LUCENT TECHNOLOGIES INC.
CORPORATE GOVERNANCE GUIDELINES

I. OVERVIEW

These Corporate Governance Guidelines provide the framework for corporate governance at Lucent Technologies Inc. ("Lucent" or the "company"). The Board of Directors (the "Board") periodically reviews the company's corporate governance guidelines and practices to determine whether these guidelines should be updated based upon current best practices and recent developments. In establishing these corporate governance guidelines, the Board took into account certain guiding principles, which can be summarized as follows:

1. The paramount duty of the Board is to select and oversee qualified and ethical management to run the company on a day-to-day basis. The Board should ensure that senior management is setting the appropriate "tone at the top" for the company.

2. Management has the responsibility to operate the company in a competent and ethical manner in order to produce value for shareholders. Shareholders and the Board have the right to expect senior management to know how the company earns its income and the risks the company undertakes in the course of carrying out its business.

3. Personal interests of directors and management should never take precedence over, or conflict with, the interests of the company.

4. Management, with oversight from the Board and its audit committee, must produce financial statements that fairly present the financial condition of the company and make sufficient disclosures to investors to permit them to assess the financial and business soundness of the company.

5. The Board and its audit committee must engage an independent accounting firm to audit the financial statements prepared by management and to issue an opinion on those statements based on Generally Accepted Accounting Principles. The Board, its audit committee and management must be vigilant to ensure that neither the company nor its employees take any action that compromises the independence of the independent accounting firm.

II. DIRECTORS' RESPONSIBILITIES

The primary responsibilities of the directors are to select management and oversee their performance on behalf of the shareholders, to promote the long-term interests of the shareholders and generally to perform the duties and responsibilities assigned to the Board by the laws of Delaware, the state of incorporation of the company, the New York

Stock Exchange rules and other relevant legal requirements. Directors are expected to act in the best interest of all shareholders of the company, not to any particular constituency or group of shareholders.

Directors fulfill these responsibilities by, among other things:

1. Reviewing, understanding and monitoring the implementation of the company's business plans and strategy;
2. Reviewing, understanding and approving significant corporate actions and major transactions;
3. Reviewing assessments of, and advising management with respect to, significant risks and issues facing the company;
4. Selecting, evaluating and compensating the officers of the company and planning for senior management succession; and
5. Overseeing the establishment of, and monitoring compliance with, processes designed to provide reasonable assurance of:

   (a) the integrity of the company's actions, including the accuracy of its financial statements and financial reporting,
   (b) the company's compliance with law, and
   (c) adherence to the company's code of conduct by all employees.

Directors are expected to devote significant time and attention to company business, actively participate in Board and committee meetings, carefully review meeting materials, and diligently prepare for meetings and discussions with management. Directors are also expected to be willing to challenge and engage one another and senior management on critical issues facing the company.

III. CONDUCT AND ETHICS

Directors are expected to act with integrity and demonstrate a commitment to the success of the company in the exercise of their responsibilities as stewards of the shareholders' interests. In performing their oversight responsibilities, directors expect that management will act with integrity and operate the company in an effective and ethical manner.

The company has a code of conduct called the "Business Guideposts" which requires all directors and employees to conduct business in an honest and ethical manner and to act with integrity. The company also has a Code of Ethics for the Chief Executive Officer and Senior Financial Officers, which supplements the Business Guideposts by promoting full and accurate reporting and honest and ethical conduct. Any employee may report in good faith a suspected violation of company policy, ethical standards or law, without fear of reprisal.

IV. COMMITTEES OF THE BOARD

The Board has three standing committees: the Audit and Finance Committee, the Corporate Governance and Nominating Committee and the Leadership Development and Compensation Committee. All members of these committees are independent directors. The members of each committee are selected based on the director's individual background, experience and knowledge. The Audit and Finance Committee and the Leadership Development and Compensation Committee do not have any overlapping membership so that these two committees can meet concurrently. The Corporate Governance and Nominating Committee is comprised of a committee chairman, the chairmen of the Board's two other standing committees, the lead director, and other independent directors selected by the Board. Each committee has its own written charter, which sets forth the purpose, responsibilities and operations of each committee.

V. COMPOSITION OF THE BOARD AND SELECTION OF THE DIRECTORS

Independent Directors. The Board's goal is to have a substantial majority of its directors meet the New York Stock Exchange ("NYSE") standards for independent directors. To aid in its determination, the Board has adopted Director Independence Standards, which incorporate all of the NYSE independence standards. The Director Independence Standards are attached.

Size of the Board. The Board believes that, given the size of the company and the need for diversity of Board members and viewpoints, the Board should consist of between 8 and 15 members. The Board and Corporate Governance and Nominating Committee periodically review and assess the size and composition of the Board.

Director Qualifications. The Board seeks to have individuals serve as directors who have demonstrated superior performance in their professional endeavors and have high levels of integrity and ethics. The Board has adopted Director Qualification Criteria, which sets forth the characteristics for directors. The Board has also adopted a Director Nomination Process and Policy, which sets forth the Board's guidelines for selecting nominees for directors. The Board believes the criteria and the process and policy will help the Board identify and nominate candidates who best meet the Board's and company's needs. Both the Director Qualification Criteria and the Director Nominating Process and Policy are attached.

Election of Directors. The company's shareholders elect all the directors at the annual meeting for one-year terms. In between annual meetings, the Board may elect additional members by a majority vote of the Board.

Majority Voting for Directors. Any director who receives a greater number of votes "withheld" from or "against" his or her election than votes "for" that director's election shall promptly tender his or her resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating

Committee will then evaluate the best interests of the company and its shareholders and recommend to the Board the action to be taken with respect to such resignation.

Lead Director. The Board designates an independent director to serve as "lead director." The lead director serves as a liaison between management and non-management members of the Board; participates in setting the agenda for Board meetings; leads the executive sessions of the Board; communicates to the CEO results of the executive sessions, including any follow up actions; and is involved in other governance matters.

Separation of Chairman and CEO. The Board does not have a policy requiring the separation of the roles of the Chairman of the Board and the CEO. The Board believes that its independence results from having an active, engaged Board comprised of a substantial majority of independent directors, with an independent lead director. However, the Board may consider the separation of the Chairman and CEO roles based upon the circumstances.

Retirement and Term Limits. The Board has established a mandatory retirement age, whereby a director will retire from the Board at the annual meeting immediately following his or her attainment of age 72. The Board has not set term limits for directors, as the Board believes this does not necessarily serve the company's best interest and may result in a highly valued and qualified director resigning prematurely.

VI. BOARD FUNCTIONS AND OPERATIONS

Board and Committee Meetings. The Board has five regularly scheduled meetings each year at which it reviews and discusses reports by management on the company's businesses, financial performance, operational and strategic plans, outlook, compliance matters and challenges. The Board's three standing committees meet around the time of the Board meetings. Members of senior management attend Board and committee meetings to provide directors with information about the business and address any questions or concerns of directors. In addition, directors are encouraged to confer with one another and with members of senior management between meetings. Additional meetings or informational calls are held as the situation or need arises.

Agendas and Briefing Materials. Agendas for Board and committee meetings are determined in advance with input from the lead director and committee chairmen. Input is welcome from any director. As part of setting agendas, the Board and management need to allocate sufficient time for proper discussion of important topics. Directors are provided with briefing materials addressing agenda topics and providing other relevant information approximately one week in advance of each regularly scheduled meeting. Directors may also raise other important topics at a meeting, even if not on the agenda.

Executive Sessions. The Board has executive sessions at each regularly scheduled meeting with only non-management directors present. Additionally, at least once a year, an executive session will be held with only independent directors. The lead director presides over executive sessions. The standing committees also have executive sessions periodically as part of their meetings and the committee chairmen preside over these sessions.

Meeting Attendance. All directors are expected to attend all Board meetings, all meetings of committees on which they serve and the company's annual meeting of shareholders. Directors should notify the Chairman in advance if they will not be attending a meeting.

Service on Other Boards. The Board does not limit the number of other boards on which a director can serve. However, directors, and particularly the CEO, are expected to take into account their obligations to the company and not overextend themselves. Directors are expected to notify the Chairman and lead director prior to accepting another directorship.

In order to address competing time commitments, the company generally establishes two or three years in advance a schedule, which incorporates key dates, such as Board, committee and shareholder meetings, the release of earnings and the filing of periodic reports with the Securities and Exchange Commission. Board members and nominees for the Board are expected to take into account this schedule of company activities, their professional and personal schedules and the related time commitments when considering other board memberships or professional endeavors.

Change of Directors' Professional Endeavors. If a director changes his or her employer or has a material change in professional role or responsibilities, the director shall offer to resign from the Board. The Corporate Governance and Nominating Committee shall determine whether the resignation should be accepted or the director should be asked to remain on the Board.

Access to Management, Information and Independent Advisors. Directors have free and unrestricted access to the company's management and to company information. Similarly, management may seek advice and counsel from directors. The Board and committees may also seek advice from independent legal or other advisors as the Board or committees deem appropriate.

Shareholder Communications. Shareholders may communicate with the company's Board of Directors through a process established by the Board, a copy of which is attached.

VII. COMPENSATION OF DIRECTORS

Philosophy. The company's general philosophy for director compensation is:

1. Fairly compensate directors for the significant time commitment and attention to company business expected of them and the personal risks they incur serving on the board of a public company; and
2. Ensure directors' interests are aligned with shareholders and that they are stakeholders in the future of the business.

Stock Ownership. Non-employee directors are required to own a meaningful amount of the company's stock through director fees. At least 50% of all director fees are paid in stock. In addition, non-employee directors are required to hold at least 50% of all stock received as payment for director fees until the director no longer serves on the Board. Separate stock ownership requirements are established for the CEO and other executive officers.

VIII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New Director Orientation. Each new director receives an orientation, which includes a review of the company's industry, strategy, business and corporate governance and meetings with members of senior management.

Continuing Education. The company endeavors to provide the directors with updates on corporate governance practices and the legal requirements of board members. The company also works with the directors to provide meaningful education and training to enhance their effectiveness on the Board. This may include training specifically requested to help committee members in their role. In addition, the company notifies directors of various educational opportunities and pays for courses directors attend to help them in their role as Board members.

IX. SUCCESSION PLANNING AND EVALUATIONS

Succession Planning. The Leadership Development and Compensation Committee and the Board periodically review succession planning with the CEO and, as appropriate, other members of senior management. This review includes evaluating managers' experience, background, strengths, weaknesses and readiness to step into expanded roles.

In the event of an emergency or retirement of the CEO, the Board, led by the Leadership Development and Compensation Committee, will meet to select a new CEO or establish a process for selection. This process will take into account the succession planning by the Board and the Leadership Development and Compensation Committee. The lead director is authorized to call a meeting of all non-management directors for this purpose.

CEO Evaluation. At the beginning of each fiscal year, the Leadership Development and Compensation Committee establishes with the CEO goals and objectives for evaluating CEO performance, such as achieving financial, operational, personnel management and customer satisfaction goals and objectives. At the end of each fiscal year, the Leadership Development and Compensation Committee then reviews and evaluates the CEO's performance against these agreed upon goals and objectives.

Board Evaluation. Annually, the Corporate Governance and Nominating Committee oversees an evaluation of the Board. The evaluation seeks the opinion of directors as to the content and conduct of meetings, the adequacy of time allocated to discuss important topics, the quality of presentations and discussions, sufficiency and timeliness of briefing materials, access to senior management, the Board's understanding of issues, the Board's consideration of shareholders' interests in making decisions, overall characteristics and mix of skill sets of Board members, as well as other areas. Board committees also evaluate their performance annually in a similar fashion. The Board and committees use these evaluations to determine their effectiveness and identify any areas the Board or committees believe could be improved.

Attachments

Exhibit A: Director Independence Standards

Exhibit B: Director Qualification Criteria

Exhibit C: Director Nominating Process and Policy

Exhibit D: Shareholder Communications with the Board

Exhibit A

Lucent Technologies
Director Independence Standards

The Board of Directors of Lucent Technologies has adopted Director Independence Standards to assist in its determination of director independence. To be considered "independent" for purposes of these standards, the Board must determine that the director has no material relationship with Lucent other than as a director. In each case, the Board will broadly consider all relevant facts and circumstances and will apply the following standards. In addition, the Board will apply the independence standards set by the New York Stock Exchange, which are included in the standards set forth below.

1. A director will not be considered "independent" if,

   A. The director at any time served as the Chief Executive Officer of Lucent Technologies Inc.; or

   B. Within the preceding five years:

      - The director was an employee, or an immediate family member of the director was an executive officer, of Lucent; or
      - The director, or an immediate family member of the director, received more than $100,000 per year in direct compensation from Lucent, other than director fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service with Lucent); except that compensation received by an immediate family member of the director for services as a non-executive employee of Lucent need not be considered in determining independence under this test; or

   C. Within the preceding three years:

      - The director was affiliated with or employed by, or an immediate family member of the director was affiliated with or employed in a professional capacity by, a present or former internal or external auditor of Lucent; or
      - The director, or an immediate family member of the director, was employed as an executive officer of another company where any of Lucent's present executives serve on that company's compensation committee; or
      - The director was employed by another company (other than a charitable organization), or an immediate family member of the director was employed as an executive officer of such company, that makes payments to, or receives payments from, Lucent for property or services in an amount which, in any single fiscal year, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues. In applying this test, both the payments and the consolidated gross revenues to be measured will be those reported in the last completed fiscal year. This test applies solely to the financial relationship between Lucent and the director's (or immediate family member's) current employer; the former employment of the director or immediate family member need not be considered.

2. The following relationships will not, by themselves, be considered to be material relationships that would impair a director's independence:

   - **Commercial Relationship:** If a director of Lucent is an executive officer or an employee, or an immediate family member of the director is an executive officer, of another company that makes payments to, or receives payments from, Lucent for property or services in an amount which, in any single fiscal year, does not exceed the greater of (a) $1,000,000 or (b) 2% of such other company's consolidated gross revenues;

   - **Indebtedness Relationship:** If a director of Lucent is an executive officer of another company which is indebted to Lucent, or to which Lucent is indebted, and the total amount of either company's indebtedness is less than 2% of the consolidated assets of the company where the director serves as an executive officer;

   - **Equity Relationship:** If a director is an executive officer of another company in which Lucent owns a common stock interest, and the amount of the common stock interest is less than 5% of the total shareholders equity of the company where the director serves as an executive officer; or

   - **Charitable Relationship:** If a director, or an immediate family member of the director, serves as a director, officer or trustee of a charitable or not-for profit organization, and Lucent's contributions or financial support to the organization in any single fiscal year are less than the greater of (a) $1,000,000 or (b) 2% of that organizations' gross revenues. If a director is an executive officer or holds a similar position with a charitable or not-for-profit organization that receives funding, donations or other financial support from Lucent or any executive officer of Lucent, the Board shall take into account the extent of such support and its impact on that organization when determining the independence of the director.

3. For relationships not covered by Sections 1 or 2 above as to which the Board believes a director may nevertheless be independent, the determination of whether the relationship is material or not, and therefore whether the director would be independent, will be made by the directors who satisfy the independence guidelines set forth in Sections 1 and 2 above.

4. For purposes of these standards, an "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. However, when applying the independence tests described above, the Board need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or have become incapacitated. The term "Lucent" shall mean Lucent Technologies Inc., any of its subsidiaries or the Lucent Technologies Foundation.

Exhibit B

Lucent Technologies
Director Qualification Criteria

Lucent Technologies strives to have a Board of Directors consisting of top quality members who will work diligently to promote the long-term interests of the company. The company's Corporate Governance and Nominating Committee and the Board of Directors will take into account the following criteria when determining the qualifications of a candidate for director.

1. **Integrity**. Directors should have the highest level of integrity and ethical character and share the company's values.

2. **Reputation**. Directors should have reputations, both personal and professional, consistent with the company's image and reputation.

3. **Judgment**. Directors should have the ability to exercise sound business judgment on a broad range of issues.

4. **Knowledge**. Directors should be financially literate and have a sound understanding of business strategy, business environment, corporate governance and board operations.

5. **Independence**. Directors who are not current or former management should be "independent" under the Director Independence Standards adopted by the Board of Directors. In addition, directors should be independent in their thought and judgment so that they represent the long-term interests of all shareholders of the company.

6. **Experience and Accomplishments**. Directors should have significant experience, and proven superior performance in professional endeavors. In particular, directors should have experience as a CEO, COO, CFO or other high level business or leadership position in major complex organizations, including medium to large companies, government, educational and other non-profit institutions.

7. **Board Interaction**. Directors should value board and team performance over individual performance, demonstrate respect for others and facilitate superior board performance. Directors should be actively involved in the Board and its decision-making.

8. **Commitment**. Directors should be able and willing to devote the required amount of time to the company's affairs, including preparing for and attending meetings of the Board and its committees. The number of other board memberships, current occupation, meeting attendance and preparedness at meetings should be taken into consideration.

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9. **Skills**. Directors should have expertise in one or more of the following areas: accounting, finance, technology, management, international business outside of the United States, compensation, corporate governance, strategy, industry knowledge and general business matters.

10. **Long-Term Commitment**. Directors should have the ability and commitment to serve on the Board for an extended period. Future commitments and the Board's age 72 retirement policy should be taken into account, particularly when considering a new Board member.

Exhibit C

Lucent Technologies
Director Nominating Process and Policy

The following is the process and policy that the Corporate Governance and Nominating Committee of Lucent Technologies shall follow when selecting nominees for director to the Board of Directors of the company.

1. The Committee will utilize the Director Qualification Criteria established by the Committee to select the most qualified candidates.

2. The Committee will solicit candidate recommendations from Committee members, other directors and management.

3. The Committee may engage the services of search firms and advisors to help the Committee identify and screen potential director nominees.

4. The Committee will consider recommendations for director nominees made by shareholders and other sources (including self-nominees) if these individuals meet the Director Qualification Criteria. For consideration by the Committee, the submission must be sent to the Corporate Secretary's Office and include detailed background of the suggested candidate that will demonstrate how the individual meets the Director Qualification Criteria. If a candidate proposed by a shareholder or other source meets the Director Qualification Criteria, the individual will be considered on the same basis as other candidates.

5. The Committee will assess the Board's current and anticipated strengths and needs based upon the Board's current profile and the company's current and future needs. The Committee should select candidates so that the Board has an appropriate balance of expertise or experience in accounting, finance, technology, management, international business outside of the United States, compensation, corporate governance, strategy, industry knowledge and general business matters. The Committee will endeavor to have a director who is a certified public accountant (active or retired) or a current or former chief financial officer of a public company to serve on the company's Audit and Finance Committee.

6. The Committee will screen the slate of director candidates to identify the individuals who best fit the Director Qualification Criteria and the Committee's assessment of the Board's needs.

7. During the selection process, the Committee shall seek inclusion and diversity within the Board and adhere to Lucent's policy of maintaining an environment free from discrimination based upon race, color, religion, national origin, sex, age, disability, sexual preference or orientation, marital status or any other unlawful factor.

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8. If a director attends fewer than 75% of all meetings of the Board and committees on which the director serves, the Committee shall take into account the director's attendance record and reasons for meeting absences when considering whether to nominate the director for election.

9. Prior to nomination of a new director, the Committee will retain a search firm or advisor to check the references and background of the candidate. In addition, the Committee will follow other prudent practices prior to nomination, such as interviews of the potential nominee with Board members and senior management.

10. Based upon the results of the foregoing, the Committee will (a) recommend for election by the Board a candidate to fill a vacancy or a newly created directorship or (b) recommend for nomination by the Board a slate of directors for the election by shareholders.

Exhibit D

Lucent Technologies
Shareholder Communications with the Board

Shareholders of Lucent Technologies may communicate to the Board of Directors or individual directors through the Lucent Corporate Secretary's Office as follows:

Lucent Technologies
Corporate Secretary
Room 3C-536
600 Mountain Avenue
Murray Hill, NJ 07974

Shareholder communications received by the Corporate Secretary's Office shall be handled in the following manner:

1. Shareholder communications will be reviewed by the Corporate Secretary's Office to determine the appropriate action.

2. Any communications that (a) allege or report misconduct or fiscal improprieties, (b) raise issues about internal controls or other accounting or audit matters, or (c) raise concerns about other significant matters, will be discussed with the lead director or chairman of the Audit and Finance Committee prior to any response by the company.

3. If a shareholder communication requests information about Lucent, the Board or a director, and the request can be answered with information that can be shared publicly, the Corporate Secretary's Office may respond without notifying the directors.

4. If a shareholder communication is of another nature, the Corporate Secretary's Office will determine if a response is appropriate and can be made by Lucent. If a response is appropriate, the company may respond directly on behalf of the Board or the directors.

5. The Corporate Secretary's Office will periodically provide the lead director with information about the number and types of shareholder communications received, the number of responses sent, and the disposition, if applicable.

6. Copies of shareholder communications shall be provided to any director upon the director's request. If a director requests that all shareholder communications sent to the director care of the company be forwarded to him or her, the Corporate Secretary's Office shall promptly forward all such communications to the director.

7. The Corporate Secretary's Office will keep copies of all shareholder communications for a period of time consistent with Lucent's records management policy.

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