

# PRESS RELEASE

## **Alcatel-Lucent presents to its European works council the actions planned as part of The Shift Plan**

*The Shift Plan aims to ensure a sustainable financial future and successful company transformation*

**Paris – October 8, 2013** – Alcatel-Lucent (Euronext Paris and NYSE: ALU) is today informing its European works council (ECID) of the actions planned as part of The Shift Plan announced on June 19 by its new Chief Executive Officer, Michel Combes.

The plan aims to ensure a sustainable financial future and a successful transformation of the company by repositioning it as a specialist in the next-generation technologies of IP Networking, Cloud and Ultra-Broadband Access in order to better serve its customers.

The Shift Plan also aims to restore profitability to the company, being based on a transformation of Alcatel-Lucent's R&D activities for greater efficiency and a reallocation of resources to focus on future technologies while making a significant reduction of fixed costs. As part of the Shift Plan, the company will make key social actions in order to restore its competitiveness in the marketplace.

As part of The Shift Plan, Alcatel-Lucent has committed to achieve fixed cost savings of Euro 1 billion or more than 15% of fixed costs by the end of 2015. This will be achieved by:

- Reallocating R&D investment to next-generation technologies which should represent 85% of R&D spend in 2015, as opposed to 65% today.
- Reducing R&D spend in legacy technologies by 60%.
- Reducing administrative, sales and support functions to bring SG&A costs in line with industry standards.

Michel Combes, CEO of Alcatel-Lucent said: "We launched The Shift Plan in June to give Alcatel-Lucent an industrially sustainable future. The strategic choices we made have been validated by our customers. To carry out this plan we must make difficult decisions and we will make them with open and transparent dialogue with our employees and their representatives. The Shift Plan is about the company regaining control of its destiny."

During today's meeting with ECID, Alcatel-Lucent will present a net reduction plan of approximately 10,000 jobs worldwide by the end of 2015. All geographic areas where Alcatel-Lucent operates will contribute to this effort, with the reduction of 4,100 positions in Europe, Middle East and Africa, 3,800 in Asia Pacific and 2,100 in Americas. By the end of 2015, Alcatel-Lucent will halve the number of its business hubs globally.

In France the industrial transformation will focus R&D activities on future technologies such as 4G and IP platforms, in particular with the creation of a new small cells competency center, an area of particular interest for the company. In terms of research, France will keep its focus

on optics and strengthen it in mathematics, at the heart of next-generation network software.

Business activities in France dealing with service providers will be concentrated in two main sites – Villarceaux, south of Paris, which will become Alcatel-Lucent’s primary R&D center in Europe and one of the world’s largest R&D campuses, and Lannion, which will specialize in ultra-broadband mobile access and subscriber data management (SDM) technologies.

In France, the company intends to reduce approximately 900 positions in 2014 primarily in support, administrative and sales functions (via a legally-compliant program known in France as *Plan de Sauvegarde pour l’Emploi*), as well as recruiting 200 engineers and technicians with new technical competencies. By the end of 2015, the company transformation program could also result in internal mobility, transfers to partners and redeployments for approximately 900 employees whose jobs will be retained, inside or outside the company.

**ABOUT ALCATEL-LUCENT (EURONEXT PARIS AND NYSE: ALU)**

Alcatel-Lucent is at the forefront of global communications, providing products and innovations in IP and cloud networking, as well as ultra-broadband fixed and wireless access to service providers and their customers, enterprises and institutions throughout the world.

Underpinning Alcatel-Lucent in driving the industrial transformation from voice telephony to high-speed digital delivery of data, video and information is Bell Labs, an integral part of Alcatel-Lucent and one of the world’s foremost technology research institutes, responsible for countless breakthroughs that have shaped the networking and communications industry. Alcatel-Lucent innovations have resulted in the company being recognized by Thomson Reuters as a Top 100 Global Innovator, as well as being named by MIT Technology Review as amongst 2012’s Top 50 “World’s Most Innovative Companies”. Alcatel-Lucent has also been recognized for innovation in sustainability, being named Industry Group Leader for Technology Hardware & Equipment sector in the 2013 Dow Jones Sustainability Indices review for making global communications more sustainable, affordable and accessible, all in pursuit of the company’s mission to realize the potential of a connected world.

With revenues of Euro 14.4 billion in 2012, Alcatel-Lucent is listed on the Paris and New York stock exchanges (Euronext and NYSE: ALU). The company is incorporated in France and headquartered in Paris.

For more information, visit Alcatel-Lucent on: <http://www.alcatel-lucent.com>, read the latest posts on the Alcatel-Lucent blog <http://www.alcatel-lucent.com/blog> and follow the Company on Twitter: [http://twitter.com/Alcatel\\_Lucent](http://twitter.com/Alcatel_Lucent).

**ALCATEL-LUCENT PRESS CONTACTS**

SIMON POULTER	<a href="mailto:simon.poulter@alcatel-lucent.com">simon.poulter@alcatel-lucent.com</a>	T : +33 (0)1 40 76 50 84
VALERIE LA GAMBA	<a href="mailto:valerie.la_gamba@alcatel-lucent.com">valerie.la_gamba@alcatel-lucent.com</a>	T : +33 (0)1 40 76 49 91

**ALCATEL-LUCENT INVESTOR RELATIONS**

FRANK MACCARY	<a href="mailto:frank.maccary@alcatel-lucent.com">frank.maccary@alcatel-lucent.com</a>	T : + 33 (0)1 40 76 12 11
TOM BEVILACQUA	<a href="mailto:thomas.bevilacqua@alcatel-lucent.com">thomas.bevilacqua@alcatel-lucent.com</a>	T : + 1 908-582-7998
CORALIE SPAETER	<a href="mailto:coralie.spaeter@alcatel-lucent.com">coralie.spaeter@alcatel-lucent.com</a>	T : +33 (0)1 40 76 49 08