Expansion of Alcatel-Lucent portfolio speeds transition to Carrier Ethernet in the enterprise, giving service providers new revenue opportunities

Paris, February 10, 2009 – Alcatel-Lucent (Euronext Paris and NYSE: ALU) today announced availability of the 7210 Service Access Switch, a family of next generation, small footprint customer edge devices that extends Carrier Ethernet to the enterprise site. Owned and managed by the service provider, the 7210 SAS responds to the enterprise demand for richer service and application offerings over Carrier Ethernet, supported by guaranteed quality of service (QoS) that extends to the customer site.

Enterprises globally have long deployed Ethernet for its scale and cost benefits, but have demanded more reliability and quality of service to support mission-critical applications – which is possible with the combination of MPLS and Ethernet in the Alcatel-Lucent portfolio. With the addition of the 7210 Service Access Switch, service providers have a powerful end-to-end portfolio to address the transition to Carrier Ethernet from private line – a market which was valued at approximately USD 40 billion worldwide in 2008 according to analyst firm IDC*. By deploying the Alcatel-Lucent portfolio, operators can offer enterprises higher bandwidth services, with faster time-to-market and reduced IT costs, helping operators to better address the Carrier Ethernet Services market which is set to grow 22% per year and be worth USD 12Bn by 2012 according to IDC*.

Designed as customer located equipment (CLE), the 7210 SAS will be deployed at the enterprise customer site or multi-tenant unit (MTU), helping service providers to increase revenue with a full suite of highly available, fully managed Ethernet and IP virtual private network (VPN) services to support demanding enterprise applications. In addition, the 7210 SAS leverages the Alcatel-Lucent Service Router Operating System (SR OS), deployed in more than 30,000 switches and routers by 260 service providers in 100+ countries since 2004. This provides the operator multiple benefits that lower customer acquisition costs including consistency of features, quality of service and management – from network core to customer edge.

Alcatel-Lucent has played a pivotal role in the evolution of Carrier Ethernet, and in understanding the distinct network requirements of service providers based on their business and market objectives. In response Alcatel-Lucent has developed its Carrier Ethernet framework, a three-tiered structure that responds to a wide variety of operators, from wholesale to retail, from MSOs to competitive carriers and incumbents.

- The transport layer helps reduce the cost of building and operating the network to carry high volumes of business and consumer traffic, enabling the migration from legacy circuit switching to Carrier Ethernet-based packet transport
- The services layer helps expand the reach and scale of consumer and business services, leveraging the Carrier Ethernet network for faster time to market and simplified management. This layer is boosted by the addition of the 7210 Service Access Switch
- The application enablement layer addresses operators' desire to leverage their network assets to develop new sources of revenue. Using this layer, Alcatel-Lucent can help service providers to optimize specific applications such as IPTV over their networks and tap into additional revenue opportunities such as advertising
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"IDC believes this is a good product release for Alcatel-Lucent," wrote IDC analyst Eve Griliches, in a February 2009 report entitled *Alcatel-Lucent Summons the Next Phase of Carrier Ethernet Evolution*. "The Carrier Ethernet framework helps define the Carrier Ethernet challenges going

forward, shows how they will address them in this next year, and delivers a new product in a space that is emerging on a timely basis. We believe that other vendors will begin to deliver products similar to this but may or may not have the end-to-end SLA management."

"The introduction of the 7210 Service Access Switch, and its extension of the Carrier Ethernet framework into enterprise sites, gives service providers the ability to better leverage their network assets as well as improve profitability," said Basil Alwan, President of Alcatel-Lucent's IP activities. "We're providing a framework that offers a structured approach to exploit the network for better user quality of experience and grow their revenue opportunities. Operators can enhance network capacity to deal with high-volume, low-value traffic, but also optimize network intelligence to deliver advanced managed services and applications, monetizing their network investment and reducing customer churn."

*IDC, Worldwide Telecommunications Market Trends, Doc # TB20080807, August 2008

For more information visit: www1.alcatel-lucent.com/ipnews

About Alcatel-Lucent
Alcatel-Lucent (Euronext Paris and NYSE: ALU) is the trusted partner of service providers, enterprises and governments worldwide, providing solutions to deliver voice, data and video communication services to end-users. A leader in fixed, mobile and converged broadband networking, IP technologies, applications and services, Alcatel-Lucent leverages the unrivalled technical and scientific expertise of Bell Labs, one of the largest innovation powerhouses in the communications industry. With operations in more than 130 countries and the most experienced global services organization in the industry, Alcatel-Lucent is a local partner with a global reach. Alcatel-Lucent achieved revenues of Euro 16.98 billion in 2008 and is incorporated in France, with executive offices located in Paris. For more information, visit Alcatel-Lucent on the Internet: http://www.alcatel-lucent.com

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