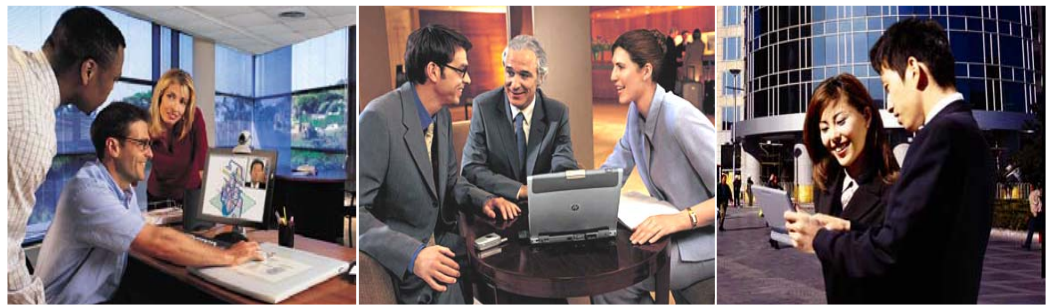
Lucent Global Business Partners

The Right Markets
The Right Technology
The Right Partners



Frank Farese

Senior Vice President
Business Partner and Software Sales

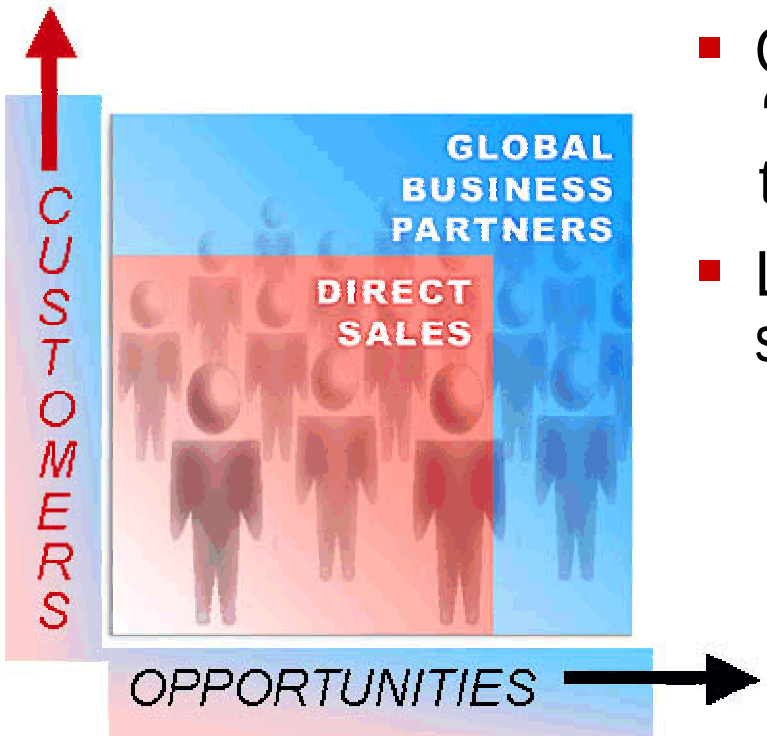
Lucent Technologies
Bell Labs Innovations

Lucent Has Transformed Itself



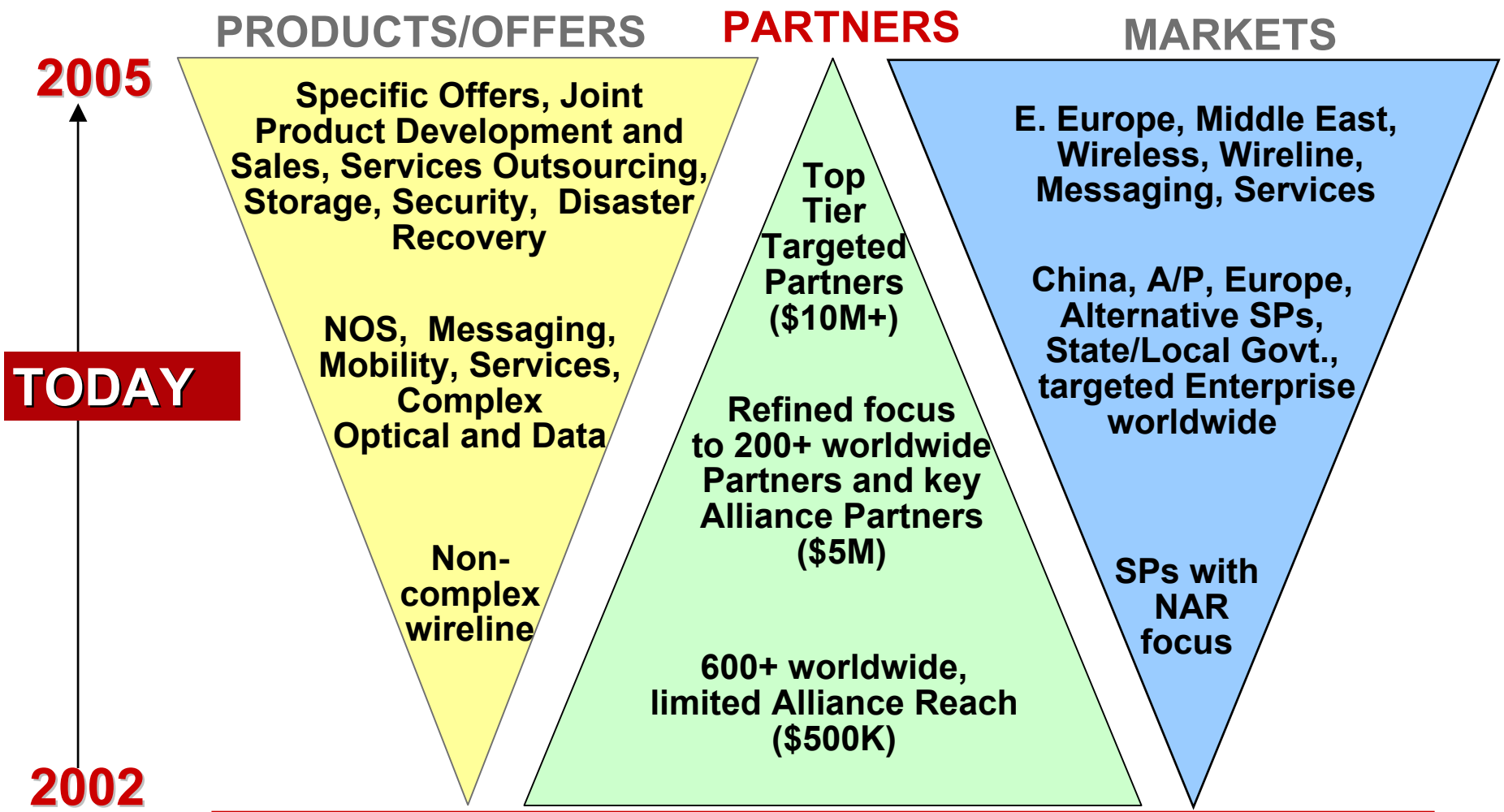
- Fundamentally changed operating model
- Industry-leading product portfolio
- Continuing to invest in research
- Intense focus on services outsourcing
- Develop partnerships to grow the business

Growth With Partners Is A Strategic Imperative For Lucent



- Aggressive use of quality reseller partners to extend sales reach in select countries and markets
- Creative partnerships with “strategic alliance” companies to reach new market spaces
- Leverage multiple companies’ sales forces

Evolution Of Lucent Partner Efforts



Increased solutions and offers… expanded into new markets … reduced number of partners and improved partner quality.

Leverage Partnerships To Reach New Markets And Grow Revenue

- It's about more customers, more market opportunities, more revenue and leadership
- Lucent's multi-channel strategy – it's not about 'direct vs. channels'
- Broaden the potency of integrated company and Partner solutions and simplify the customer experience













Leverage Strategic Alliances To Creatively Approach New Markets

- Deliver joint solutions to the service provider's business challenges
- Solve the challenges posed by the service provider's customers, both enterprise and consumer
- Enable the service provider to drive more traffic on the network
- Extend each other's reach into service provider and enterprise markets

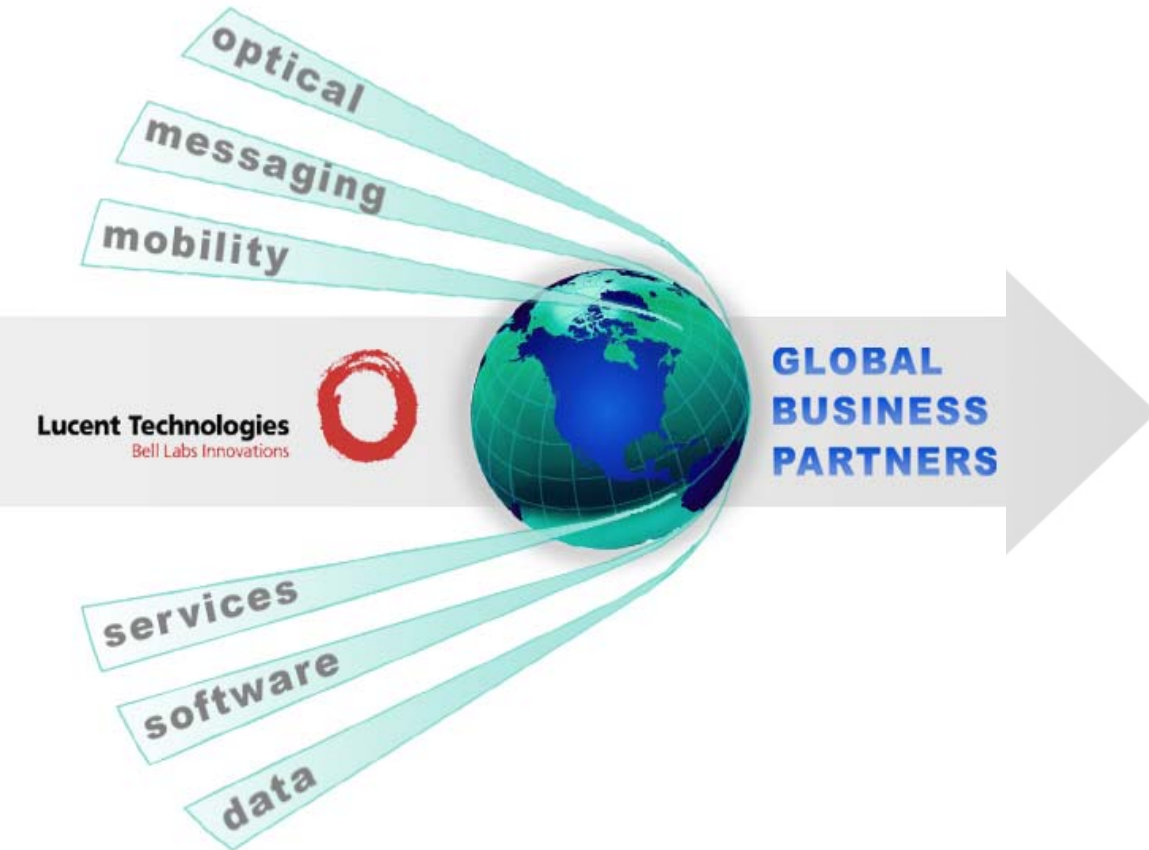


- 'Hosted Voice Services' solution
- ISG in Sun Mobile Enterprise Platform
- Unified Messaging collaboration



- VitalNet new standard for IGS
- EON listed for IBM private network solution
- JumpStart bundles for Mobility

Partner Program Spans Lucent Portfolio – INS, Mobility, Services And Software



- On track to grow revenues from partners by 15-20% in FY-03
- Break through the service provider-only model, reduce revenue dependence 25%
- Partners helping us reduce sales cost, maximize market coverage and leverage relationships with enterprises

A Year's Progress With Our Partners…

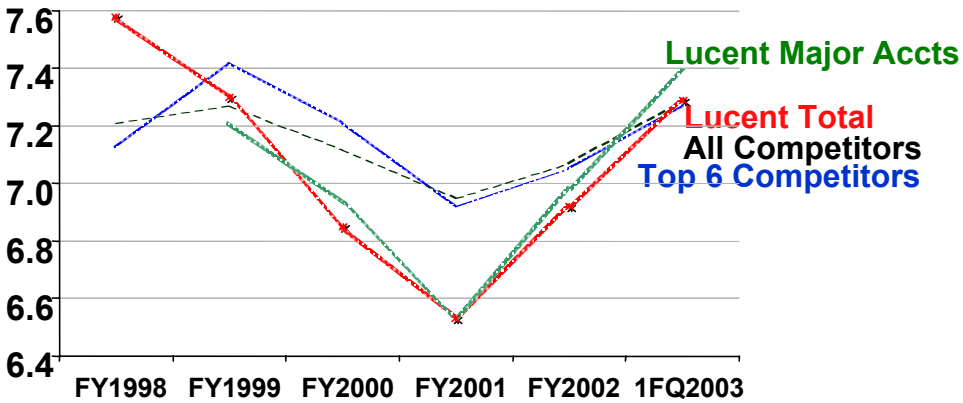


- Trimmed partner roster to 200 worldwide
  - Focus on quality not quantity
  - 600+ additional "feet on the street" and technical sales
  - Entered new markets with Enterprise, Storage and government
- Increased focus on training and accreditation
  - 65 partners accredited in at least one technology track
  - 32 more currently going through accreditation
- Inaugurated annual partner counc meetings in each region
- Improved partner satisfaction by 12%

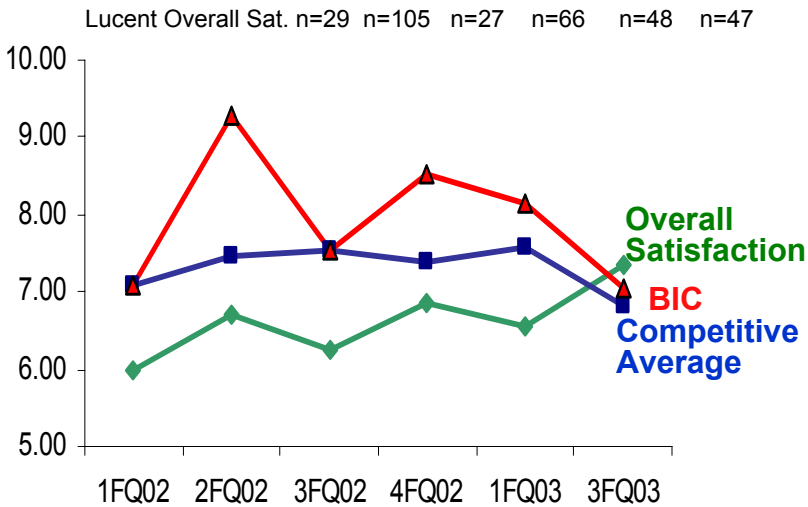
Global Business Partner Organization

Partner Satisfaction On The Rise

Lucent Customer Loyalty Index
Versus competitors



Lucent Business Partner
Overall satisfaction trend



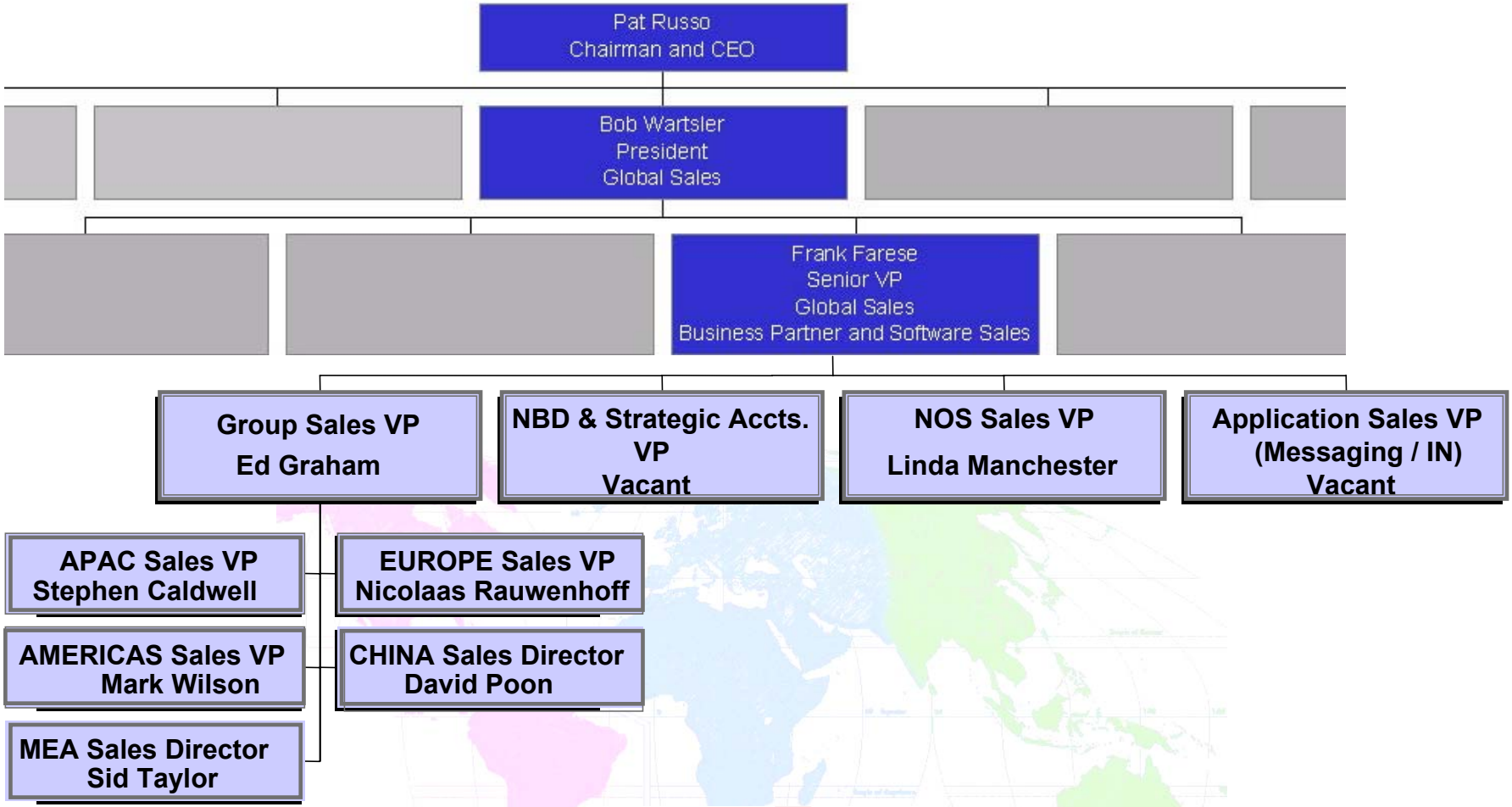
- Lucent partner satisfaction scores improved 12% in Q3 FY2003
- Lucent's overall satisfaction scores have moved above the competitive average

Lucent's Unified Global Sales Strategy



- Partner program now aligned with Global Sales
- Software/messaging sales join Partner organization 10/1
- Structure supports comprehensive sales and go-to-market strategy
- Consolidating marketing and operational functions for efficiency, speed and market focus

Business Partner And Software Sales



Break Through To Enterprise Market With Software And Messaging

- Broad portfolio of Network Operations Software
  - $1.6B market worldwide in 2004
  - VitalSuite portfolio is foundation for enterprise accounts
  - Significant opportunity for increased distribution through partners



- Leadership position in Messaging
  - No. 2 global market share and embedded footprint (No. 1 NAR Wireless)
  - More than 110 million mailboxes worldwide
  - Significant opportunity for increased distribution through partners with a focus on international markets

The Business Partner Market Opportunity

Service Providers

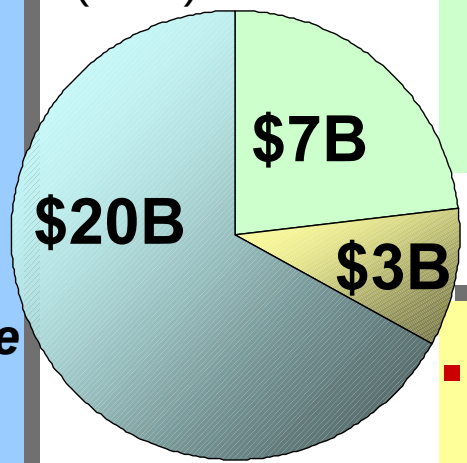
- *2/3 of total Business Partner opportunity*
- *$10 B opportunity with smaller service providers in Lucent focus countries*
- *$10B outside focus countries*
- *Includes traditional wireline, mobility, cable and alternative operators*
- *Fragmented opportunity addressing 200+ carriers*

opportunity addressing 200+ carriers

$30 BILLION

TOTAL ADDRESSABLE MARKET

(2003)



Business/Enterprise

- *Subset of current Lucent portfolio and capabilities meets enterprise customer requirements*
- *Key opportunities: network software, security/VPN products; and network professional services*

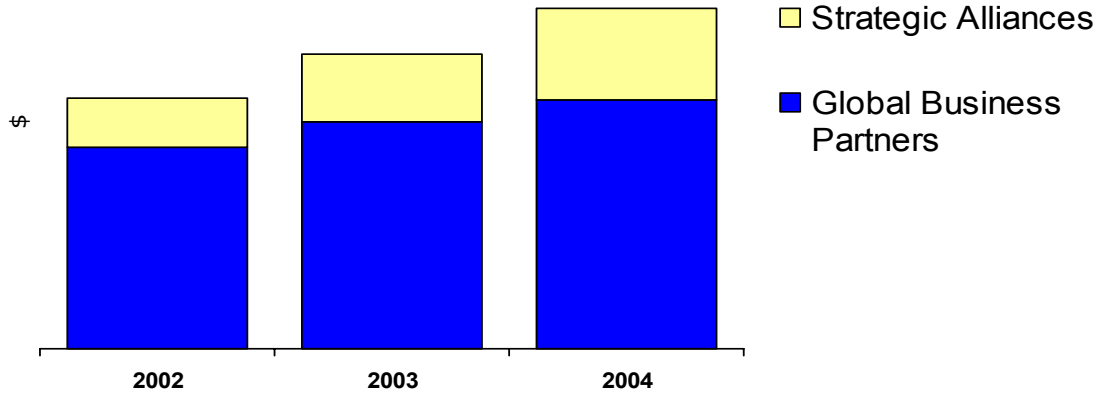
Government

- *Growth opportunities in US at local and state levels; at all government levels outside US*

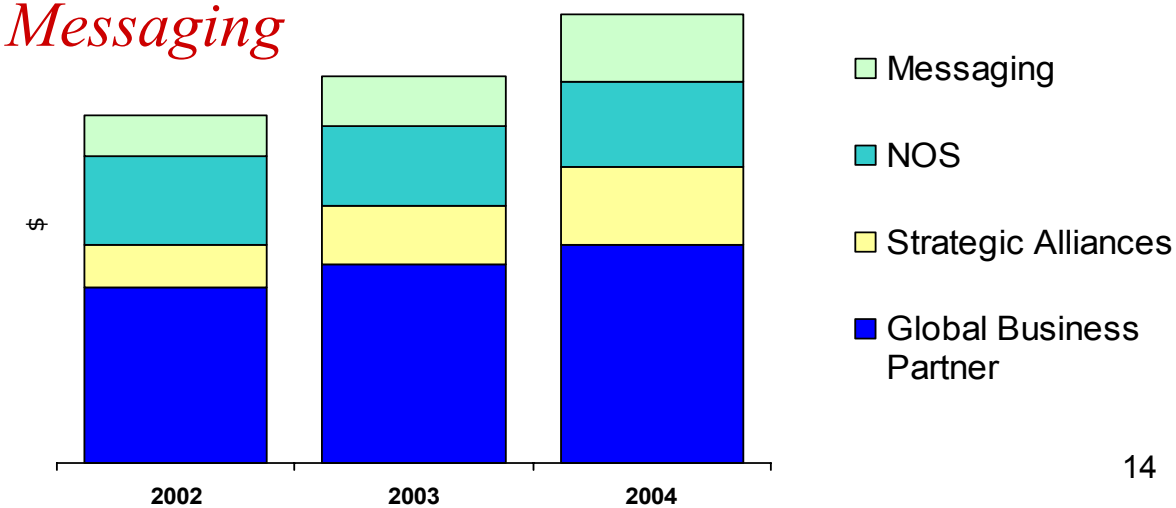
Source: Lucent Corporate Strategy, IDC, Gartner, Pyramid Research

Business Partners And Software Sales: Revenue Growth With Solid Margins

Double-digit annual growth with Channel Partners and Strategic Alliances



Aligning Partner opportunities with an increased focus on Software and Messaging



Key Partner Wins In 2003 By Market

Markets	*Customer/Partner*	*Solutions*
Switching	• Valley Telecom • Cochrane • Talk America	• iGEN • 5E-XC • Legacy
Optical	• Edison Carrier Solutions • ICE Costa Rica • Tunis Telecom • PT Lintas • Eastern Fibernet	• LambdaUnite • DMX/Metropolis ADM • Legacy
Software/ Security	• JENS • BT Ignite • Telekom Malaysia • 20+ new partnerships (NAR/EMEA)	• Network-based security services • VPN and Firewall security products • Vital Suite / Vital QiP
Storage	• Certified storage solution with EMC, McData, IBM and Sun	• Storage networking extension • 2004 needs real sales results

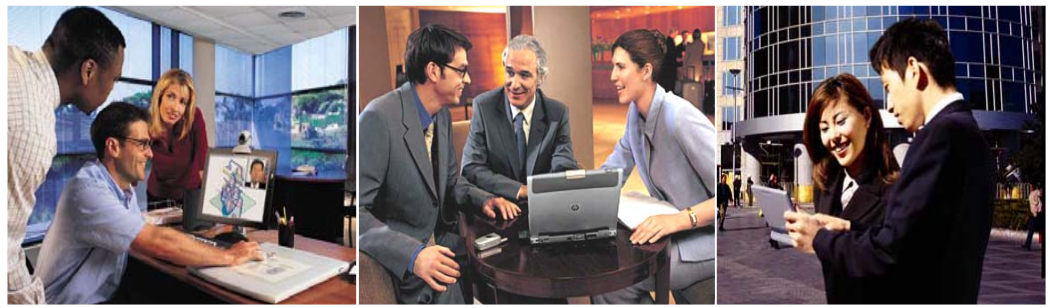
Key Takeaways



- Progress
  - Reduced number of partners
  - Increased training and accreditation
  - Entered new, growth markets
- Success
  - Key wins in each region
  - New revenue: utilities, government and other hot markets
  - New offers with alliance partners in mobility, services, etc.
- Growth
  - Grew business from partners almost 20% (in a flat to declining market)
  - Plans to continue growth at double-digit rates for next few years

Lucent Global Business Partners

The Right Markets
The Right Technology
The Right Partners



STRATEGIC ALLIANCE PANEL

Frank Farese, Lucent Technologies
Don Judd, Sun Microsystems
Jon Prial, IBM

Lucent Technologies
Bell Labs Innovations

Leverage Strategic Alliances To Creatively Approach New Markets

- Deliver joint solutions to the service provider's business challenges
- Solve the challenges posed by the service provider's customers, both enterprise and consumer
- Enable the service provider to drive more traffic on the network
- Extend each other's reach into service provider and enterprise markets

Sun microsystems

- 'Hosted Voice Services' solution
- ISG in Sun Mobile Enterprise Platform
- Unified Messaging collaboration

IBM

- VitalNet new standard for IGS
- EON listed for IBM private network solution
- JumpStart bundles for Mobility