



**William R. Carapezzi, Jr.**  
Senior Vice President,  
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March 8, 2006

Mr. Ken Raschke  
231 Pinetuck Lane  
Winston Salem, NC 27104

Dear Ken:

On behalf of Pat Russo, I am responding to your letter dated February 24, 2006. Contrary to the assertions in your letter, Lucent has presented on numerous occasions the facts that are relevant to retirees understanding the company's current state of affairs. Let me summarize them once again here:

1. Lucent's pension plans under the federally mandated ERISA rules (which govern whether we need to put funds into the pension plans) are adequately funded and currently require no cash contributions; if the funding law changes we will advise our retirees of the impact on our funding status.
2. Retiree health costs have been and remain an area of concern. We have been very open and clear about our ability to afford rising healthcare costs and our need to address this issue to remain competitive. For FYE 2005, we provided retiree health benefits at a cost equal to 8% of revenue. This is a very significant contribution level for a company our size. The company must continue to balance supporting retiree health with what is affordable.
3. The performance of our pension assets, despite the LRO's claims to the contrary, have been quite good. In fact, the 10-year return has been better than 90% of the TUCS universe, a widely accepted benchmark for the performance of pension funds.
4. We currently have no plans to change the life insurance benefit. It has not been and is not presently under consideration for any change. When asked to commit in writing that it will never change under any circumstances you will recall that Pat said at the Annual Meeting that she could not make that commitment. She further stated that she is unable to predict events that may force a different answer so it would be "irresponsible to commit that there will never be any changes no matter what."
5. We have tried on several occasions to engage in a constructive dialogue; it has gone nowhere and has been used by the LRO leadership to generate negative publicity

statements that have been incomplete and inaccurate. The LRO is now supporting multiple lawsuits against the company. For that reason, we cannot engage in any further dialogue as the matters you care to discuss are related to these suits.

I ask that you please post this response on the LRO website.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Carapezzi, Jr.", written in a cursive style.

William R. Carapezzi, Jr.