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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - distribution of shares of a non-reporting foreign company as a dividend in kind is not subject to registration and prospectus requirement - *de minimus* Canadian shareholders - first trade is a distribution unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied

Applicable British Columbia Provisions

Securities Act, R.S.B.C.1996, c. 418, ss. 48 and 76

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND,
NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, THE
NORTHWEST TERRITORIES, NUNAVUT AND THE YUKON
TERRITORY**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE
RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
LUCENT TECHNOLOGIES INC. AND AGERE SYSTEMS INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, the Northwest Territories, Nunavut and the Yukon Territory (the “Jurisdictions”) have received an application (the “Application”) from Lucent Technologies Inc. (“Lucent”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that, subject to certain conditions:

- (i) the requirements contained in the Legislation to be registered to trade in a security (the “Registration Requirements”) shall not apply to a distribution by Lucent of Class A shares and Class B shares of Agere Systems Inc. (“Agere”)

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that it owns to the holders of shares of common stock of Lucent as a dividend in kind; and

- (ii) the requirements to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to a distribution by Lucent of Class A shares and Class B shares of Agere that it owns to the holders of shares of common stock of Lucent as a dividend in kind.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS Lucent has represented to the Decision Makers that:

1. Lucent is a corporation incorporated under the laws of the State of Delaware and its principal executive offices are located in the State of New Jersey.
2. Lucent is a leading global supplier of communications networking equipment, holding strong leadership positions in Internet infrastructure for service providers, optical networking, wireless networks, communications networking support and services, and communications.
3. The authorized share capital of Lucent consists of (i) 10,000,000,000 common shares ("Lucent Common Shares"), and (ii) 250,000,000 shares of preferred stock.
4. At the close of business on April 22, 2002, approximately 3,426,286,479 Lucent Common Shares were issued and outstanding.
5. Lucent Common Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE").
6. Lucent is not a reporting issuer or the equivalent in any of the Jurisdictions.
7. As of April 22, 2002, according to the books of Lucent, 2,730 persons or companies, whose last address as shown on the books of Lucent was in Canada, held Lucent Common Shares and such persons or companies (i) represented approximately 0.179 percent of the total number of holders of record of Lucent Common Shares worldwide and (ii) held approximately 0.02 percent of the aggregate outstanding Lucent Common Shares. With respect to the province of Québec, as of May 3, 2002, according to the books of Lucent, 484 persons or companies, whose last address as shown on the books of Lucent was in Québec, held Lucent Common Shares.

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8. Agere is incorporated under the laws of the State of Delaware and is registered with the Securities Exchange Commission in the United States of America under the United States *Securities Exchange Act of 1934* (the “Exchange Act”) and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12G 3-2 made thereunder.
9. Agere is not a reporting issuer or the equivalent in any of the Jurisdictions and has no intention of becoming a reporting issuer or the equivalent in any of the Jurisdictions.
10. The authorized share capital of Agere consists of 5,000,000,000 Class A shares (“Class A Shares”), 5,000,000,000 Class B shares (“Class B Shares”) and 250,000,000 preferred shares. As at April 22, 2002, there were 727,456,519 Class A Shares and 908,100,000 Class B Shares issued and outstanding.
11. Agere completed an initial public offering of its Class A Shares in April, 2001 (the “IPO”). Prior to that time, Agere was a wholly-owned subsidiary of Lucent.
12. Upon completion of the IPO, Lucent retained ownership of the Class B Shares of Agere. Subsequent to the IPO on May 1, 2001, Lucent converted 37,000,000 Class B Shares into Class A Shares. Lucent currently owns all of the issued and outstanding Class B Shares of Agere and 37,000,000 Class A Shares.
13. Lucent intends to distribute all of its Class A Shares and the Class B Shares of Agere (collectively, the “Lucent Agere Shares”) to holders of Lucent Common Shares (the “Distribution”). Lucent proposes to effect the Distribution on June 1, 2002, or as soon as practicable.
14. The Class A Shares are listed and posted for trading in the United States on the NYSE. Upon completion of the Distribution, the Class B Shares will be listed and posted for trading on the NYSE, subject to official notice of issuance, under the symbol “AGR”.
15. In connection with the Distribution, approximately 37,000,000 Class A Shares and 908,100,000 Class B Shares will be distributed as a dividend in kind to the holders of Lucent Common Shares. The Distribution constitutes a distribution, within the meaning of the Legislation in each of the Jurisdictions, since it is a trade in previously issued securities of an issuer from the holdings

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of a control person pursuant to the meaning of distribution under the Legislation.

16. The Distribution will be effected in compliance with the laws of the State of Delaware, the United States *Securities Act of 1933*, the Exchange Act and other applicable securities laws of the United States.
17. Upon completion of the Distribution, it is expected, on the basis of the holdings of Lucent Common Shares as of April 22, 2002, that persons or companies whose address as shown on the books of Lucent is in Canada, will (i) represent approximately 0.179 percent of the total number of holders of record of Class B Shares worldwide, and (ii) will hold approximately 0.02 percent of the aggregate outstanding Class B Shares.
18. In order to effect the Distribution, and in accordance with the requirements of the United States Securities and Exchange Commission, an information statement in Form 8-K that contains required disclosure will be filed as an exhibit to a Lucent filing made under the requirements of the Exchange Act. In addition, Lucent will mail such information statement to all holders of Lucent Common Shares, including those who are resident in Canada, on or about May 13, 2002.
19. Residents in the Jurisdictions holding Lucent Common Shares will have the same rights at law, if any, in respect of Lucent Agere Shares. After the Distribution Agere will concurrently send to holders of Class A Shares and Class B Shares resident in the Jurisdictions all disclosure materials it sends to holders of Class A Shares and Class B Shares resident in the United States.
20. The Distribution would be exempt from the Registration Requirements and the Prospectus Requirements of the Legislation in certain of the Jurisdictions but for the fact that Agere is not a reporting issuer or the equivalent in such Jurisdictions.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that Lucent is exempt from the Registration Requirements and the Prospectus Requirements in connection with the Distribution, provided that the first trade in any Lucent Agere

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Shares acquired by residents of Canada in connection with the Distribution in reliance on this decision shall be deemed a distribution, or a primary distribution to the public, under the Legislation unless:

- (a) except in Québec, the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied; or
- (b) in Québec, the alienation is made through an exchange, or market, outside of Canada or to a person or company outside of Canada.

DATED this 3rd day of June, 2002.

Paul M. Moore

Harold P. Hands