and Taiwanese Consultant 1 for train tickets, taxis, and gifts. According to a February 2006 Group Audit Services report, Alcatel SEL's management knew of and approved reimbursement of these expenses. In addition, in or around January 2004, Alcatel SEL paid Taiwanese Consultant 1 approximately $3,000 to reimburse it for a set of crystal given to the secretary of the Taiwan Transportation and Communications Minister.

77. In or around 2002, Executive 4 hired Taiwanese Consultant 2 on behalf of Alcatel SEL because Taiwanese Consultant 2's owner was the brother of Legislator 4, who had influence with respect to TRA matters. Executive 4 met with Taiwanese Consultant 2's owner and Legislator 4, who requested that Alcatel SEL pay him a 2% success fee through Taiwanese Consultant 2 in connection with the axle counting contract. To bribe Legislator 4, Alcatel SEL arranged for a bogus consulting agreement between Taisel and Taiwanese Consultant 2. In reality, it was never expected that Taiwanese Consultant 2 would provide any legitimate services to Taisel. On or about April 1, 2004, at Executive 4's instruction, Taisel signed a subcontract with Taiwanese Consultant 2 that called for Taisel to pay Taiwanese Consultant 2 approximately $383,895. Taisel paid approximately $36,561 to Taiwanese Consultant 2 on or about May 12, 2004, by wire transfer.

78. Neither Taiwanese Consultant 1 nor Taiwanese Consultant 2 provided legitimate services to ALCATEL or Alcatel SEL. Their only function was to pass on improper payments to three Taiwanese legislators on behalf of Alcatel SEL and Taisel. On or about December 30, 2003, Taisel's bid was accepted by the TRA, which granted Taisel a supply contract worth

approximately $19.2 million, an amount lowered from the originally proposed $27 million contract as a result of an alteration in the scope of the work required.

79. Alcatel SEL's financial results were included in the consolidated financial statements of ALCATEL submitted to the SEC. As a result of the contracts won by ALCATEL in Taiwan as a result of bribe payments, ALCATEL earned approximately $4,342,600 in profits.

Conduct in Kenya

80. In or around 1999, the Communications Commission of Kenya invited mobile telecommunications operators to pre-qualify for Kenyan government approval to bid for a license known as the "2nd GSM" license. Only bidders with a local Kenyan partner owning at least 60% of the company's equity could apply for pre-qualification. A French telecommunications and entertainment company ("French Telecom"), which was not an ALCATEL entity, and a Kenyan company ("Kenyan Company") formed a joint venture ("Kenyan JV") to apply for this license. After a bidding process in which the Kenyan JV bid approximately $55 million, the Communications Commission of Kenya awarded the 2nd GSM license to the Kenyan JV on or about January 28, 2000.

81. After Kenya awarded the Kenyan JV the 2nd GSM license, several companies bid to provide infrastructure and services to the Kenyan JV. This frame supply agreement, valued at approximately $87 million, included construction of a switching center, an operations and maintenance center, and base stations for the mobile network. After the initial stages of bidding, the Kenyan JV "short-listed" Alcatel CIT and another company to make final bids for the contract. Two groups within Alcatel CIT handled the bidding -- the Radio Communications

Division ("RCD") and Area 4, which was the geographic operations area that included France and Africa.

82. Although the bid was technically made to the Kenyan JV, the bidding process was handled by personnel from French Telecom. French Telecom informed the President of the Mobile Division that Alcatel CIT would win the bid under one condition: an ALCATEL entity had to make improper payments to an intermediary in the approximate amount of $20 million. The President of the Mobile Division and other employees agreed to this condition. In or around February 2000, French Telecom informed Alcatel CIT that the Kenyan JV had selected Alcatel CIT's bid.

83. In subsequent meetings with Alcatel CIT, personnel from the French telecommunication company provided further details regarding the improper payments to the intermediary. French Telecom requested that an ALCATEL entity hire the intermediary and fold the intermediary's fees into the contract price. French Telecom explained that it wanted the intermediary to be hired by an ALCATEL entity as a way to pass money to Kenyan Company. French Telecom structured the transaction so that it would cover the costs of hiring the intermediary by increasing the total price on the contract between Alcatel CIT and the Kenyan JV. The President of RCD and the President of Area 4 spoke about the French telecommunication company's request with Executive 1 of Alcatel Standard, who approved the payments. Alcatel Standard thereafter hired the intermediary, passing the cost through to the Kenyan JV. Alcatel CIT increased the contract price by approximately $20 million to cover the payments requested by French Telecom. In so doing, this transaction was not accurately and fairly reflected in ALCATEL's books, records, and accounts.

84. The contract between Alcatel CIT and the Kenyan JV was also accompanied by a side agreement signed on or about March 7, 2000, which provided that the Kenyan JV would make a payment to Alcatel CIT if the contract was terminated before certain benchmarks were reached. The true purpose of the side agreement was to ensure that Alcatel CIT was reimbursed for any fees paid to the intermediary if the underlying contract was cancelled for any reason. As such, this transaction was not accurately and fairly reflected in ALCATEL's books, records, and accounts.

85. The intermediary met with the Vice-President of Area 4 and Executive 1 in or around February 2000. Executive 1 met with the intermediary three additional times. Alcatel Standard performed insufficient due diligence on the intermediary and the intermediary's company ("Company T"). Executive 1 signed the first contract with Company T on or about March 17, 2000, which called for a $5 million lump sum payment within thirty days of the signing of the contract. A company located in Mauritius acted as an agent for Company T and generated Company T's invoices. Alcatel Standard executed a separate agreement with the Mauritius agent, which provided for a $3 million payment to the Mauritius agent. Alcatel Standard executed four additional contracts for a total value of approximately $4,185,000 with the Company T, all of which were signed by Executive 1 on or about April 7, 2000. These aforementioned contracts failed to accurately and fairly reflect the true nature and purpose of the respective transactions.

86. In or around June 2000, the intermediary met with Executive 1 and the Vice-President of Area 4 in Vélizy, France, and requested that Alcatel CIT enter into another consulting contract with him. The intermediary suggested that Alcatel Standard enter into the

contract with another company ("Company Z"). Executive 1 executed an agreement with Company Z on or about July 11, 2000, which provided for a lump sum payment of approximately $8.3 million to Company Z. According to the back-up documentation compiled for this contract, the payment was in connection with the "GSM 2nd license project." Again, this back-up documentation did not fairly and accurately reflect this transaction on ALCATEL's books and records. The Dun & Bradstreet report collected by Alcatel CIT indicated that Company Z was an offshore holding of Kenyan Company.

87. The payments to the Company T were made to Deutsche Bank (Mauritius); the payment to Mauritius agent was made to Hong Kong & Shanghai Bank Corporation; and the payment to Company Z was made to the Middle East Bank, Ltd. in Dubai. Each payment was described in ALCATEL's accounting system as "commissions on sales." The total amount of the payments was approximately $20 million. The reason that the payments went to three different entities, and not just to Company T, was because Alcatel Standard knew that it would have trouble justifying a $20 million payment to just one consultant if the payments were ever examined.

88. After entering into the various contracts, the intermediary provided monthly reports and economic intelligence on the telecommunications market in Africa, but never provided any information related to the 2nd GSM license or the Kenyan telecommunications market. In light of the huge amounts of the payments, the fact that the intermediary performed little legitimate work in connection with the 2nd GSM license, and the fact that Company Z was an offshore holding of Kenyan Company, there is a high probability that all or a portion of the approximately $20 million in payments made by Alcatel CIT to the intermediary and the related

entities was passed on to Kenyan Company, which in turn passed on the funds to Kenyan government officials who had played a role in awarding the original contract to French Telecom.

Conduct in Nigeria

89. Two ALCATEL entities, ITT Nigeria and Alcatel-Lucent Nigeria (formerly known as "Alcatel Nigeria Ltd.") operated in Nigeria during the relevant time period. Between in or around 1999 and in or around 2007, ALCATEL pursued business with various Nigerian customers.

90. Certain ALCATEL subsidiaries made improper payments to government officials in Nigeria in the following contexts: (a) payments made to government officials for the purpose of reducing tax or other liabilities; (b) payments made to government officials to obtain security services from the Nigerian police; (c) a payment of approximately $75,000 to a former Nigerian Ambassador to the United Nations for the purpose of arranging meetings between ALCATEL representatives and Nigerian Senior Government Official 1, a high-ranking official in the Nigerian executive branch; (d) payments made to government officials for the purpose of securing recovery of a debt totaling approximately $36.5 million owed by the government of Nigeria to ITT Nigeria; and (e) a payment to a People's Democratic Party official. These payments were not described accurately and fairly on ALCATEL's books and records.

91. ALCATEL personnel also made improper payments via a consultant ("Nigerian Consultant 1") to a Senior Executive at Nigerian Telecommunications Company 1, a telecommunications company based in Lagos, Nigeria. ALCATEL also made large improper payments to two other consultants ("Nigerian Consultant 2" and "Nigerian Consultant 3"), which were owned at least in part by a relative of the Senior Executive at Nigerian Telecommunications

Company 1. These payments were not described accurately and fairly on ALCATEL's books and records.

92. Specifically, beginning in or around March 2001, ALCATEL sought the assistance of Nigerian Consultant 1, a Mauritania-based consulting company, to obtain a GSM license for an affiliate of a Nigerian Telecommunications Company 1. Nigerian Consultant 1 also became involved in obtaining a Second National Operator ("SNO") license for Nigerian Telecommunications Company 1. Nigerian Consultant 1 was hired primarily because its principal had significant connections to Nigerian Senior Government Official 2, a high-ranking official in the Nigerian executive branch. Nigerian Telecommunications Company 1 won the SNO license in or around August 2002. Although the affiliate of Nigerian Telecommunications Company 1 won the bid for the GSM license, it did not pay the required fee for the license within the requisite amount of time and thereby lost the license.

93. ALCATEL also directed Nigerian Consultant 1 to make several commercial bribe payments totaling approximately €700,000 to the Senior Executive at Nigerian Telecommunications Company 1 directly and to another company, which was likely owned by the Senior Executive. These payments were made in order to secure contracts between ALCATEL subsidiaries and Nigerian Telecommunications Company 1. Alcatel CIT paid Nigerian Consultant 1 a total of €2,170,000 in consulting fees, all of which were made from Alcatel CIT's bank account at Société Generales Paris Opera in France.

94. Alcatel Standard never signed a consulting agreement with Nigerian Consultant 1 related to its assistance with the GSM or SNO licenses. Instead, on or about February 6, 2003, Alcatel Standard entered into a consulting agreement with Nigerian Consultant 1 to assist Alcatel

CIT and Alcatel Nigeria in obtaining a certain Purchase Order No. 1 with Nigerian Telecommunications Company 1. According to several witnesses, the consulting agreement was created to allow ALCATEL to compensate Nigerian Consultant 1 for the "services" it provided in or around 2001-02 with respect to the GSM and SNO licenses and to make commercial bribe payments to the Senior Executive in connection with Nigerian Telecommunications Company 1 contracts. Accordingly, the aforementioned consulting agreement failed to accurately and fairly reflect the true nature and purpose of the transaction.

95. After ending the consulting relationship with Nigerian Consultant 1, Alcatel Standard hired Nigerian Consultant 2 and Nigerian Consultant 3, both of which were owned at least in part by a relative of the Senior Executive. These consultants likely were involved in funneling improper payments to the Senior Executive to secure Nigerian Telecommunications Company 1 contracts. In total, Alcatel CIT made payments totaling approximately $7,767,644 to Nigerian Consultant 2 and Nigerian Consultant 3. Four payments totaling approximately $1,500,000 were paid to Nigerian Consultant 2 through Alcatel CIT's bank account with ABN Amro in New York. Fifteen payments totaling approximately $6,267,644 were made from Alcatel CIT's bank account in France to Nigerian Consultant 3's bank account in Switzerland. A single payment of approximately €32,256 was made from Alcatel Italia's bank account in Italy to Nigerian Consultant 3's bank account in the United Kingdom. The description of these payments on ALCATEL's books and records failed to accurately and fairly reflect the true nature and purpose of the transaction.

Conduct in Bangladesh

96. ALCATEL generated a significant portion of its revenue in Bangladesh from Bangladesh Telegraph and Telephone Board ("BTTB"), the state-controlled telecommunications services provider. All major telecommunications tenders in Bangladesh required approval from the Telecommunications Ministry and the Minister of Finance. During the relevant period, ALCATEL used an agent in Bangladesh ("Bangladesh Consultant"). Alcatel Standard did not conduct adequate due diligence on Bangladesh Consultant.

97. Alcatel Standard appears to have retained Bangladesh Consultant in connection with the Bangladesh Singapore Cable Network ("BSCN") project in or around 2000. Bangladesh Consultant appears to have suggested that ALCATEL make improper payments to BTTB officials. Ultimately, BTTB recommended that another company be awarded the project. The BSCN project was subsequently canceled and instead BTTB chose to participate in the much larger SEA-ME-WE-4 network, a submarine cable project connecting fourteen countries. This decision was made in spite of BSCN's alleged cost/benefit superiority over SEA-ME-WE-4.

98. In or around November 2003, Alcatel Standard retained Bangladesh Consultant in connection with the SEA-ME-WE-4 project. The SEA-ME-WE-4 project was ultimately awarded to ALCATEL and another company; ALCATEL's portion of the contract was approximately $258 million. Alcatel Standard executed an agreement in or around October 2004 with Bangladesh Consultant, fixing the agent's compensation at 2% of the value of the contract. Ultimately, Alcatel CIT paid Bangladesh Consultant approximately $626,492 in compensation for services provided in connection with the SEA-ME-WE-4 project and, between August 22, 1997, and April 25, 2006, approximately $2,524,939 in connection with various upgrades to a

predecessor of the SEA-ME-WE-4 project. At the time payments were made to Bangladesh Consultant, Alcatel Standard was aware of a significant risk that Bangladesh Consultant would pass on all or a part of these payments to foreign officials.

Conduct in Ecuador

99. ALCATEL conducted business in Ecuador with three major telecommunications customers, all of which were state-owned: Andinatel, Pacifictel, and Empresa Municipal de Telecomunicaciones, Agua Potable, Alcantarillados y Saneamiento ("ETAPA"). ALCATEL operated in Ecuador through Alcatel de Ecuador, a local subsidiary. During the relevant time period, contracts for equipment sales and major projects were directly executed by Alcatel CIT, Alcatel Standard, or Alcatel Bell (Antwerp).

100. ALCATEL retained a consultant in Ecuador during the relevant time period ("Ecuadorian Consultant"). Ecuadorian Consultant was a wealthy businessman who had a longstanding relationship with Executive 1 of Alcatel Standard, who participated directly in negotiating Ecuadorian Consultant's consulting contracts. Ecuadorian Consultant had an arrangement whereby he typically received a commission of 10-14% of the value of the sales contract on all work he performed for ALCATEL.

101. Because this percentage was much higher than ALCATEL typically paid its consultants, Executive 1 suggested that ALCATEL enter into consulting agreements with three or four different Ecuadorian Consultant-controlled entities for each sales contract so that the percentage would not appear as high. As a result, each of the Ecuadorian Consultant-controlled entities typically received 3-5% of the sales commission for each project, which allowed Ecuadorian Consultant to retain his 10-14% commission rate.

102. The consulting companies that Ecuadorian Consultant controlled all maintained one or more bank accounts in Miami, Florida, and received at least some payments from ALCATEL in those bank accounts.

103. From in or around 1999 to in or around 2004, ALCATEL entities executed at least fifty-eight consulting agreements with these Ecuadorian Consultant-controlled companies relating to work purportedly done in connection with government-owned telecommunications companies in Ecuador. Payments from ALCATEL entities to these Ecuadorian Consultant-controlled companies totaled approximately $8,875,477. Of this amount, approximately $8,087,477 was paid by Alcatel CIT and approximately $788,000 was paid by Alcatel Standard.

104. The consulting agreements the ALCATEL entities entered into with the Ecuadorian Consultant entities stated that the consulting firms were to perform such services as preparing market evaluations, providing client and competition analysis, and assisting in contract negotiations. In fact, Ecuadorian Consultant and the entities he controlled did little legitimate work for ALCATEL. Instead, it was anticipated that Ecuadorian Consultant would funnel a portion of the funds ALCATEL paid him to officials of the Ecuadorian state-owned telecommunications companies in order to secure business and other benefits for ALCATEL. Improper payments were anticipated to be made or offered in connection with at least nine contracts with government-owned telecommunications companies.

105. ALCATEL also paid for trips taken by officials of the three telecommunications companies that were principally for pleasure. For example, both the Vice-President and the Chairman of the Board of Pacifictel received improper all-expenses paid trips to France.

Conduct in Nicaragua

106. ALCATEL operated in Nicaragua through its subsidiary Alcatel Centroamerica (formerly known as "Alcatel de Costa Rica"). ALCATEL's only customer in Nicaragua was Empresa Nicaraguense de Telecomunicaciones S.A. ("Enitel"), which was state-owned during the relevant time period. Ecuadorian Consultant also served as ALCATEL's consultant in Nicaragua. Alcatel Standard entered into consultancy agreements with an Ecuadorian Consultant-controlled entity for Enitel-related assistance.

107. With the assistance of Ecuadorian Consultant, Alcatel CIT secured two contracts with Enitel during the relevant time period. The contracts, valued at approximately $1.6 million and $370,000, were each awarded in or around 2001. Consultancy agreements relating to the two projects were executed by Alcatel Standard and an Ecuadorian Consultant-controlled entity in 2002. The agreements required the Ecuadorian Consultant-controlled entity to use its best efforts to promote Alcatel CIT's offers through such measures as "market evaluation," "client analysis and competition analysis," "bid evaluation and follow-up of tender process and assistance for the preparation of offers and financing facilities," and "assistance in negotiations of contracts with clients." Each agreement provided for compensation to the Ecuadorian Consultant-controlled entity in the amount of 8% of the total contract value plus lump sum payments of $100,000 and $25,000, respectively.

108. Ecuadorian Consultant and the Ecuadorian Consultant-controlled entity appear to have done little to no legitimate work in connection with these consultancy agreements. Alcatel CIT made payments totaling approximately $229,382 to the Miami bank account of the Ecuadorian Consultant-controlled entity in 2002 pursuant to the consultancy agreements.

Ecuadorian Consultant likely used a portion of these payments to bribe certain key Enitel officials in order to influence Enitel to award the two contracts to ALCATEL, to obtain confidential information about competing bids, and to secure favorable financial terms. In subsequent correspondence with Christian Sapsizian, Ecuadorian Consultant referred to "commitments" he made at certain meetings to Enitel officials, whom he referred to as "amigos," and attributed to them the favorable contract terms granted to ALCATEL. The payments to the Ecuadorian Consultant-controlled entity were identified in ALCATEL's books and records as consulting fees, and thus the description of those payments did not accurately and fairly reflect those transactions.

109. Alcatel CIT also provided a trip to Paris and Madrid to two Enitel officials in late 2001 in order to encourage the execution of one of the two contracts. The purpose of the trip was largely for pleasure, and it appears that Alcatel CIT covered all travel costs and a large portion of the expenses.

Other Consultancy Agreements Entered into Without Proper Due Diligence

110. "Angolan Company 1" was a company registered in Mauritius with operations in Angola. Angolan Company 1 had an affiliated company, "Angolan Company 2," registered in Angola. In or around 2006, Alcatel Standard signed two consultancy agreements with Angolan Company 1 and Angolan Company 2 without performing the appropriate due diligence as part of an internal controls program. These agreements had stated commission rates of 2%, 8.16%, and 9%, and were valued at approximately €5.3 million, €6.6 million, and €34.9 million, respectively. The customer on all three projects was an Angolan telecommunications company

with close ties to "Angolan Senior Government Official," a high-ranking Angolan executive branch official, and his family. Angolan Company 1 was paid approximately $3.5 million by Alcatel-Lucent France in or around 2007 pursuant to these agreements. These amounts were recorded in ALCATEL's books and records as consulting fees.

111. Angolan Company 2 had close ties to both Angolan Senior Government Official and the Angolan telecommunications company. The sole shareholder of Angolan Company 2 was related to Angolan Senior Government Official. Another close relative of the Angolan Senior Government Official owned a 40% stake in the Angolan telecommunications company and was known to act as a front for the Angolan Senior Government Official. As a result, ALCATEL's payments to Angolan Company 1 were likely intended to influence the private Angolan telecommunications company, either directly or through Angolan Senior Government Official's family, to award business to ALCATEL.

112. "Ivory Coast Company" was a company registered in the Ivory Coast with operations in the Ivory Coast and Burkina Faso. Alcatel Standard, and later Alcatel-Lucent Trade International, signed sixty-one consultancy agreements with Ivory Coast Company between May 2002 and June 2007 without performing the appropriate due diligence as part of an internal controls program. The commission rates in these agreements ranged from 1% to 4% on contract amounts ranging from €90,000 to €16 million. The customers on these agreements, all of which were private companies, included two companies in Burkina Faso and six companies in the Ivory Coast. Ivory Coast Company was paid approximately $3 million by Alcatel CIT (and later Alcatel-Lucent France) between 2002 and 2007 pursuant to these agreements. These amounts were recorded in ALCATEL's books and records as consulting fees.

113. Ivory Coast Company was owned by an Ivory Coast government official. This government official ran Ivory Coast Company's operations from his government office and was a close advisor to a high-ranking official in the Ivory Coast executive branch. As a result, at the time payments were made to Ivory Coast Company, Alcatel Standard was aware, or should have been aware, of a significant risk that Ivory Coast Company would pass on all or a part of these payments to foreign officials.

114. "Ugandan Company" was a company registered and with operations in Uganda. Alcatel Standard signed four consultancy agreements with Ugandan Company between March 2004 and June 2006 without performing the appropriate due diligence as part of an internal controls program even though a state-owned entity was the underlying customer. The stated commission rate in three of these contracts was 2.5%; the fourth had a commission rate of 9.7%. The value of the underlying contracts ranged from €60,000 to €5.3 million. Ugandan Company was paid $382,355 by Alcatel CIT (and later Alcatel-Lucent France) between 2005 and 2008 pursuant to these agreements. These amounts were recorded in ALCATEL's books and records as consulting fees, and thus the description of those payments did not accurately and fairly reflect those transactions

115. Ugandan Consultant was one of the owners of Ugandan Company. Ugandan Consultant was a close friend of an advisor to a high-ranking official in the Ugandan executive branch. Ugandan Consultant was also reputed to be involved in other criminal activities. As a result, at the time payments were made to Ugandan Company, Alcatel Standard was aware, or should have been aware, of a significant risk that Ugandan Company would pass on all or a part of these payments to foreign officials.

116. "Malian Company 1" was a company incorporated in Mali and was owned by Malian Consultant. During the relevant time period, a relative of Malian Consultant ("Relative 1") was married to a high-ranking official in the Malian executive branch. Additionally, another relative of the Malian Consultant ("Relative 2"), individually and through a company controlled by him, "Malian Company 2," served as a consultant to Alcatel CIT, including during a time period in which Relative 2 was a senior executive of the state-controlled cellular telephone company. During this same time period, Relative 2 was the president and owner of Malian Company 2 as well as managing director of Malian Company 1.

117. During Relative 2's tenure as a foreign official, Malian Company 2 consulted for Alcatel CIT on the execution of a contract with the state-controlled cellular telephone company. The consulting agreement was executed by Relative 2 on or about April 8, 2000, and by Alcatel Standard on or about May 2, 2000, and provided for a 12% commission rate on the total contract value of 45 million French francs (approximately $9,684,407). Alcatel Standard entered into this consultancy relationship with Malian Consultant without performing the appropriate due diligence as part of an internal controls program. Alcatel CIT also made additional payments to Relative 2 for consulting services in Mali. ALCATEL's arrangement with Malian Company 1 entitled Malian Company 1 to a 2% share of any Malian contract for which another consultant was used. While Relative 2 was a foreign official, he was paid approximately $13,480 on August 15, 1999, and approximately $32,897 on February 9, 1999, for this arrangement. Relative 2 signed Malian Company 1's exclusive agency agreement in or around April 2000 while he was a foreign official. As a result, at the time payments were made to Relative 2, Alcatel Standard was

aware, or should have been aware, that these payments were improper. These amounts were recorded in ALCATEL's books and records as consulting fees.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

A copy of the executed Certificate of Corporate Resolutions is annexed hereto as "Attachment B."

CERTIFICATE OF EXTRACT OF THE CORPORATE RESOLUTIONS

OF THE BOARD OF DIRECTORS

WHEREAS, Alcatel-Lucent ("Alcatel-Lucent" or the "Company") has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section (the "Department") regarding issues arising in relation to allegations concerning certain improper payments to foreign officials to facilitate the award of contracts and assist in obtaining business for the Company; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Department (referred to as the "Deferred Prosecution Agreement"); and

WHEREAS, the Company's General Counsel together with outside counsel for the Company, have advised the Board of Directors of the Company of its rights, possible defenses, the United States Sentencing Guidelines' provisions, and the potential consequences of entering into such agreement with the Department;

Therefore, during the meeting that was held on July 29, 2010, the Board of Directors has RESOLVED that:

1. The terms of the agreement in principle with the Department will include, inter alia, (a) the filing of a two-count Information charging Alcatel-Lucent with violations of the internal controls and books and records provisions of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(2)(B), 78m(b)(5), and 78ff(a); (b) the waiver of indictment on such charges and entering into the Deferred Prosecution Agreement with the Department; and (c) the acceptance of monetary criminal penalties against Alcatel-Lucent and certain of its direct and indirect subsidiaries and affiliates,

totaling $92,000,000, and the acceptance to pay such amount to the United States Treasury, with respect to the conduct described in the Information;

2. The General Counsel of Alcatel-Lucent is hereby authorized, empowered and directed, on behalf of the Company, to take all necessary steps to cause the execution of the Deferred Prosecution Agreement, substantially in accordance with the terms reviewed by the Board of Directors at this meeting, with such changes as the General Counsel of Alcatel-Lucent may approve, upon consultation with and approval by the Chief Executive Officer and the Chairman of the Board of Alcatel-Lucent;

3. Subject to paragraph 2, the General Counsel of Alcatel-Lucent is hereby authorized, empowered and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents necessary to carry out and effectuate the purpose and intent of the foregoing resolutions; and

4. All of the actions of the General Counsel of Alcatel-Lucent which actions would have been authorized by the foregoing resolutions, but occurred prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: July 29, 2010

Extract certified conform to the original Board resolution
By Corporate Secretary of Alcatel-Lucent

PHILIPPE McALLISTER
Deputy General Counsel
Board Secretary

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Alcatel-Lucent, S.A., and its subsidiaries (collectively, "Alcatel-Lucent" or the "company") agree to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, Alcatel-Lucent agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that Alcatel-Lucent makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the company's existing internal controls, policies, and procedures:

1. Alcatel-Lucent will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA, including its anti-bribery, books and records, and internal controls provisions, and other applicable foreign law counterparts (collectively, the "anti-corruption laws"), which policy shall be memorialized in a written compliance code.

2. Alcatel-Lucent will ensure that its senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

3. Alcatel-Lucent will develop and promulgate compliance standards and procedures designed to reduce the prospect of violations of the anti-corruption laws and Alcatel-Lucent's compliance code, and Alcatel-Lucent will take appropriate measures to encourage and support the observance of ethics and compliance standards and procedures against foreign bribery by personnel at all levels of the company. These anti-corruption standards and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of Alcatel-Lucent in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"), to the extent that agents and business partners may be employed under Alcatel-Lucent's corporate policy. Alcatel-Lucent shall notify all employees that compliance with the standards and procedures is the duty of individuals at all levels of the company. Such standards and procedures shall include policies governing:

a. gifts;

b. hospitality, entertainment, and expenses;

c. customer travel;

d. political contributions;

e. charitable donations and sponsorships;

f. facilitation payments; and

g. solicitation and extortion.

4. Alcatel-Lucent will develop these compliance standards and procedures, including internal controls, ethics, and compliance programs on the basis of a risk assessment

addressing the individual circumstances of the company, in particular the foreign bribery risks facing the company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

5. Alcatel-Lucent shall review its anti-corruption compliance standards and procedures, including internal controls, ethics, and compliance programs, no less than annually, and update them as appropriate, taking into account relevant developments in the field and evolving international and industry standards, and update and adapt them as necessary to ensure their continued effectiveness.

6. Alcatel-Lucent will assign responsibility to one or more senior corporate executives of Alcatel-Lucent for the implementation and oversight of Alcatel-Lucent's anti-corruption policies, standards, and procedures. Such corporate official(s) shall have direct reporting obligations to independent monitoring bodies, including internal audit, Alcatel-Lucent's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

7. Alcatel-Lucent will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts to ensure that they cannot be used for the purpose of foreign bribery or concealing such bribery.

8. Alcatel-Lucent will implement mechanisms designed to ensure that its anti-corruption policies, standards, and procedures are effectively communicated to all directors, officers, employees, and, where appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors, officers, and employees, and, where necessary and appropriate, agents and business partners; and (b) annual certifications by all such directors, officers, and employees, and, where necessary and appropriate, agents, and business partners, certifying compliance with the training requirements.

9. Alcatel-Lucent will maintain, or where necessary establish, an effective system for:

a. Providing guidance and advice to directors, officers, employees, and, where appropriate, agents and business partners, on complying with Alcatel-Lucent's anti-corruption compliance policies, standards, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the company operates;

b. Internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employee, and, where appropriate, agents and business partners, willing to report breaches of the law or professional standards or ethics concerning anti-corruption occurring within the company, suspected criminal conduct, and/or violations of the compliance policies, standards, and procedures regarding the anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners; and

c. Responding to such requests and undertaking appropriate action in response to such reports.

10. Alcatel-Lucent will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and Alcatel-Lucent's anti-corruption compliance code, policies, and procedures by Alcatel-Lucent's directors, officers, and employees. Alcatel-Lucent shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, ethics, and compliance program and making modifications necessary to ensure the program is effective.

11. To the extent that the use of agents and business partners is permitted at all by Alcatel-Lucent, it will institute appropriate due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

a. Properly documented risk-based due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;

b. Informing agents and business partners of Alcatel-Lucent's commitment to abiding by laws on the prohibitions against foreign bribery, and of Alcatel-Lucent's ethics and compliance standards and procedures and other measures for preventing and detecting such bribery; and

c. Seeking a reciprocal commitment from agents and business partners.

12. Where necessary and appropriate, Alcatel-Lucent will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners

that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of anti-corruption laws, and regulations or representations and undertakings related to such matters.

13. Alcatel-Lucent will conduct periodic review and testing of its anti-corruption compliance code, standards, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and Alcatel-Lucent's anti-corruption code, standards and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT D

INDEPENDENT CORPORATE MONITOR

1. Alcatel-Lucent, S.A. ("Alcatel-Lucent" or the "Company") agrees to engage an independent compliance monitor who is a French national (the "Monitor") with demonstrated expertise in helping companies comply with the Foreign Corrupt Practices Act, 15 U.S.C. §§78dd-1, *et seq.* (the "FCPA") and other applicable anti-corruption laws, as set forth in Paragraphs 10-13 of the Deferred Prosecution Agreement. The Monitor will, for a period of three (3) years from the date of its engagement (the "Term of the Monitorship"), evaluate, in the manner set forth in Paragraphs 2 through 11 below, the effectiveness of Alcatel-Lucent's internal controls, record-keeping, and financial reporting policies and procedures as they relate to Alcatel-Lucent's current and ongoing compliance with the books and records, internal accounting controls, and anti-bribery provisions of the FCPA, the anti-corruption provisions of French law, and other applicable foreign law counterparts (collectively, the "anti-corruption laws") and take such reasonable steps as, in its view, may be necessary to fulfill the foregoing mandate (the "Mandate").

2. Alcatel-Lucent shall cooperate fully with the Monitor and the Monitor shall have the authority to take such reasonable steps as, in its view, may be necessary to be fully informed about Alcatel-Lucent's compliance program within the scope of the Mandate in accordance with the principles set forth herein and applicable law, including applicable data protection and labor laws and regulations, such as, among others, Article 1 of French Law No. 68-678 of July 26, 1968, as amended by Law No. 80-538 of July 16, 1980 (the "Blocking Statute"). To that end, Alcatel-Lucent shall: (a) facilitate the Monitor's access to Alcatel-Lucent's documents and other information and resources, (b) not limit such access, except as provided in this paragraph, and (c)

provide guidance on applicable local law (such as relevant data protection and labor laws) to allow the Monitor to fulfill the Monitor's Mandate. Alcatel-Lucent shall provide the Monitor with access to all information, documents, records, facilities, and/or employees that fall within the scope of the Mandate of the Monitor under this Agreement, as reasonably requested by the Monitor, except as set forth herein.

a. The parties agree that the retention of the Monitor does not establish an attorney-client, auditor-client, or similar relationship between Alcatel-Lucent and the Monitor that would otherwise prevent the Monitor from fulfilling its Mandate in accordance with this Agreement.

b. In the event that Alcatel-Lucent seeks to withhold from the Monitor access to information, documents, records, facilities, and/or employees of Alcatel-Lucent that may be subject to a claim of attorney-client privilege, the attorney work-product doctrine, or similar legal relationships, or where Alcatel-Lucent reasonably believes production would otherwise be inconsistent with applicable law, Alcatel-Lucent shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor. If the matter cannot be resolved, at the request of the Monitor, Alcatel-Lucent shall promptly provide written notice to the Monitor and to any French Authority identified by the Department ("the French Authority"). The French Authority may then transmit such information in accordance with French law to the Department. Such notice shall include a general description of the nature of the information, documents, records, facilities, and/or employees that are being withheld, as well as the basis for the claim. The Department may then consider whether to make a further request for access to such information, documents, records, facilities and/or employees, to be provided by Alcatel-Lucent to

the French Authority. To the extent Alcatel-Lucent has provided information to the Department in the course of the investigation leading to this action pursuant to a non-waiver of privilege agreement, Alcatel-Lucent and the Monitor may agree to production of such information to the Monitor pursuant to a similar non-waiver agreement.

c. Except as provided in this paragraph, Alcatel-Lucent shall not withhold from the Monitor any information, documents, records, facilities, and/or employees on the basis of an attorney-client privilege, work-product claim, or other similar legal relationship.

3. To carry out the Mandate, during the Term of the Monitorship the Monitor shall conduct a yearly review and prepare a yearly report for each of three (3) years, for a total of three reviews and three reports. With respect to each review, after consultation with Alcatel-Lucent, the Monitor shall prepare a written work plan that shall be submitted no fewer than sixty (60) calendar days prior to commencing each review to Alcatel-Lucent and the French Authority. The French Authority may then transmit such information in accordance with French law to the Department. Alcatel-Lucent and the Department shall have no more than thirty (30) calendar days after receipt of the written work plan to provide comment to the Monitor about the work plan. The Monitor's work plan for the initial review shall include such steps as are reasonably necessary to conduct an effective initial review in accordance with the Mandate, including developing an understanding, to the extent the Monitor deems appropriate, of the facts and circumstances surrounding any violations that may have occurred before the date on which this Agreement is accepted by the Court, but in developing such understanding the Monitor is to rely to the extent possible on available information and documents provided by Alcatel-Lucent. It is not intended that the Monitor will conduct its own inquiry into those historical events. In

developing each work plan and in carrying out the reviews pursuant to such plans, the Monitor is encouraged to coordinate with Alcatel-Lucent personnel, including auditors and compliance personnel. To the extent the Monitor deems appropriate, it may rely on Alcatel-Lucent processes, on the results of studies, reviews, audits, and analyses conducted by or on behalf of Alcatel-Lucent, and on sampling and testing methodologies. The Monitor is not expected to conduct a comprehensive review of all business lines, all business activities, or all markets. Any disputes between Alcatel-Lucent and the Monitor with respect to the work plan shall be decided by the Department in its sole discretion. The Monitor shall send each report to the French Authority, which may forward such information in accordance with French law to the Department.

4. The initial review shall commence no later than one hundred twenty (120) calendar days from the date of the engagement of the Monitor (unless otherwise agreed by Alcatel-Lucent, the Monitor, and the Department), and the Monitor shall issue a written report within one hundred twenty (120) calendar days of initiating the initial review, setting forth the Monitor's assessment and making recommendations reasonably designed to improve the effectiveness of Alcatel-Lucent's program, policies and procedures for ensuring compliance with the anti-corruption laws. The Monitor is encouraged to consult with Alcatel-Lucent concerning its findings and recommendations on an ongoing basis, and to consider and reflect Alcatel-Lucent's comments and input to the extent the Monitor deems appropriate. The Monitor need not in its initial or subsequent reports recite or describe comprehensively Alcatel-Lucent's history or compliance policies, procedures, and practices, but rather may focus on those areas with respect to which the Monitor wishes to make recommendations for improvement or which the

Monitor otherwise concludes merit particular attention, if any. The Monitor shall provide the report to the Board of Directors of Alcatel-Lucent and contemporaneously transmit copies to the French Authority. The French Authority may then transmit such information in accordance with French law to the Department. After consultation with Alcatel-Lucent, the Monitor may extend the time period for issuance of the report for up to sixty (60) calendar days with prior written approval of the Department.

5. Within one hundred and twenty (120) calendar days after receiving the Monitor's report, Alcatel-Lucent shall adopt all recommendations in the report unless within sixty (60) calendar days after receiving the report, Alcatel-Lucent notifies the Monitor and the Department in writing of any recommendations Alcatel-Lucent considers unduly burdensome, inconsistent with local or other applicable law or regulation, impractical, unduly expensive, or otherwise inadvisable. It shall not be deemed inconsistent with law if information otherwise protected by the Blocking Statute may be provided to the Department in accordance with French law via the French Authority or in some other manner. With respect to any recommendation Alcatel-Lucent considers unduly burdensome, inconsistent with local or other applicable law or regulation, impractical, unduly expensive, or otherwise inadvisable, Alcatel-Lucent need not adopt that recommendation within one hundred and twenty (120) calendar days after receiving the Monitor's report, but shall propose in writing to the Monitor an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which Alcatel-Lucent and the Monitor do not agree, the parties shall attempt in good faith to reach an agreement within forty-five (45) calendar days after Alcatel-Lucent serves the written notice. In the event Alcatel-Lucent and the Monitor are unable to agree on an acceptable alternative

proposal, Alcatel-Lucent shall promptly consult with the Department, which will make a determination as to whether Alcatel-Lucent should adopt the Monitor's recommendation or an alternative proposal, and Alcatel-Lucent shall abide by that determination. During the time period in which a Department determination is pending, Alcatel-Lucent shall not be required to implement any contested recommendation. With respect to any recommendation the Monitor determines cannot reasonably be implemented within one hundred and twenty (120) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Department.

6. The Monitor shall undertake two (2) follow-up reviews to carry out the Mandate. Within one hundred and twenty (120) calendar days of initiating each follow-up review, the Monitor shall: (a) complete the review; (b) certify whether the compliance program of Alcatel-Lucent, including its policies and procedures, is reasonably designed and implemented to prevent and detect violations within Alcatel-Lucent of the anti-corruption laws; and (c) report on the Monitor's findings in the same fashion as set forth in Paragraph 4 with respect to the initial review. The second review shall commence one year after the initial review commenced. The third review shall commence two years after the first review commenced. After consultation with Alcatel-Lucent, the Monitor may extend the time period for these follow-up reviews for up to sixty (60) calendar days with prior written approval of the Department.

7. In undertaking the assessments and reviews described in Paragraphs 3 through 6, the Monitor shall formulate conclusions based on, among other things: (a) inspection of relevant documents, including Alcatel-Lucent's current anti-corruption code, policies and procedures; (b) on-site observation of selected systems and procedures of Alcatel-Lucent at sample sites,

including internal controls and record-keeping and internal audit procedures; (c) meetings with and interviews of relevant employees, officers, directors, and other persons at mutually convenient times and places; and (d) analyses, studies, and testing of Alcatel-Lucent's compliance program with respect to anti-corruption laws.

8. Should the Monitor, during the course of its engagement, discover that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any entity or person within Alcatel-Lucent, or any entity or person working directly or indirectly for Alcatel-Lucent, or that related false books and records may have been maintained relating to Alcatel-Lucent either (a) after the date on which this Agreement is accepted by the Court or (b) that have not been adequately dealt with by Alcatel-Lucent (collectively "improper activities"), the Monitor shall promptly report such improper activities to Alcatel-Lucent's General Counsel or Audit Committee for further action. If the Monitor believes that any improper activity or activities may constitute a significant violation of law, the Monitor shall also report such improper activity in writing to the Department. If in the Monitor's judgment such a report to the Department would be inconsistent with French law, such as the Blocking Statute, or other law, the Monitor shall report such improper activity in writing to the French Authority, which may then transmit such information in accordance with French law to the Department. The Monitor shall disclose improper activities in its discretion directly to the Department or the French Authority, as described above, and not to the General Counsel or Audit Committee, if the Monitor believes that disclosure to the General Counsel or the Audit Committee would be inappropriate under the circumstances. The Monitor shall address in its reports the appropriateness of Alcatel-Lucent's response to any

identified improper activities. Further, in the event that Alcatel-Lucent or any entity or person working directly or indirectly within Alcatel-Lucent refuses to provide information necessary for the Monitor to perform its duties, if the Monitor believes that such refusal is without just cause the Monitor shall disclose that fact in writing to the French Authority (with appropriate notice to the Department). The French Authority may then transmit such information in accordance with French law to the Department. Alcatel-Lucent shall not take any action to retaliate against the Monitor for any such disclosures. The Monitor may report to the Department any criminal or regulatory violations by Alcatel-Lucent or any other entity or person discovered in the course of performing its duties. If in the Monitor's judgment such a report to the Department would be inconsistent with French law, such as the Blocking Statute, or other law, the Monitor shall report such criminal or regulatory violations by Alcatel-Lucent to the French Authority, which may then transmit such information in accordance with French law to the Department.

9. Alcatel-Lucent shall require the Monitor to enter into an agreement with Alcatel-Lucent that provides that for the Term of the Monitorship and for a period of not less than 1 year thereafter, the Monitor shall not enter into any additional employment, consultant, attorney-client, auditing or other professional relationship with Alcatel-Lucent, or any subsidiaries, affiliates, successors, directors, officers, employees, or agents. The agreement also shall provide that the Monitor will require that any firm with which it is affiliated or of which it is a member shall not, without prior written consent of the Department, enter into any employment, consultant, agency, attorney-client, auditing, or other professional relationship with Alcatel-Lucent or any affiliates, directors, officers, employees, or agents acting in their capacity as such for the Term of the Monitorship and for a period of not less than 1 year thereafter. To

ensure the independence of the Monitor, Alcatel-Lucent shall not have the authority to terminate the Term of the Monitorship without the prior written approval of the Department.

10. At least annually, and more frequently if appropriate, representatives from Alcatel-Lucent and the Department will meet to discuss the Monitorship and any suggestions, comments, or improvements Alcatel-Lucent may wish to discuss with or propose to the Department.

11. Alcatel-Lucent undertakes to use its best efforts to ensure that any information that might be protected by the Blocking Statute or by other laws that becomes the subject of the Monitor's reviews or reports is provided to the Department expeditiously in accordance with French law via the French Authority or in some other appropriate manner.