

Alcatel-Lucent delivers next stage in business VPNs, enabling service providers to deliver assured quality and performance for enterprise applications

Paris, May 13, 2009 – Alcatel-Lucent (Euronext Paris and NYSE: ALU) today introduced a ground-breaking offering for service providers, giving them the power to provide a wide variety of attractive new business virtual private network (VPN) service plans and applications to enterprise customers, opening up substantial new revenue opportunities without incurring significant capital costs.

If service providers want to offer application-based VPN solutions to enterprise customers today, the typical approach is to deploy appliances at every enterprise location, which entails significant capital expense and is very labor intensive. This approach also can result in slower service introduction. With Alcatel-Lucent's new Application-Assured VPN offering, these services can now be offered using a "cloud-based" model, but with the performance, security, privacy and quality of service enterprises would expect from a premises-based solution -- a first for service providers.

Service providers will be able to offer enterprises the option to monitor their network traffic - by application -- at an extremely granular level via a dedicated Web Portal that provides visibility across the service provider's network. Using the portal, enterprises also can manage application prioritization and bandwidth optimization, enabling significant improvements in network planning, usage and application performance.

"Current offerings provide limited visibility and control at the service level, or there is the option to add appliances that require time and money and add to the overall complexity. In contrast, this integrated approach provides the ability to drill down and have visibility, monitoring and control at a very granular application level. This is going to provide a significant advantage for enterprises who are buying a network-based VPN service," said Dr. Jim Metzler, Vice President, Ashton & Metzler Associates.

Service providers that have deployed Alcatel-Lucent's Service Router portfolio can simply install a new 'services card' and reporting and analysis software and immediately offer an expanded portfolio of enterprise VPN options, spanning the suite of voice, video and business critical data applications such as SAP, Citrix, email, voice over IP (VoIP), videoconferencing, Instant Messaging and NetMeeting. In addition, service providers can then broaden their service offerings even further by delivering "cloud-based" services such as video conferencing and SaaS (software as a service) - but with far higher quality, faster time to market and better return on investment than current options provide.

"There has been a lot of interest from service providers in providing these 'application-aware' services," said Peter Hall, Principal Analyst, Ovum Enterprise research practice. "The Alcatel-Lucent solution addresses this interest, but in a somewhat different way in that the capabilities are in the network so it is potentially lower cost to end-users, more highly scalable, and easier to provide for Service Providers."

Alcatel-Lucent's AA-VPN offering equips service providers to augment their share of the IP VPN and Ethernet VPN services market, forecast to exceed \$45 billion in revenue by 2012, according to Ovum *. This represents an important market for service providers, who are looking for ways to leverage their existing investments to generate more revenue.

“We continue to work closely with our customers to help them maximize the return on their network and strategically expand their service offerings into areas that provide new kinds of value-added revenue opportunities,” said Basil Alwan, president of IP activities at Alcatel-Lucent. “These new capabilities will enhance their existing VPN portfolios, allowing them to expand their addressable market with higher value services.”

For more information, please visit www.alcatel-lucent.com/aavpn

*IP VPN Forecast Pack: <http://www.ovum.com/Search/ShowDocument.aspx?d=015482&secure=1>

*Forecast spreadsheet: Enterprise Ethernet Services, Global:

<http://www.ovum.com/Search/ShowDocument.aspx?d=037178&secure=1>

About Alcatel-Lucent

Alcatel-Lucent (Euronext Paris and NYSE: ALU) is the trusted partner of service providers, enterprises and governments worldwide, providing solutions that 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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