

PROPOSAL BY THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT

The distributable funds on the balance sheet of the Company at December 31, 2015 amounted to EUR 9 456 million.

The Board proposes to the Annual General Meeting that from the retained earnings an ordinary dividend of EUR 0.16 per share be paid out on the shares of the Company. The proposed ordinary dividend is in line with the Company's distribution policy and the capital structure optimization program published on October 29, 2015.

In line with the capital structure optimization program the Board further proposes to the Annual General Meeting that from the retained earnings a special dividend of EUR 0.10 per share be paid out on the shares of the Company.

At December 31, 2015, the total number of shares of the Company was 3 992 863 716. Since then, the total number of shares has increased due to the issuance of new shares by the Company in the settlement of the public exchange offers made for all outstanding Alcatel Lucent shares, American depositary shares and convertible bonds and in the settlement of private transactions entered into by the Company in order to acquire Alcatel Lucent shares. The total number of the Company's shares on March 31, 2016 was 5 775 945 340 shares, according to which, the maximum aggregate amount to be distributed as ordinary and special dividend would be approximately EUR 1 502 million.

The aggregate dividend will be paid to shareholders directly registered in the Register of Shareholders of the Company on the record date of the dividend payment, June 20, 2016. The Board proposes that the dividend be paid on or about July 5, 2016.

April 21, 2016

Board of Directors