

March 9, 2009

Ralph V. Maly
 Communication Workers of America
 501 Third Street NW
 Washington, DC 20001

Re: Alcatel-Lucent Performance Plan

Dear Ralph,

This letter is to notify the CWA of the Fiscal Year 2008 results for the Alcatel-Lucent Performance Plan for CWA-represented occupational employees. The company results also apply to all Business Group Performance Awards except the Installation/CARA group, which agreed on specific Business Group Metrics.

Based on Alcatel-Lucent's performance in FY2008, Alcatel-Lucent's Board of Directors has authorized an aggregate target incentive to be paid under the Annual Incentive Plan of 20%. The calculation for CWA-represented employees is as follows:

All CWA-represented occupational employees except Installation, CARA and CSI:

Alcatel-Lucent Award: Target (\$627) x Percent of Target (20%) = \$125.40
 Business Group/Sub-Group Award: Target (\$627) x Percent of Target (20%) = \$125.40

Installation/CARA employees except CSI who are not eligible for the performance plan:

Alcatel-Lucent Award: Target (\$627) x Percent of Target (20%) = \$125.40
 Business Group/Sub-Group Award: Target (\$627), Performance Results = \$542.33

Since the Alcatel-Lucent Performance Plan contained in the 2004 Memorandum of Understanding stipulates a Minimum Amount in each performance year and the target percentage results in an amount which is less than the minimum amount for certain groups, the payments for CWA-represented employees are as follows:

All CWA-represented employees except Installation, CARA and CSI:

Alcatel-Lucent Award:	Minimum Amount	= \$250.00
Business Group/Sub-Group Award	Minimum Amount	= <u>\$250.00</u>
	Total	= \$500.00

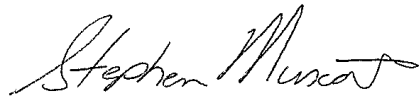
Installation and CARA employees except CSIs who are not eligible:

Alcatel-Lucent Award:	Minimum Amount	= \$250.00
Business Group/Sub-Group Award	Performance Results	= <u>\$542.33</u>
	Total	= \$792.33

Paragraphs 4, 5, and 6 of the Alcatel-Lucent Performance Plan apply and payments will be made the week of March 23, 2009.

If you have any questions on this matter please contact me at 908-582-6772.

Sincerely,



Stephen Muscat
U.S. Workforce Relations

Attachment:

Installation Business Group Award 2008 Payout

Copy to:

W. L. Schechter

Installation Business Group Award - Year End 2008 (Final Results)

INSTALLATION BUSINESS GROUP AWARD PLAN									
Performance Metric	Weight	Minimum Amount		Amount at Target		Maximum Amount		ACTUAL RESULTS	
		Baseline	Payout Amount	Target	Payout Amount	Maximum	Payout Amount	Year End 2008	Payout
Lost Workday Case Rate (Days per 100 employees)	33.30%	2.58	\$125.00	2.5	\$209.00	2.25	\$333.34	2.94	\$0.00
Installation Caused Service Interruptions *	33.30%	>4.0	\$ -	4	\$209.00	2.9	\$333.33	0.94	\$333.33
Conforming Quality Audits (% of ZD audits)	33.30%	87.00%	\$125.00	90.00%	\$209.00	92.00%	\$333.33	91%	\$209.00.
Totals			\$250.00		\$627.00		\$1,000.00		\$542.33

* per 1 million standard hours

The 2008 Payout is \$542.33