Alcatel-Lucent transforms core IP networks strained by growth of broadband Internet and multimedia traffic

New converged IP Optical backbone solution provides key step in the development of the high leverage network -- helps slash transport costs and dramatically reduce operational complexity

Paris, September 16, 2009 — Alcatel-Lucent today introduced an innovative converged IP/Optical backbone network solution designed to relieve the strain on service providers' core networks caused by the explosive growth of video and other bandwidth-intensive applications. The Converged Backbone Transformation solution is a key component of Alcatel-Lucent's High Leverage Network™ strategy, key elements of which have already been selected by leading service providers.

Internet video traffic is increasing dramatically. At the same time, demand is also increasing for dynamic, IP-based services such as business data applications, tele-medicine, video surveillance, collaborative business applications (including telepresence), cloud computing, remote storage and backup and data center protection and more, all of which have very high quality of service (QoS) requirements. Backbone networks – also referred to as "core" networks – must be able to handle both types of traffic appropriately, which is increasing the strain on core routers – through which nearly all traffic passes. Continually adding core router capacity is expensive, and as a result the network backbone is becoming a significant cost center, providing poor return on investment.

"Core traffic continues to increase significantly and we don't see that changing. We need to ensure our capacity matches the needs of our customers and fulfils their expectations for growth," said Pieter Poll, chief technology officer, Qwest. "We've been exploring new approaches to address traffic growth and customer demand and recently announced that Qwest is working with Alcatel-Lucent to evolve our nationwide backbone network to reach industry-leading 100 Gigabits per second speeds by implementing Alcatel-Lucent's LambdaXtreme and 7750 Service Routers."

Alcatel-Lucent's new Converged Backbone Transformation solution more tightly integrates IP and optical transport resources, enabling service providers to optimize and leverage their transport networks to deal with the rapid growth in traffic, while substantially cutting operational and maintenance costs. Alcatel-Lucent's new approach can reduce the number of required network elements, improve efficiencies in power and rack space, simplify network provisioning and fault management, minimize latency, and enhance reliability. For the service provider, this will result in higher efficiency, greater resiliency, and lower complexity – culminating in CapEx cost savings of at least 30%, in addition to savings in power, space and operational complexity.

"Internet, voice, data, and especially video traffic continue to increase, pressuring service providers to find ways to cut the cost of reliably transporting the traffic while simultaneously delivering new services," said Michael Howard, principal analyst at Infonetics Research. "In a recent Infonetics survey, two-thirds of the service providers responded that they expect to combine their data and transport operations by 2010. Alcatel-Lucent's approach fits service provider goals of efficiently scaling many traffic types in a converged IP and optical architecture, while offloading the core routers, to help streamline their core networks."

"The status quo of adding more router capacity in the core to keep up with rapidly growing Internet traffic simply isn't sustainable for our customers," said Basil Alwan, head of Alcatel-

Lucent's Carrier portfolio strategy and president of the company's IP division. "In seizing the opportunity for this core network transformation, we find ourselves in a unique and enviable position. With our strong market presence and technology leadership in both IP routing and optical transport, Alcatel-Lucent is ideally placed to help our customers deal with this problem with a unique and highly effective solution."

Alcatel-Lucent is introducing intelligent control plane integration between the optical and IP layers, yielding benefits such as rapid service provisioning and increased resiliency. In addition, both optical and IP portfolios are evolving to support 40 Gigabit and 100 Gigabit speeds in the data plane, increasing network capacity. The company is also delivering an integrated network management approach that will provide end-to-end network visibility across both IP and optical domains to the appropriate Network Operation Centers.

Alcatel-Lucent's Converged Backbone Transformation solution offers a range of traffic "grooming" options that increase transport network efficiency, enabling traffic forwarding at the most economical layer in the network. These include lambda (or wavelength)-level, port-level and sub-port-level grooming of IP traffic to enable capacity increases in increments where and when needed and enable core router traffic to be offloaded onto the optical transport network.

The Converged Backbone Transformation solution is a key element of the Alcatel-Lucent High Leverage Network – a fully converged, scalable, next generation, all-IP multiservice infrastructure that enables operators to deliver traffic more reliably, efficiently and at the lowest cost, while also leveraging the network to generate revenue from sophisticated managed services and applications.

To enable its customers to fully benefit from this strategy, Alcatel-Lucent is providing a full array of professional services supporting multi-vendor environment – e.g. business case analysis, network design and implementation as well as managed services.

Alcatel-Lucent is a global leader in both Optical transport and IP routing with a leading position in optics since 2001 and a strong #2 position in IP edge routing (Source: Ovum). Many of the world's largest service providers rely on Alcatel-Lucent for both IP and optical transport solutions. For more information and to download a copy of our White Paper "Toward a Converged Backbone" please visit: www.alcatel-lucent.com/convergedbackbone .

Press Conference details
The web conference will take place **September 16, 2009** at **7AM PST/ 10AM EST / 4PM CET** and will be hosted by Basil Alwan, head of Alcatel-Lucent's Carrier Group portfolio strategy.

To access the session please use the following information:
Dial- in numbers:
Toll free (from US): **866-803-2141**
International: **+ 1-203-607-0460 (see below for the list of toll-free international numbers)**
Participant passcode: **8135800**

WEBCAST URL: **http://alcatel-lucent.na3.acrobat.com/ipwebcast/**

Participants will have the opportunity to ask questions at the end of the presentation.

If journalists would like to ask questions following the event please send them to **sarah.miller@alcatel-lucent.com** - referencing the web press conference.

The press conference will be available for digital replay on the Alcatel-Lucent website at the following link: **http://www.alcatel-lucent.com/map/ipwebcastreplay**

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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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