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“Review of the R&D Tax Credit”
Economic and Fiscal Divisions
Department of Finance
Government Buildings,
Upper Merrion Street,
Dublin 2

12th April 2013

Dear Sir/Madam

Alcatel-Lucent is a leading innovator in the field of networking and communications technology, products and services. The company is home to Bell Labs, one of the world's foremost research centers, responsible for breakthroughs that have shaped the networking and communications industry.

Alcatel-Lucent has had a presence in Ireland since 1960 through its former companies (Telectron, Stratus, Alcatel and Lucent Technologies). Alcatel-Lucent Ireland Limited is located in Blanchardstown, Dublin 15 and has approximately 130 employees, of which 45 are directly employed in our Bell Labs research lab.

Bell Labs Ireland was the first industrial research lab to establish in Ireland in 2004 with the assistance of IDA Ireland. We have been a reference case for the IDA to win additional R&D investments into Ireland since then.

Bell Labs Ireland conducts ground breaking research for the creation of future application enablement and innovative network leveraging technologies. We create innovative technologies and solutions to improve energy and cost performance in telecommunications systems. These technologies are then transferred to Alcatel-Lucent's business, where they are integrated into existing products or in some cases become new products/technologies.

It is the most positive indication of the strong commitment to, and high confidence in the Bell Labs team in Ireland that we have had the strong corporate commitment and support to continue to grow the team in Ireland year on year since established. This year we plan to hire an additional 10 high calibre PhD level researchers to our labs. The decision to continuously grow the Bell Labs presence in Ireland was based on a number of key success factors, including our impact on Alcatel-Lucent business, our ongoing IDA support, and the availability of the R&D tax credit. These factors have resulted in a research presence that is a key anchor to Alcatel-Lucent operations in Ireland.

Bell Labs has played an important role in fostering and enhancing the local eco-system. In 2004, Bell Labs Ireland was the founding industrial partner to the first SFI funded Centre for Science, Engineering and Technology (CSET), and we continue to be the primary industry partner to the Center for Telecommunications Value-chain Research (CTVR), hosted by Trinity College Dublin. In addition to our role in CTVR, we collaborate with a number of other SFI funded research centers such as DERI, FAME, Tyndall and CRANN.

We provide an in-kind contribution of approximately 7 full time equivalent headcount per year to these engagements. We also co-fund and co-supervise 11 PhD students across these centers. In 2013, we have also submitted a number of applications to the Irish Research Council for the co-funding of a further 6 PhD students and 2 Post-doc researchers.

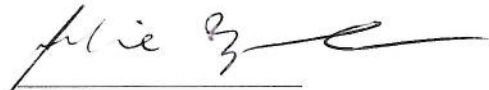
In 2012, Alcatel-Lucent successfully licensed technology to a start-up in Ireland which if successful is expected to employ up to 30 people. This technology originated from the Bell Labs Ireland team in the area of Thermal Management. We are actively engaged with the local eco-system seeking for similar opportunities to have impact for the local economy.

Ireland's R&D tax credit system is a key differentiator for Alcatel-Lucent Ireland when research operations are reviewed within the global company. It has been a key factor in competing for, and winning new R&D programs into Ireland.

It is key to Ireland's competitiveness that the R&D tax credit is at very least maintained at current level. We encourage the department to seek further opportunities to incentivise industry funding of research led innovation in Ireland.

I would be pleased to discuss these and any related matters with you.

Yours sincerely



Julie Byrne
Executive Director
Bell Labs Ireland