

LUCENT TECHNOLOGIES INC  
Form 425  
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Subject Company: Lucent Technologies, Inc.

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The following slides were presented following the public announcement of the entry into a merger agreement between Alcatel and Lucent Technologies Inc.

**Creating the Global Leader  
in Communications Solutions**

**April 5-7, 2006**

**Alcatel Lucent Merger Roadshow**

**SAFE HARBOR FOR FORWARD LOOKING STATEMENTS**

*This presentation contains statements regarding the proposed transaction between Lucent and Alcatel, the expected timetable for completing the transaction, future financial and operating results, benefits and synergies of the proposed transaction and other statements about Lucent and Alcatel's managements future expectations, beliefs, goals, plans or prospects. These statements constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. These risks and uncertainties are based upon a number of important factors including, among others: the ability to consummate the proposed transaction; difficulties and delays in obtaining regulatory approvals for the proposed transaction; difficulties and delays in achieving synergies and cost savings; potential difficulties in meeting conditions set forth in the definitive merger agreement entered into by Lucent and Alcatel; fluctuations in the telecommunications market; the pricing, cost and other risks inherent in long-term sales agreements; exposure to the credit risk of customers; reliance on a limited number of contract manufacturers to supply products we sell; the social, political and economic risks of our respective global operations; the costs and risks associated with pension and postretirement benefit obligations; the complexity of products sold; changes to existing regulations or technical standards; existing and future litigation; difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others; and compliance with environmental, health and safety laws. For a more complete list and description of such risks and uncertainties, refer to Lucent's Form 10-K for the year ended September 30, 2005 and Alcatel's Form 20-F for the year ended December 31, 2005 as well as other filings by Lucent and Alcatel with the US Securities and Exchange Commission. Except as required under the US federal securities laws and the rules and regulations of the US Securities and Exchange Commission, Lucent and Alcatel disclaim any intention or obligation to update any forward-looking statements.*

**Forward-Looking Statement Disclosure**

**Creating First True Global  
Communications Solutions Provider**

**Key Take Aways: Enhancing Shareholder Value**

Strategic Fit

Right Time, Right Solutions, Right Companies

Compelling Strategic Rationale:

Creating First True Global Communications Solutions Provider

Deep customer relationships with every major service provider

Industry leading R&D platforms

Unparalleled ability to offer integrated end-to-end solutions

Leader in converged networks

Common Vision and Innovation Culture Enable Successful Execution

Achieving Significant Synergies and Enhancing Financial Position

Approx. 1.4 / \$1.7 billion in annual pre-tax cost synergies within 3 years, with a substantial majority expected to be achieved in the first 2 years post closing

NPV of cost synergies approximately 10 / \$12 billion

Combined CY05 revenues of 21 / \$25 billion, cash of 9 / \$11 billion

EPS accretive in the first year post closing with synergies, excluding restructuring charges and amortization of intangible assets

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Combined market capitalization of approximately 30 / \$36 billion

Stock-for-stock merger structured as a tax-free exchange of Alcatel  
ADS\* for Lucent shares

Fixed exchange ratio of 0.1952

Approximately 60% owned by Alcatel Shareowners

Approximately 40% owned by Lucent Shareowners

Listed on the Euronext and the NYSE

Expected closing: 6 -12 months, subject to regulatory, governmental  
and shareowners approvals

### **Transaction Overview**

*\* American Depositary Share*

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New company incorporated in France with executive offices in Paris

New company name to be determined at a later date

North American operating headquarters and global Bell Labs  
headquarters in New Jersey, U.S.A.

Leadership

Non-Executive Chairman: Serge Tchuruk

CEO: Patricia Russo

International Board composition: 14

6 of Alcatel s current directors (including Serge Tchuruk)

6 of Lucent s current directors (including Patricia Russo)

2 new independent European directors to be mutually agreed upon

Leveraging the Best of Both Companies

**Creating a Global Company**

*Based in Paris*

**Compelling Strategic Rationale**

**Creating First True Global Communications Solutions Provider**

Leader in Converged Networks & Services\*

**# 1** worldwide

in wireline\*

**# 2** worldwide

in  
services\*

Combined CY05 revenues of 21 / \$25 billion

Presence in all major carriers

A leader in IPTV, NGN / IMS & 3G Spread Spectrum (CDMA & UMTS)

Unique position in services & integration

More diverse geographic mix

\* *Share based on 4Q 2005*

\* *Sources: Dell Oro, Synergy, In-Stat, Dittberner, Telecom Services*

**# 2** worldwide

in mobility\*



**Geographically Balanced**

Europe

North America

North America

MEA

Europe

MEA

Alcatel (% of CY05 Revenue)

Lucent (% of CY05 Revenue)

North America

Europe

Asia &  
Pacific Region

**14%**

**13%**

**15%**

**34%**

Alcatel + Lucent (% of CY05 Revenue)

CALA

**6%**

MEA

**9%**

**7%**

CALA

CALA

**35%**

**16%**

**14%**

**7%**

**49%**

**14%**

**66%**

**1%**

**31%**

Asia &  
Pacific Region

Asia &  
Pacific  
Region

CALA: *Caribbean & Latin  
America*

MEA: *Middle East & Africa*

North America

Europe

**Deep Customer Relationships with Every Major Service Provider**

Asia, Africa, Middle East

& Central/Latin America

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Comprehensive R&D portfolio leveraging Bell Labs excellence

A leading end-to-end communications solutions integrator

A leader in major areas defining next generation networks

A local partner in every region, yet with global reach

Long term strategic partner

**Compelling Benefits For Our Customers**

Strong Fit will Assure Continued Benefits and Growth  
in Customer Relationships

Shared vision of network transformation

Deep understanding of customer needs

Common culture of technical excellence and innovation

Industry leading depth and breadth of talent

Geographic, portfolio and customer fit

**Two Companies - One Common Vision**

Shared Vision & Uniquely Complementary Fit :

Leading Global Communications Solutions Provider

**Industry Leading Product Portfolio**

Optics &  
Microwave  
Converged  
Edge / Core  
Networks  
Fixed & Mobile  
Broadband  
Access  
IPTV  
DSL, DLC  
BPON, GPON  
CDMA  
GSM/UMTS  
TD-SCDMA  
WiMAX  
NGN/IMS  
Fixed/Mobile  
Convergence  
Next Gen. Services  
Next Gen.  
Applications  
Fixed Narrowband  
BB Switch / Routing  
*MSWAN*  
*IP / Ethernet*  
Integration &  
Services

SDH/SONET

ROADM

WDM

Ethernet

Submarine

Microwave

Payment Solutions

Video integration  
Services

Mission Critical Services

Multi-Vendor Integration

Hosted & Managed

Professional,  
Deployment,  
Maintenance

Enterprise

Satellite

**Leader in All Major High Growth Next Generation Areas**

*\* Dell Oro, Skylight Research, In-Stat, VDC, Dittberner, Synergy, RHK*

#1 or #2 in Most Key Technologies\*



Clear leader in 3G CDMA at pre-eminent carriers

Ability to leverage commonality of CDMA & UMTS for 3G

Growing momentum in UMTS

Very strong 2G footprint to migrate to 3G over time

Well positioned for 3G in China

Driving innovation in Mobile Radio Access

Strong IMS and access footprint

**Strong Position in 3G Mobility**

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The most experienced supplier in Triple Play / IPTV deployments

Involved in 40+ projects including 20+ commercial live networks

Unique end-to-end Triple Play solution

Ability to leverage end-to-end solutions and service capabilities

Broadband access, optics, NGN / IMS, BB switch, integration services

Early lead in mobile video solutions and applications

Driving Quadruple Play services & fixed mobile convergence

Widest ecosystem of partners

**Strengthening Triple Play Experience**

Leadership in IPTV & Mobile Video

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Increased scale, scope and credibility in services

4 / \$5 billion in combined revenues across:

Hosted applications & services (leveraging NGN/IMS position)

Consulting & professional services - combined tool set

Build, maintain & operate

Distinctive multi-vendor capability, including end-to-end complex solutions integration & services

**Extensive Global Services and Support Capabilities**

End-to-end Communications Solutions Integrator of Choice

Backed by Expertise, Breadth, Innovation

Wireline

IMS & Multimedia Services

Wireless

IMS & Multimedia Services

Enterprise

TDM/IP Agnostic

At Home

Travelling

In the Office

**Seamless Solutions NGN/IMS Voice, Video, Data**

**Leading the IMS / Network Transformation**

**Industry-Leading R&D Capabilities & Deep Culture of Innovation**

Staffing

Patents

R&D expenses

15,600

~ 10,000

1.4 / \$1.7 bn

10,500

~ 15,000

1.0 / \$1.2 bn\*

CY2005

Combined company intends to form separate, independent U.S. subsidiary for certain contracts with U.S. government agencies

Separately managed by a board, to be composed of three independent U.S. citizens acceptable to the U.S. government

Combined

26,100

~ 25,000

2.4 / \$2.9 bn

\* *R&D expenses excludes approximately 203 / \$240 million of amortized software development costs reported in gross margin*

Alcatel

Lucent

**Achieving Significant Synergies and  
Enhancing Financial Position**

**Expected Cost Synergies**

Approx. 1.4 / \$1.7 billion in annual pre-tax cost synergies within 3 years, a substantial majority of which is expected to be achieved in the first 2 years

Mutually identified

NPV of cost synergies

10 / \$12 billion

Corporate Functions

Information Technology

Supply Chain and Procurement

Sales and Marketing

Services

Research & Development

**Expected Cost Synergies**

**Cost synergies**

**Cumulative % achieved by year**

A substantial majority of the cost synergies is expected to be achieved in the first 2 years

Clearly identified overlaps

Analysis by function, product & geography

Analysis of timing and phase-in

Will establish integration plans to be executed immediately post closing

~ **30%**

~ **70%**

**1.4 / \$1.7 bn**

Tangible and Clearly Identified



**Potential Revenue Upside**

Provides potential for  
additional revenue upside

**Sales upside opportunities  
driven by cross-selling:**

IP Edge

Optics & Microwave

NGN / IMS

Wireline Access

Wireless Access

Enterprise

Services

Complementary Products,  
Geographies and Customers

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Reductions in combined worldwide workforce of approximately  
10%

Taking a fair and balanced approach

Approximately 1.4 / \$1.7 billion in new cash restructuring charges

Charges to be recorded primarily in year 1 post closing

A substantial majority of the restructuring is expected to be  
completed within 24 months after closing

### **Restructuring**

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Balance Sheet (12/31/05)

Cash\*

Debt

CY 2005 Income Statement

Revenue

Net Income

5 / \$6

4 / \$4

13 / \$16

1 / \$1

Amounts in billions

Combined:

Long dated maturities with over 60% of combined company's debt maturing in or after 2010

Substantial deferred tax assets

**Enhanced Financial Position**

4 / \$4

5 / \$5

8 / \$9

1 / \$1

9 / \$11

8 / \$10

21 / \$25

2 / \$2

Alcatel

Lucent

Combined\*\*

\* *Represents cash, cash equivalents and marketable securities*

\*\* *Combined totals may not add due to rounding*

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**Questions & Answers**

**Lucent Pension Plans and Retiree Healthcare**

\* *Qualified U.S. pension plans, contributions based on current pension funding rules*

\*\* *Number of retirees and dependents as of September 30, 2005*

Pensions

Combined over funded status on a GAAP basis as

of September 30, 2005

Fair Value of Plan Assets of approximately \$34 billion

Benefit Obligation of approximately \$31 billion

Currently do not expect to make contributions through 2007\*

Believe it is unlikely that any required contributions would have a material impact on liquidity through 2010

Retiree Healthcare\*\*

Provide benefits for approximately 182,000 retirees and dependents

Seeking legislative change increasing flexibility to use excess pension assets to fund retiree healthcare



**IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC**

*In connection with the proposed transaction, Alcatel and Lucent intend to file relevant materials with the Securities and Exchange Commission (the SEC), including the filing by Alcatel with the SEC of a Registration Statement on Form F-6 and a Registration Statement on Form F-4 (collectively, the Registration Statements), which will include a preliminary prospectus, a final prospectus and related materials to register the Alcatel American Depositary Shares ( ADSs ), as well as the Alcatel ordinary shares underlying such Alcatel ADSs, to be issued in exchange for Lucent common shares, and Lucent and Alcatel plan to file with the SEC and mail to security holders a Proxy Statement/Prospectus relating to the proposed transaction. The Registration Statements and the Proxy Statement/Prospectus will contain important information about Lucent, Alcatel, the transaction and related matters. Investors and security holders are urged to read the Registration Statements and the Proxy Statement/Prospectus carefully when they are available. Investors and security holders will be able to obtain free copies of the Registration Statements and the Information Statement/Proxy Statement/Prospectus and other documents filed with the SEC by Lucent and Alcatel through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders will be able to obtain free copies of the Registration Statements and the Information Statement/Proxy Statement/Prospectus when they become available from Lucent by contacting Investor Relations at [www.lucent.com](http://www.lucent.com), by mail to 600 Mountain Avenue, Murray Hill, New Jersey 07974 or by telephone at [908-582-8500] and from Alcatel by contacting Investor Relations at [www.alcatel.com](http://www.alcatel.com), by mail to [54, rue La Boétie, 75008 Paris, France] or by telephone at [33-1-40-76-10-10].*

*Lucent and its directors and executive officers also may be deemed to be participants in the solicitation of proxies from the stockholders of Lucent in connection with the transaction described herein. Information regarding the special interests of these directors and executive officers in the transaction described herein will be included in the Proxy Statement/Prospectus described above. Additional information regarding these directors and executive officers is also included in Lucent's proxy statement for its 2006 Annual Meeting of Stockholders, which was filed with the SEC on or about January 3, 2006. This document is available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) and from Lucent by contacting Investor Relations at [www.lucent.com](http://www.lucent.com), by mail to 600 Mountain Avenue, Murray Hill, New Jersey 07974 or by telephone at [908-582-8500].*

*Alcatel and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Lucent in connection with the transaction described herein. Information regarding the special interests of these directors and executive officers in the transaction described herein will be included in the Proxy Statement/Prospectus described above. Additional information regarding these directors and executive officers is also included in Alcatel's information statements for its 2005 Assemblée Générale Mixte Ordinaire Et Extraordinaire. These documents are available from Alcatel by contacting Investor Relations at [www.alcatel.com](http://www.alcatel.com), by mail to [54, rue La Boétie, 75008 Paris, France] or by telephone at [33-1-*

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