



Lucent Technologies



Business Guideposts: A PERSONAL COMMITMENT



Important Notice to Employees

This code of conduct or *Business Guideposts: A Personal Commitment*, provides information about the standards of integrity that Lucent Technologies requires all employees to follow. It doesn't address every situation or set forth every rule, nor is it a substitute for the responsibility of every employee to exercise good judgment.

This code isn't a contract of employment and doesn't create any contractual rights of any kind between Lucent Technologies and its employees.

In addition, employees not covered by a collective bargaining agreement in the United States and US International Assignees should understand that employment at Lucent Technologies is on an "at will" basis. This means that they can terminate their employment whenever they wish and for whatever reason they might have, just as Lucent Technologies may terminate their employment at any time and for any reason.

Where local country laws contain mandatory requirements that differ from the provisions of this code of conduct, such requirements prevail for employees working in those countries.



Table of Contents

Chairman's and President's Letter	1
Lucent Technologies' Mission and Values	2
Introduction	3
Customer and Supplier Relations	4
Selling to Customers.	4
Advertising.	4
Choosing Suppliers.	4
Gifts, Entertainment, and Favors	4
Doing Business with Governments.	5
Competition	6
Antitrust Laws	6
Gathering Competitive Information	7
Trade Associations	7
International Trade	8
Export Control and Import Laws	8
International Economic Boycotts	8
People	9
Workplace Safety	9
Treatment of People — Mutual Respect and Teamwork	9
Open Communication — Integrity and Candor	10
Privacy of Employee Records	10
Conflicts of Interest	10
Competing with Lucent Technologies	10
Acting for Personal Gain	10
Inside Information	11
Assets	12
Proprietary Information	12
Copyrighted Works	12
Company Funds and Property	13
Computer and Network Resources	13
Company Records	13
Financial Reporting	13
Social Responsibility	14
Community Activities	14
Political Contributions and Involvement	14
Environmental Protection	14
Compliance	15
Questions and Answers	16
Addressing Ethical Problems	20
Analyze the Situation	20
Consider the Possible Outcomes	20
Employee Review Form	

Our Values

1 An **obsession**
with serving our
CUSTOMERS

2 A **commitment**
to business
EXCELLENCE

3 A deep **respect** for the
contributions of each
person to the success of the
TEAM

4 A strong **sense**
of social
RESPONSIBILITY



Dear Colleague,

Business Guideposts: A Personal Commitment, is Lucent Technologies' worldwide code of conduct. It is a guide to help each of us resolve ethical dilemmas in an increasingly complex global business environment as well as a public statement of our commitment to the highest standards of integrity.

While business practices may change over time, our commitment to the highest standards of integrity remains constant. We believe that conducting business ethically is critical to our success. It means more than just obeying the law; it means that integrity underlies everything we do at Lucent Technologies. We can all be proud of our commitment.

Of course, no code of conduct can anticipate and address every situation. In many cases, common sense and good judgment will be your best guide. In other cases, you also may want to consult with your co-workers, your supervisor, other managers, the Law Division, or Corporate Security. Whatever you do, keep in mind that when you act on the company's behalf, Lucent Technologies' reputation for honesty and integrity is in your hands.

Rich McGinn

Rich McGinn
Chairman and
Chief Executive Officer

LUCENT TECHNOLOGIES' MISSION

To provide our customers with the world's best and most innovative communications systems, products, technologies and customer support.

Powered by excellent people and technology, we will be a customer-driven, high performance company that delivers superior, sustained shareholder value.

We make the things that make communications work.

LUCENT TECHNOLOGIES' VALUES

Our values are based on our proud and shared traditions, and shaped by the demands of this new world we are helping to create. Together, we will define and refine our values as our company grows.

These values are our touchstone. This is the kind of company that we aspire to be. Our values will guide the behavior and decisions of all Lucent Technologies people around the world as we deal with our customers, our partners, our suppliers, the communities in which we work and live, and — most of all — each other.

- An **OBSESSION** with serving our **CUSTOMERS** — All of our actions are driven by our desire to serve our customers better than anyone else in the industry. We strive to partner with every customer. We work not only to meet their needs but to exceed their expectations. Our customers can rely on us and on our commitment to them now and in the future.
- A commitment to **BUSINESS EXCELLENCE** — While there are many elements of business excellence, we believe a focus on speed, innovation and quality is the best way to meet our goal of providing the world's best and most innovative communications solutions.

Speed — We're faster than the competition in recognizing and responding to customer's needs. We're bold enough to take risks, but we always balance our desire for speed with diligent fact-finding and consideration of different points of view.

Innovation — We continually innovate so that our products, processes and services better serve our customers. We give people the flexibility to perform their jobs and creativity is rewarded. We're committed to a continuous learning environment where we constantly upgrade our skills.

Quality — In order to provide superior customer value, we continuously improve our work through a commitment to quality principles.

- A deep **RESPECT** for the contributions of **EACH PERSON** to the success of the **TEAM** — Each of us has rights and responsibilities as members of the Lucent Technologies team. We have the right to work in an environment where mutual respect, teamwork, integrity and candor are the norm. And we have the responsibility to foster that environment and actively contribute to the overall success of the team.

Mutual respect and teamwork — We support and celebrate diversity of people and ideas in our work environment and in the communities in which we work and live. Each of us has an obligation to speak up and an obligation to listen. We encourage constructive contention; we confront issues with mutual respect. We pro-actively communicate and share information with colleagues throughout the business. We expect the best of ourselves and each other. No person is alone in his or her pursuit of an objective; we are a team.

Personal accountability — We each take ownership for the success of Lucent Technologies. Our objectives reflect our aspiration to be the best in the world. Our rewards are determined by our results. We keep our commitments. We recognize ourselves and each other as Lucent's most valuable assets and strive for personal excellence as well as team success.

Integrity and candor — We uphold the highest level of business ethics and personal integrity. We are honest and candid in all our dealings with our customers, shareholders, suppliers, partners, the communities in which we work and live, and each other. We support behavior consistent with our values and speak up when we see behavior that is not consistent with our values.

- A strong sense of **SOCIAL RESPONSIBILITY** — We live up to our responsibilities to serve and enhance the communities in which we work and live and the society on which we depend.

Introduction



Among other things, our *Business Guideposts* means behaving in law-abiding and ethical ways in all our business relationships, dealings and activities and sharing these expectations with our business partners, contractors and consultants. Some of the principles you'll find in these guideposts are highlighted below.

- We earn customers' business and build relationships with them by representing our products honestly.
(see page 4)
- We select suppliers based on the merit and value of their products and services. We don't accept gifts, entertainment, or favors that could cloud our business judgment.
(see page 4)
- We compete vigorously, relying on the merits of our products and people.
(see page 6)
- We create and maintain workplaces characterized by:
 - Safe and healthy working conditions
(see page 9)
 - Respect for individuals and freedom from discrimination based on gender, race or similar factors
(see page 9)
 - Open communication and sharing of ideas
(see page 10)
 - Respect for employee privacy.
(see page 10)
- We never let our business dealings on behalf of Lucent Technologies be influenced by personal or family interests.
(see page 10)
- We don't take advantage of non-public Lucent Technologies information to which we have access.
(see page 11)
- We ensure that proprietary information is never improperly revealed.
(see page 12)
- We safeguard and make proper and efficient use of company funds and property.
(see page 13)
- We follow proper recordkeeping and financial reporting procedures.
(see page 13)
- We support involvement in the communities where we live and work.
(see page 14)
- We protect the environment in the many locations where we conduct business.
(see page 14)
- We comply with applicable laws that govern Lucent Technologies' operations.
(see page 15)
- We notify Corporate Security whenever we suspect, observe, or learn of unethical business conduct or the commission of any dishonest, destructive, or illegal act.
(see page 15)

Employees who don't comply with this code of conduct and other company policies may be disciplined, up to and including dismissal.

Customer and Supplier Relations



Our *Business Guideposts* recognize that integrity and customer satisfaction go hand in hand because Lucent Technologies people have an obsession with serving our customers. All of our actions are driven by our desire to serve our customers better than anyone else in the industry. We strive to partner with every customer. We work not only to meet their needs but to exceed their expectations. Our customers can rely on us to deliver what we promise. In today's fiercely competitive marketplace, we can succeed only by delighting our customers with our products. We will be faster than the competition in everything we do. We make decisions quickly, balancing our desire for speed with diligent fact finding and inclusion of different views.

Selling to Customers

Lucent Technologies people compete vigorously, but fairly. We don't misrepresent our products or capabilities, even if it means losing a sale. Where silence about a fact could mislead a customer, we disclose the information. We communicate clearly and precisely so that our customers understand the terms of our contracts, including schedules, prices, and responsibilities. Our customers can rely on us and on our commitment to them, now and in the future.

Advertising

Customers trust Lucent Technologies because they know we stand behind the quality of our products. The way we advertise and market our products is an important element in maintaining that trust.

Advertising can establish a customer's first impression of Lucent Technologies or motivate a current customer to try a new product. It can help create lifetime customers or it can send them to the competition. To maintain our customers'

hard-won trust, our advertisements and other communications must always accurately and fairly describe our products and not disparage the products of others. Anything less, that could be construed as deceptive, would be a serious disservice to our customers and could hurt Lucent Technologies' good name.

Questions about advertising should be directed to Corporate Advertising, and questions about other external communications should be directed to Public Relations.

Choosing Suppliers

We strive to build good working relationships with our suppliers. They work with us to achieve the highest standards of quality to delight our customers. We choose our suppliers based on merit, considering among other things price, quality, delivery capability and reputation for service and integrity; never on the condition that they purchase goods or services from Lucent Technologies.

Gifts, Entertainment, and Favors

Gifts — Gift-giving practices vary around the world. Gifts are generally given to create goodwill and, in some parts of the world, declining a gift may insult the giver. On the other hand, accepting a gift may create a conflict of interest or the appearance of a conflict of interest. This presents a dilemma for the recipient of a gift.

When is it appropriate to accept a gift? Generally, you can accept a gift if it's unsolicited, inexpensive and not given to influence your judgment. Otherwise, you should decline it and explain Lucent Technologies' policy to the gift-giver. Never solicit gifts, directly or indirectly, from customers or suppliers. Under no circumstances should you accept, directly or indirectly, payments, loans, kickbacks, special privileges, favors, or services from anyone.

In parts of the world where gift giving is common practice and not accepting a gift could reflect badly on Lucent Technologies, it may be appropriate to accept an expensive gift, as long as doing so wouldn't violate any laws or in any way discredit Lucent Technologies, and the gift is unsolicited and not given to influence your judgment. If you receive such a gift, notify your supervisor in writing.

Entertainment — You may accept occasional meals or other modest forms of entertainment from customers or suppliers as a courtesy extended during the normal course of business, provided the entertainment is not being offered to influence your business decisions. Generally, however, you should reciprocate with similar modest hospitality within a reasonable time.

If a customer or supplier proposes entertainment that is more than modest or routine, you must consult your supervisor before accepting the invitation.

Favors — Lucent Technologies does not buy business: We obtain it on the merits of our products and people. Never offer money, favors, inappropriate gifts or promises of gifts, or anything else of unusual value to influence, direct, obtain or retain business. Such payments or favors may be considered bribery, which violates Lucent Technologies policy as well as the laws of the United States and other countries. It is equally unacceptable to take bribes in any form.

Doing Business with Governments

Special care must be taken when dealing with government customers. Activities that might be appropriate when working with private sector customers may be improper and even illegal when dealing with government employees, or providing goods and services to another customer who in turn will deliver your product to a government end user. These issues are particularly important when dealing with the United States government, which has specialized rules governing its procurements, and is a substantial consumer of Lucent products. If you work with government customers, be aware of and honor procurement and other laws that apply. Contact Corporate Security if you learn of a violation of these laws or have questions concerning compliance with them.

The Lucent Technologies Corporate/Personal Integrity Program (C/PIP) provides specific guidance for Lucent Technologies people who provide goods or services to the US government.

The Law Division can tell you whether your activities are covered by the special rules applicable to dealings with the US government and provide appropriate guidance. The Law Division can also provide information for employees who work with other governments.

Competition

Our competitive efforts must rely upon the merits of our products and people, not on unfair or unethical practices.

Antitrust Laws

Many countries in which Lucent does business have antitrust or competition laws designed to benefit customers by promoting competition. In particular, these laws are intended to make certain that customer choices in the marketplace are not encumbered by improper agreements or other improper conduct that would affect price, restrict volumes produced, or reduce the variety of products or services otherwise available to customers.

Certain agreements are so harmful to customers that they are deemed illegal per se, which is to say without regard to their actual effect in the marketplace. It is the act of agreeing that is illegal. These practices are absolutely prohibited by Lucent policy and include:

- Agreements or understandings with competitors on price;
- Agreements or understandings with competitors to allocate (or “divide up”) customers, products, services or territories;
- Agreements or understandings with competitors to limit the supply or production of any product or service;
- Bid rigging or making agreements or reaching understandings with competitors not to bid in public or private procurements;
- Agreements or understandings with competitors to disadvantage other competitors; and
- Dictating the price at which independent distributors or resellers may resell Lucent products.

In addition, these offenses can be prosecuted as crimes, resulting in high fines for corporations and jail time for employees involved.



Keep in mind that an unlawful agreement on “price” can cover a broad range of agreements among competitors that directly or indirectly affect the price of goods or services, including, by way of example, agreements on price ranges, minimum or maximum prices, list prices, advertised prices, pricing formulas, discounts, rebates, profit margins, credit terms or other terms of sale.

You should also understand that an unlawful “agreement” or “understanding” need not be in writing. It can be oral, or inferred from the conduct of the parties. For example:

- An informal observation to a competitor about a company’s likely future prices,
- Comments to a competitor about the desirability of a whole industry following a price increase, and
- Comments to a competitor about the desirability of ceasing discounts to certain customers, have each been used (along with other circumstantial evidence) to charge companies and individuals with criminal price-fixing. It is for this reason that Lucent policy prohibits any conduct or activity, formal or informal, from which even an appearance of improper conduct could be drawn.
- The obligation to scrupulously avoid even an appearance of impropriety applies in business settings as well as to communications with competitors in casual social settings (golf games, civic events, etc.). There are no off-the-record discussions with competitors.

There are other activities that under certain circumstances might also violate US and foreign antitrust laws, such as agreements with suppliers or customers not to do business with others, certain exclusive dealing arrangements, significant differences in prices offered to customers who compete, charging below cost prices, or selling products or services only on the

condition that the buyer purchase a second product or service. Whether such practices create antitrust risk depends on a number of factors. You should not proceed with any such arrangements without Law Division approval.

Because this area of the law is complex and the penalties for violation severe, contact the Law Division whenever you have questions about the antitrust laws of the countries in which Lucent Technologies conducts business.

Gathering Competitive Information

Gathering information about competitors, when done legally and ethically, is a legitimate business activity. It enhances our knowledge of the marketplace in which we sell and helps us understand and meet customer needs. Competitive information, however, should never be obtained, directly or indirectly, by improper means such as misappropriating confidential information, bribing or otherwise contacting a competitor's employee, or misrepresenting the fact that you are a Lucent Technologies employee. If we retain consultants to gather competitive information on our behalf, the same rules apply.

Benchmarking is a form of competitive information gathering, and as such is subject to the antitrust laws to the same

extent as any other Lucent activity. A practice that otherwise violates the antitrust laws, such as an agreement on price, is not saved by labeling it as benchmarking.

Trade Associations

Competitive information can also come to your attention through attendance at trade shows or trade association meetings. While such events can serve useful, legitimate purposes such as providing a showcase for new products, they can also create antitrust risk because they provide a meeting ground for competitors. Whenever you attend such an event, you should avoid even an appearance of engaging in improper discussions with competitors. Under no circumstances should you participate in any discussion with competitors about pricing, price trends, profit margins, bids, terms or conditions of sale, customers, production capacities, marketing or product plans, business strategies, or other such topics. If you find yourself involved in such a discussion, object immediately. If the discussion persists, excuse yourself and report the incident to the Law Division.

The Law Division is always available to answer any questions you may have about gathering competitive information, benchmarking, or participation in a trade show, trade association or other industry forum.

International Trade

International trade laws control the movement of products, services and technology around the world.

Export Control and Import Laws

Export control laws govern exports of commodities and technical information from one country to another. In order to comply with these laws, all exports must be licensed or qualify for a license exception, and special licenses are necessary for products which are capable of encrypting voice or data. These laws control the distribution of hardware, software, and technical information, no matter how shipped, carried, or transmitted. Even facsimile copies or electronic mail containing technical information are considered exports and are governed by these laws.

US import laws govern the import of commodities into the United States. These laws control what can be imported into the United States, how the articles should be marked and the amount of duty to be paid. Other countries also have laws that control imports and regulate import duties. Lucent Technologies complies with the customs laws of all countries.

International Economic Boycotts

US law prohibits companies from participating in or supporting economic boycotts that are not sanctioned by the US government. For example:

- We can't refuse or agree to refuse to do business with a boycotted country, its nationals, or blacklisted companies.



- We can't discriminate or agree to discriminate against individuals or companies on the basis of race, religion, sex, national origin, or nationality.
- We can't furnish or agree to furnish information, directly or indirectly, about any person's race, religion, sex, national origin, or membership in or support of charitable or fraternal organizations supporting a boycotted country.
- We can't furnish information about Lucent Technologies' or any person's past, present, or prospective relationship with boycotted countries, nationals of boycotted countries, or blacklisted companies.
- We can't pay, honor, negotiate, or implement letters of credit containing prohibited boycott provisions.

In addition, Lucent Technologies must report to the US government any request to participate in or support an economic boycott not sanctioned by the government. Such requests could be received orally or in the form of a bid invitation, purchase order, contract, letter of credit, shipping document or other written communication.

Questions about US import control laws can be directed to Global Procurement's Import Compliance organization. In addition, contact the Law Division if you learn of a boycott request, or have questions about export control, import, or economic boycott laws, and possible conflicts among these laws.

People



These simple words identify a fundamental and powerful value at Lucent Technologies: A deep respect for the contributions of each person to the success of the team, whether they be colleagues at Lucent Technologies, customers, suppliers, or anyone else in the many places around the world where we live and work.

Workplace Safety

Lucent Technologies is committed to making the work environment safe and healthy for its employees and others and to complying with all applicable laws and regulations relating to safety and health in the workplace. Employees are told about procedures that are in place to protect them from generally recognized workplace hazards. Dangerous conditions are immediately reported so that workplace accidents are minimized. In day-to-day operations, Lucent Technologies people integrate safety, health and ergonomics into design, manufacturing, installation, use, maintenance, and service of products.

To help ensure a safe and healthy work environment, Lucent Technologies prohibits certain activities. Examples include:

- Threatening or violent behavior, or even the suggestion of such behavior, toward others, including co-workers, customers and suppliers
- Possession of firearms, explosives or other weapons anywhere on company property or while conducting company business
- Willful destruction of company property or the property of others.

Lucent Technologies is also committed to a drug-free workplace. The misuse of drugs, both legal and illegal, while on company premises or business interferes with a safe, healthy and productive work environment and is prohibited. Specifically, Lucent

Technologies prohibits the use, possession, distribution, or sale of illegal drugs on its premises, in its vehicles and while conducting Lucent Technologies business. Furthermore, no employee may conduct Lucent Technologies business while under the influence of drugs or alcohol.

Treatment of People — Mutual Respect and Teamwork

Lucent Technologies is committed to providing a work environment that nurtures each employee as an individual and an important member of the culturally diverse, worldwide Lucent Technologies team.

In keeping with this commitment and our value of mutual respect, Lucent Technologies is committed to providing a work environment free from discrimination based on race, color, religion, national origin, sex, age, disability, sexual preference or orientation, marital status, or any unlawful factor. This means that we comply with applicable human rights and employment equity legislation and we don't discriminate unlawfully in any aspect of employment, including recruiting, hiring, compensation, promotion or termination. It also means that Lucent Technologies doesn't permit conduct that creates an intimidating or offensive work environment. Such conduct includes, but isn't limited to, racist, sexist, ethnic, or homophobic comments or jokes; sexual advances or inappropriate physical contact; or sexually oriented gestures, pictures, jokes or statements.

If you believe that you are the victim of discriminatory or harassing conduct, speak to your supervisor, or if that is not appropriate, call the Equal Opportunity/Affirmative Action Hotline on 1-800-363-5942 for a representative.

All complaints will be investigated promptly and without reprisal.

Open Communication — Integrity and Candor

Open communication helps make our value of mutual respect come alive. It means we give one another accurate and timely information about business issues. We listen to each other and to our customers and suppliers because we believe communication is as much about listening as it is about talking. Differing opinions and expressions of concern are welcome. While we may disagree with one another, we know healthy debate is important. We keep the communications channels open.

When communication takes the form of a concern or complaint, we can take that concern or complaint to a supervisor. If the complaint is about the supervisor, or if the supervisor can't solve the problem, we can take the matter to higher management or other appropriate persons without fear of reprisal for making known, in good faith, that concern or complaint.

Our communication with one another and with other stakeholders, including customers, is always professional and courteous. Being rude or abusive to one another, to customers, or to others is never acceptable.

Open communication is an extension of mutual respect on another level. Our co-workers, customers and others depend on us to take responsibility for what we say and do. If we make commitments, we keep them; if we're going to be absent from work, we promptly tell our supervisors so commitments to customers and others can be met. And we're honest with our work time, because others count on each of us to do our share in making the consistent delivery of superior Lucent Technologies products the hallmark of our business.

Privacy of Employee Records

Lucent Technologies recognizes that privacy is important to each of us. The company therefore maintains only those employee records required for business, legal, or contractual reasons, and limits access to and knowledge of those records to people who need the information for legitimate business or legal purposes.

If you have access to personal information about co-workers, take precautions to ensure it isn't misused or disclosed improperly. In addition, observe all applicable laws regarding employee information, including those requiring maintaining records for a specific time and at a specific location, and those which limit the movement of personnel data across national borders.

Conflicts of Interest

Lucent Technologies' policy regarding conflicts of interest is straightforward: Don't compete with Lucent Technologies and never let business dealings on behalf of Lucent Technologies be influenced, or even appear to be influenced, by personal or family interests.

Competing with Lucent Technologies

To avoid competing with Lucent Technologies, don't enter into unauthorized business relationships with competitors. This means, among other things, that you must not own a competing business or assist any unauthorized person outside Lucent Technologies, including family or friends, in the planning, design, manufacture, sale, purchase, installation or maintenance of products that compete or could compete with Lucent Technologies or any other work performed by Lucent Technologies.

Acting for Personal Gain

You must not let personal interests interfere with business dealings. For example, don't:

- Influence, either directly or indirectly, Lucent Technologies' dealings with any supplier with whom you have a personal or financial relationship
- Work for, represent or favor for personal reasons a supplier in its dealings with Lucent Technologies
- Use Lucent Technologies' name, information, property, time, or other resources to perform outside activities such as a second job or volunteer or community activities not specifically sponsored or approved by the company. These activities must always be kept separate from your employment with Lucent Technologies.

Your supervisor can help you sort through situations that may involve conflicts of interest.

Inside Information

There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including Lucent Technologies securities. Inside information can take many forms, but always includes information which is not available to the general public and which might influence an investor's decision to buy, sell or hold securities in a company. It includes acquisition plans; financial information or projections; new contracts, products or discoveries; major organizational changes; or other business plans. Often, it involves information affecting a company other than Lucent Technologies, e.g., winning or losing a big order, but which you learn about as a Lucent Technologies employee.

You must not buy, sell or trade Lucent Technologies securities or the securities of other companies about which you have inside information until that information becomes public. You also may not engage in

any transaction where you may profit from short-term speculative swings in the value of Lucent Technologies securities. This includes "short sales" (selling borrowed securities which the seller hopes can be purchased at a lower price when they are due for delivery) and "put" and "call" options (publicly available "rights" to sell or buy securities within a certain number of months at a specified price). In addition, while you have inside information, you may not share this information with anyone else, including family members or friends or advise anyone about trading in any securities based on this information.

Because inside information is extremely valuable, handle it just as you would handle other Lucent Technologies proprietary information. Don't discuss it with family, friends or anyone else; don't talk about it in public places; don't fax it to unattended machines; don't mail it electronically to general information broadcast codes; and don't tell others at Lucent Technologies unless they must know for business reasons.

If you have questions about inside information, contact the Law Division.

Assets



Our obligation to our shareowners and ourselves is to safeguard Lucent Technologies' assets. This means that we must protect Lucent Technologies' physical property as well as its less tangible assets such as proprietary information, trademarks, service marks, patents, copyrights and goodwill.

Proprietary Information

In today's highly competitive, global marketplace, protecting Lucent Technologies' proprietary information, and other intellectual property, can mean the difference between success and failure.

Proprietary information is information or knowledge that Lucent Technologies has determined must not be disclosed to others, except as required by law or permitted by company policy, because doing so could disadvantage Lucent Technologies competitively or financially; because the information could violate the privacy rights of employees, customers, suppliers, joint venture partners, or the company; or because the information belongs to others and we have agreed to keep it private. Our customers, suppliers and business partners can rely on us to protect their confidential information and intellectual property from being disclosed to anybody without their approval. When there is a legitimate business need to disclose proprietary information outside Lucent Technologies or where disclosure is sought by legal process, a nondisclosure agreement is appropriate. The Law Division can help you with this.

Proprietary information includes, but isn't limited to, information about:

- Lucent Technologies' research and development, such as inventions, patent applications, e.g., patents which have not been issued yet or have not been published, and engineering and laboratory notebooks

- Employee records
- Confidential manufacturing processes or know-how
- Business strategies, business results, unannounced products, marketing plans, pricing, and financial data
- Non-public information about products, including hardware and software specifications and designs
- Confidential organizational information including personnel information such as salaries, job assignments, and performance appraisal results.

Each of us is responsible for ensuring that proprietary information is protected from theft, damage, unauthorized disclosure or inappropriate use. Always store such information in a safe place and follow security procedures for the computer systems you use. In addition, use common sense to help prevent accidental disclosure of proprietary information. Remember that you can be overheard in public places such as airplanes, elevators and restaurants, and when using portable communications devices. Also, don't discuss Lucent Technologies' proprietary information with family or friends; they may not understand its significance and may inadvertently pass it to someone who shouldn't have it.

Copyrighted Works

Copyright laws protect the original expression in, among other things, written materials, software, works of art and music, and prohibit their unauthorized duplication, distribution, display and performance. This means that we may not reproduce, distribute or alter copyrighted materials from books, trade journals, computer software or magazines, or play records, tapes, disks, or videotapes, without permission of the copyright owner or its authorized agents. For example, if you want permission to use copyrighted materials, you

would need to contact organizations such as the Copyright Clearance Center, the American Society of Composers, Authors and Publishers, or Broadcast Music, Inc.

Software used in connection with Lucent Technologies' business must be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement.

For more information, refer to Lucent Technologies Intellectual Property Guide, A Quick Guide to the Patenting Process at Lucent Technologies, Lucent Technologies Corporate Identity Guidelines, or contact the Law Division.

Company Funds and Property

We are all responsible for safeguarding and making proper and efficient use of company funds and property by following procedures to prevent their loss, theft or unauthorized use. Company funds and property include company time; cash, checks, drafts and charge cards; land and buildings; records; vehicles; equipment, including fax machines, copiers, and telephones; computer hardware and software; scrap and obsolete equipment; and all other funds and property.

Here are some ways to protect company funds and property:

- Make sure expenditures are for legitimate business purposes.
- Keep accurate and complete records of funds spent.
- Use corporate charge cards or calling cards only for business purposes or as specified in company instructions. (Personal use of a company charge card is grounds for dismissal.)
- Use Lucent Technologies' trademarks and service marks in accordance with company instructions..

Computer and Network Resources

Computers and network resources, and the information they contain, are valuable company assets that must be safeguarded. Computers and networks must be used for company business only, including access to external (non-company) information services such as the Internet. You must protect company computers, networks and the data

they contain against unauthorized access, use, modification, disclosure or destruction.

Actual or suspected loss, damage, misuse, theft, embezzlement or destruction of company funds or property should be reported immediately to Corporate Security.

Company Records

Accurate and complete records are critical in meeting Lucent Technologies' financial, legal and management obligations, as well as in fulfilling our obligations to customers, suppliers, shareowners, employees, government agencies and ministries, and others. Company records include employee and payroll records; vouchers; bills; time reports; billing records; measurement, performance and production records; and other essential data.

To protect company records, we must always:

- Prepare records accurately and completely.
- Sign only records that are accurate and complete.
- Retain records according to legal requirements and the Lucent Technologies Records Retention Schedule.
- Disclose records only as authorized by company policy or in response to legal process.

Questions about protecting or releasing company records should be directed to Corporate Security, or you should consult the corporate records retention policy.

Financial Reporting

It is extremely important that Lucent Technologies' accounting, financial and other systems provide accurate and timely reporting of transactions involving company assets. Every accounting or financial record, as well as the underlying support data, must accurately describe the transaction without omission, concealment or falsification of information.

Questions about requirements for financial reporting may be directed to the Controller's organization.

Social Responsibility



Community Activities

Lucent Technologies encourages employees to participate in community activities. Employees should ensure, however, that no conflict of interest, either actual or potential, exists between their Lucent Technologies employment and their duties in public or civic affairs, whether elective or appointed, paid, or voluntary. For example, sometimes employees who perform public service or hold an elected or appointed position are called upon to make decisions that might affect Lucent Technologies (such as voting on a land use ordinance that involves Lucent Technologies real estate).

If you find yourself in a situation like this, consult the Law Division or, if time doesn't permit, abstain from the vote.

Political Contributions and Involvement

Lucent Technologies does not contribute company funds or assets to candidates for political office, and no employee or agent can make or approve such contributions on behalf of the company.

Lucent Technologies has established Political Action Committees (PACs), supported by voluntary employee contributions, for making any such political contributions. The aforementioned prohibition does not interfere with Lucent's administration of these PACs.

Employees are also prohibited from using their positions with Lucent Technologies, or Lucent Technologies' assets, in attempting

to influence the personal decisions of others to contribute to or otherwise support political parties or candidates.

Lucent Technologies Corporate/Personal Integrity Program (C/PIP) provides further guidance in this area; any questions involving political contributions should be directed to Lucent Technologies Public Affairs at 202-530-7000.

Environmental Protection

Lucent Technologies complies with all environmental, safety, and health laws and regulations of the countries where we conduct business. Lucent Technologies also:

- Complies with Lucent Global environmental, health and safety standards
- Promotes awareness about protecting the environment
- Considers environmental criteria when evaluating projects, products, processes and purchases, including acquisitions and divestitures
- Protects the environment by conserving resources, recycling, and reusing materials
- Designs and manufactures products that are safe for people to use and that meet or exceed all applicable government standards and regulations.

Contact the Environment and Safety Engineering organization if you have questions about Lucent Technologies' environmental protection policy.

Compliance



This code of conduct applies to all Lucent Technologies people. It affirms our commitment to the highest standards of integrity in our relationships with one another and customers, suppliers, shareowners and others in the communities where we live and work. Each employee will receive the code to read carefully, and supervisors will review it with their people at least once every two years.

While compliance is every person's responsibility, Lucent Technologies has established a compliance structure which assigns oversight responsibility for Lucent Technologies' *Business Guideposts* program to the Chief Financial Officer. Business unit and division heads are responsible for establishing, implementing and maintaining an effective program, including a system of internal controls, to ensure compliance by everyone in their organizations with all laws and regulations and the provisions of this code of conduct. People who supervise others have a special responsibility to show, through words and actions, personal commitment to the highest standards of integrity. In particular, supervisors, as coaches and leaders, must:

- Maintain an environment of open communication in which the Lucent Technologies values and the provisions of this code and related policies and instructions are shared, discussed and even debated.
- Ensure that their people understand the Lucent Technologies values and the provisions of this code and give them additional training, when appropriate.
- Take reasonable steps to ensure that unethical conduct within their areas of responsibility is detected and addressed.

- Consider whether a person lives the Lucent Technologies values before placing him or her in a position of responsibility.

Every one of us must comply with the letter and spirit of all applicable laws and regulations, with the provisions of this code and with other company policies and instructions. Ultimately, our conduct is our own responsibility. None of us should ever commit dishonest, destructive, or illegal acts even if directed to do so by a supervisor or co-worker, nor should we direct others to act improperly. In addition, don't deviate from Lucent Technologies' policies and instructions even if doing so appears to be to the company's advantage.

We are each responsible for notifying Corporate Security immediately if we suspect, observe or learn of unethical business conduct or the commission of any dishonest, destructive, or illegal act. Corporate Security can be reached on a 24 hour basis within the United States on 1-888-267-7732 and for all international calls on 1-973-606-2323.

Corporate Security will investigate all reports, including those made anonymously, and provide feedback when appropriate. There will be no reprisals against those who report suspected violations in good faith, and their identity will be protected to the extent consistent with law and Lucent Technologies policy.

Because Lucent Technologies believes so strongly in ethical behavior, employees who don't comply with the provisions of this code and other company policies and instructions may be disciplined, up to and including dismissal. Additionally, violations of these standards could result in criminal penalties and/or civil liabilities.

Questions and Answers



QUESTION 1

My spouse and I own a small graphic arts business. The work I do for that business is totally unrelated to my Lucent Technologies job. I'm sure that I could provide Lucent Technologies with a superior product at a reduced cost. Can I be both an employee and a vendor to Lucent Technologies?

ANSWER

No. Your primary obligation is to Lucent Technologies, and providing services as a vendor would be a conflict of interest. Your spouse, if in business by himself or herself, could bid on Lucent Technologies jobs as long as 1) he or she does not use your Lucent Technologies employment to influence the bidding process, 2) you do not participate in the performance or evaluation of the work if he or she gets the job, and 3) the relationship is reported to your supervisor.

SEE PAGE 10, "CONFLICTS OF INTEREST."

QUESTION 2

As long as I'm not competing with or selling to Lucent Technologies or using its name, information, time, or other assets, are there any restrictions to my accepting a second job?

ANSWER

Certainly, you are free to use your own time as you see fit. However, be sure that any second job doesn't conflict with your Lucent Technologies job. For example, you must not accept a job which could discredit Lucent Technologies or interfere with the independence and objectivity of your judgment. Your second employment must be kept totally separate from your Lucent Technologies employment. In no event may you use Lucent Technologies' name, information, time, property, or other resources to perform your second job.

SEE PAGE 10, "CONFLICTS OF INTEREST."

QUESTION 3

Can I sell a product or service I develop on my own time?

ANSWER

It depends on the product or service. Lucent Technologies' position is that it has an ownership right to any product or service reasonably related to its business, even if you develop it on your own time. You must get a release letter approved by the Law Division before you begin marketing any such product or service.

QUESTION 4

I do a lot of business and personal travel. Can I keep non-cash benefits I receive from business travel (for example, frequent flyer credits) and apply them to my personal travel plans?

ANSWER

You can keep frequent flyer credits and use them for personal travel. However, you cannot influence or change the travel plans made by the company's authorized travel agents to receive these or other similar non-cash promotional benefits. Doing so violates Lucent Technologies' policy in two ways. First, you have a conflict of interest between your personal interests and company requirements to use the lowest logical airfare. Second, you are misusing company funds if your travel is more expensive than it would have been had the designated travel agent arranged for the trip.

SEE PAGE 10, "ACTING FOR PERSONAL GAIN."

QUESTION 5

I've become aware of a material business development involving Lucent Technologies. It hasn't been publicly announced yet. Can I trade in company securities or pass along the information to someone else?

ANSWER

No. You are prohibited from trading in

securities based on inside information about Lucent Technologies or another company, and you may not pass along such information to anyone else.

SEE PAGE 11, "INSIDE INFORMATION."

QUESTION 6

How can I tell if information is proprietary if it's not marked that way?

ANSWER

If information isn't marked "proprietary," judge it by its content, case by case. Some criteria you should use are:

- The nature of the information
- The information's sensitivity
- The information's value to Lucent Technologies
- The intended audience for the information (for example, information that is clearly intended for public disclosure to consumers versus sensitive marketing data that will be used to develop sales plans).

If you need guidance, contact Corporate Security.

SEE PAGE 12, "PROPRIETARY INFORMATION."

QUESTION 7

Do I have to protect proprietary information even after I leave Lucent Technologies?

ANSWER

Yes. You're obligated not to use or disclose Lucent Technologies' proprietary information even after you have left the company.

SEE PAGE 12, "PROPRIETARY INFORMATION."

QUESTION 8

One of my co-workers just purchased a new software program that I'd like to use. My department can't afford to buy additional copies right now. Can I copy the new software onto another computer?

ANSWER

No. Unauthorized copying of software is a violation of copyright law and Lucent Technologies policy.

SEE PAGE 12, "COPYRIGHTED WORKS."

QUESTION 9

If I have an emergency at home, can I use a company phone or do I need to find a pay phone?

ANSWER

It's generally acceptable for employees to make and receive important personal calls as long as they're infrequent, brief, and don't interfere with the normal flow of business activities.

QUESTION 10

My supervisor told me that I can take some obsolete equipment home for personal use. The equipment would probably be junked anyway. Would taking the equipment violate company policy?

ANSWER

Taking company equipment, even if it appears to be obsolete or scrap, is not permitted without written authorization from an appropriate level of management. Any questions should be addressed to Corporate Security.

SEE PAGE 13, "COMPANY FUNDS AND PROPERTY."

QUESTION 11

What is C/PIP and to whom does it apply?

ANSWER

C/PIP supplements Lucent Technologies' code of conduct and stands for Corporate/Personal Integrity Program. C/PIP sets forth the rules and regulations which employees and nonpayroll workers of Lucent Technologies must follow if they work on any US government contract or subcontract.

SEE PAGE 5, "DOING BUSINESS WITH GOVERNMENTS."

QUESTION 12

Can I accept a business meal from a customer or supplier?

ANSWER

You may let a customer or supplier pay for a meal arranged for the purpose of discussing business. However, it is not appropriate to let customers or suppliers repeatedly pay for your meals.

SEE PAGE 4, "ENTERTAINMENT."

QUESTION 13

I'm responsible for securing temporary help through outside employment agencies. One of the agencies sent me a gift during the holiday season. Can I keep it?

ANSWER

You can accept the gift if it meets each of the following tests: It is unsolicited; it is inexpensive; and it will not cloud or be perceived as clouding your business judgment. If you are unsure, discuss the situation with your supervisor.

SEE PAGE 4, "GIFTS."

QUESTION 14

One of my customers has invited me to attend a three-day conference sponsored by his company at a major resort. The conference agenda includes some business activities but also provides for leisure activities. Can I accept the invitation to attend at the customer's expense? Suppose the same invitation came from a supplier, could I accept?

ANSWER

In either case, you may accept if there is reasonable expectation that your attendance will result in some business benefit to Lucent Technologies and your supervisor approves in advance. Participation at such conferences can help build good customer or supplier relations. Participating in events that don't present significant business opportunities is inappropriate.

SEE PAGE 4, "ENTERTAINMENT."

QUESTION 15

Can I give one of my customers or suppliers tickets to a sporting or cultural event?

ANSWER

Giving tickets is acceptable if it's part of relationship management, doesn't otherwise violate your customer's, supplier's, or Lucent Technologies' policies, and if your supervisor gives approval in advance.

SEE PAGE 4, "FAVORS."

QUESTION 16

Are there specific subjects I should never discuss with competitors?

ANSWER

Yes, except in certain cases. It is company policy and a legal requirement not to discuss, among other things, prices, profit margins, or costs; bids, terms or conditions of sale; sales territories; customer lists; production levels, or capacities; inventories; proposed new products or services; marketing plans; division of the market; and distribution arrangements. If you have questions, contact the Law Division.

SEE PAGE 12, "PROPRIETARY INFORMATION," AND PAGE 7, "GATHERING COMPETITIVE INFORMATION."

QUESTION 17

What should I do if I become aware of a serious environmental or safety violation or hazard?

ANSWER

Tell your supervisor or call the Lucent Technologies 24-hour environmental and safety hotline on 1-800-447-2338. If you are not in the United States, you must access AT&T's USADirect® Service and then dial 1-800-447-2338.

SEE PAGE 14, "ENVIRONMENTAL PROTECTION."

QUESTION 18

If my business unit or division has a rule or policy that is more restrictive than the *Business Guideposts*, which do I follow?

ANSWER

You should follow your business unit's or division's rule or policy when it is more restrictive than the *Business Guideposts*.

QUESTION 19

The section on inside information says there are laws that prohibit the use of such information when buying, selling, or trading publicly traded securities, including Lucent Technologies securities. Do these laws apply to stock owned through company plans?

ANSWER

Yes. If you invest in Lucent Technologies stock through company plans, you must not

transfer account balances or change your participation in company plans by allotments or investment directions based on inside information until that information becomes public.

SEE PAGE 11, "INSIDE INFORMATION."

QUESTION 20

I recently heard that I am covered by the company's Comprehensive Crime Program insurance. What does that mean?

ANSWER

Each Lucent Technologies employee is covered by a type of insurance that protects the company, after a specified deductible, against loss of funds or property due to employee dishonest acts. The insurance company requires that Corporate Security be notified promptly about all known or suspected dishonest acts.

QUESTION 21

How do I report suspected or actual violations of the law or this code?

ANSWER

In the United States, call Corporate Security

on 1-888-267-7732. In other countries, call 1-973-606-2323, or call your Regional Corporate Security office. These numbers are answered 24 hours a day, seven days a week. You can also write to Corporate Security. No action will be taken against you for reporting, in good faith, suspected or actual business ethics violations.

SEE PAGE 15, "COMPLIANCE."

QUESTION 22

Can I report suspected or actual violations of law or other business ethics violations anonymously?

ANSWER

Yes. You don't have to identify yourself when you make such reports.

SEE PAGE 15, "COMPLIANCE."

QUESTION 23

How can I find the attorney to contact for my business unit or division?

ANSWER

Call the Law Division for the name and telephone number of the appropriate attorney.

Addressing Ethical Problems



There will be times when this code of conduct won't address the specifics of your situation. When this occurs, you might find it helpful to consider the following questions to help you work through your problem.

Analyze the Situation

- How did the situation occur?
- What written instructions should be consulted? For example, might *Lucent Technologies' Competition Guidelines*, Federal Sentencing Guidelines Policy Letter and, where applicable, the *Lucent Technologies Personnel Guide* be helpful?
- Who should be consulted? Your supervisor? Corporate Security? The Law Division? Your Human Resources representative? The Environment and Safety Engineering organization? Others?
- What are the possible ethical choices and the rationale for each?
- Is there any room for compromise that would not violate Lucent Technologies' standards of integrity?

Consider the Possible Outcomes

- Who could be hurt and who could be helped by your decision?
- To what extent could they be hurt? How might they be helped?
- Of the choices identified, which do the most to reduce harm; which do the most to provide help; which are most aligned with our *Business Guideposts*; and which do the most to respect the rights of those involved?
- Ask yourself:
 - Will my decision seem like the right one a year from now; five years from now; ten years from now?
 - Would I be comfortable telling my supervisor, co-workers, my organization's leadership team, the Chairman, and Lucent Technologies shareowners my decision?
 - What about my family and friends, would I feel good about telling them my decision?
 - Could I testify about my decision in a court of law and not expose Lucent or myself to liability?
 - If my decision were made public through newspapers or television, how would I feel?



Business Guideposts: A Personal Commitment
EMPLOYEE REVIEW FORM

To Be Completed By Employee (Please Print)

Name of Employee

Badge Number

To Be Completed By Supervisor

I have carefully reviewed the Code of Conduct booklet entitled *Business Guideposts: A Personal Commitment*, which summarizes certain significant Company policies and regulations, with the aforementioned employee.

Date Reviewed	Employee Work Location	Employee Job Title	Reviewer Name and Signature	Reviewer Job Title	Issue Date

This form is to be kept in the supervisory file maintained by employee's supervisor.

See Reverse for Completion Instructions.

Instructions for Completing Form

Step	Action	Performed By
1	Print your name (last name, first name, middle initial)	Employee
2	Enter your badge number	Employee
3	Give this form to your supervisor	Employee
4	Fill in the following information: <ul style="list-style-type: none">• Date <i>Business Guideposts</i> booklet reviewed with employee (month, day, year), e.g., 03/03/97• Employee's work address: street, city, and state, e.g., 100 Southgate Parkway, Morristown, N.J.• Employee's job title, e.g., Manager, Systems Technician, etc.• Your name and signature• Your job title, e.g., District Manager• The issue date of the <i>Business Guideposts</i> booklet, e.g., 2-1997	Supervisor
5	File this form in the supervisory file you maintain on this employee	Supervisor

IMPORTANT: When an employee moves to a new Lucent job, be sure this form is included in the supervisory file that is sent to the employee's new supervisor.

This form is the permanent record of the biennial reviews of the *Business Guideposts* booklet conducted with employees. It is to be used each time a review is held.

ORDERING INFORMATION

The ordering number for this document is **010-311-240**.
To order this or any other Lucent Technologies document,
call the Customer Information Center (CIC) at
1-888-LUCENT8.
Asia 317-322-6411
L.A. Caribbean 317-322-6646
Europe 317-322-6416

TRADEMARK INFORMATION

USADirect is a registered trademark of AT&T.

Copyright © 1997 Lucent Technologies
All Rights Reserved.
Printed in USA.
Issue 3, October 1998

Lucent Technologies
Bell Labs Innovations



Lucent Technologies Customer Information Center
010-311-240



Printed on recycled paper