Lucent Technologies Mobility Overview



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Lucent Technologies
Bell Labs Innovations

Lucent Technologies

Forward Looking Statement Disclosure

This presentation includes some forward-looking statements about our expectations for our future performance. Actual results could differ materially from those suggested by my comments today. Additional information about factors that could affect future results are addressed in our SEC filings, including our Form 10-K, 10-Q, and 8-Ks.

Mobility Overview

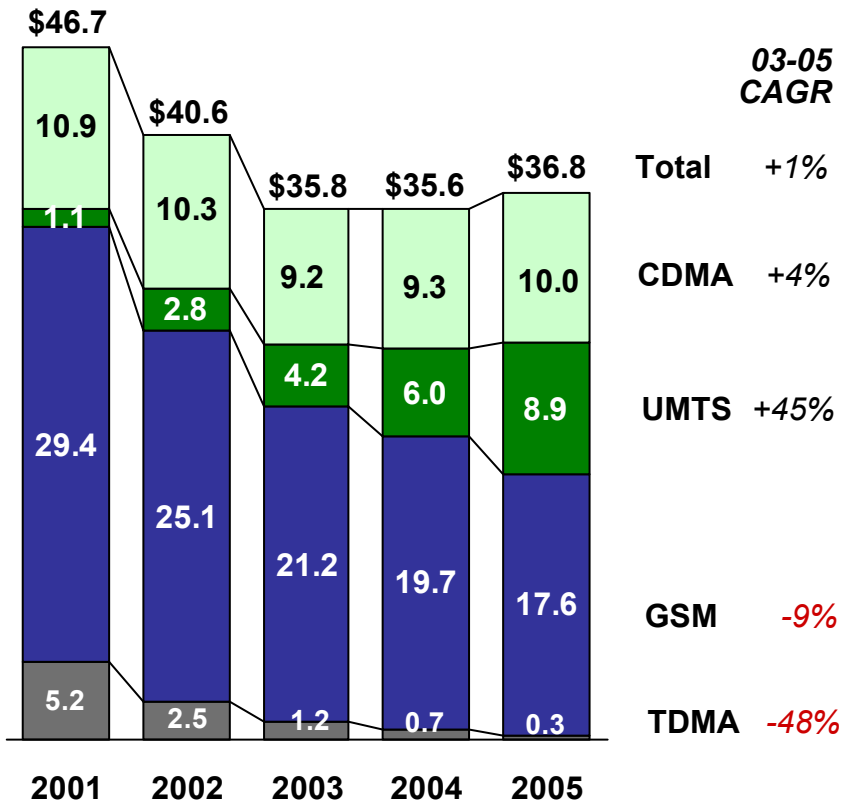
- **Revenues of $960M in Q104, +51% Q/Q and +32% Y/Y**
- **Sequential gains in segment income in the last two quarters to $172M in Q104, up $122M Q/Q and $249M Y/Y**
- **Global market-share leader in CDMA2000**

Base Stations	Radio	3G Mobile Switching	Software and Applications	Data Networking Portfolio
✓ Flexent™ OneBTS™ Modcell 4.0 ✓ Flexent® Modular Cell 4.0 Compact ✓ Supports CDMA2000 and UMTS/WCDMA	✓ Radio Network Controller provides high-performance radio access control function for CDMA2000 and UMTS/WCDMA	✓ Softswitch MSC enables innovative new services for mobile Internet and voice-over-packet	✓ Super Distributed HLR authenticate, manages profiles and Internet addresses ✓ MiLife™ Portfolio	✓ Data Networking minimizes data transport leasing costs and simplifies/consolidates network operations

Wireless Market Trends

Lucent's advantage: Intense focus on 3G spread-spectrum

- **CDMA2000 and UMTS**



Source: Average of estimates from Deutsche Bank, Goldman Sachs, IDC, Morgan Stanley, Yankee and Dell'Oro, normalized to include services, as of 2/23/04.

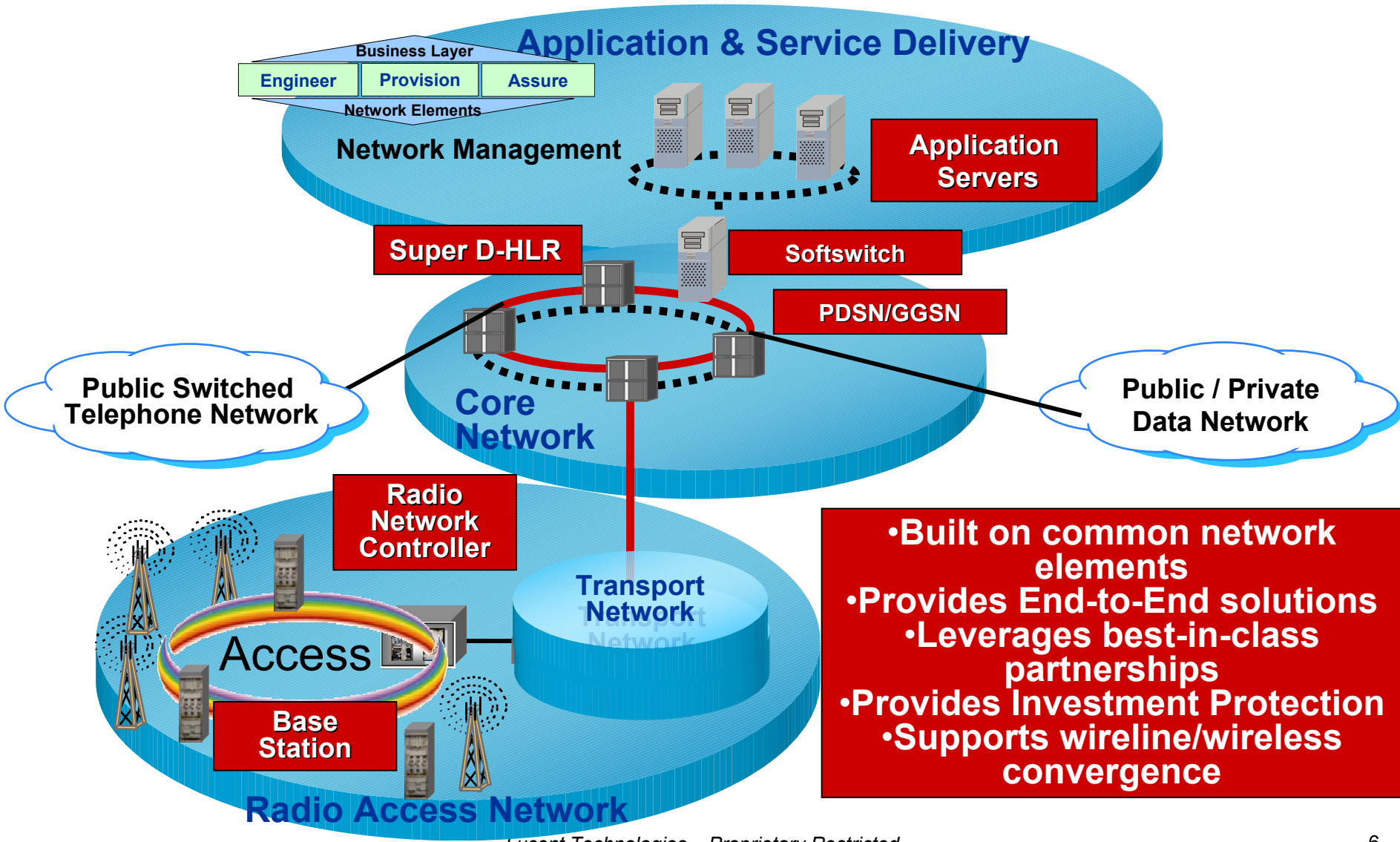
Market Dynamics

- Spread-spectrum market will continue to grow rapidly in a flat overall market
- Demand for enterprise mobile data services expected to drive 3G spending
- NAR operators accelerating W-CDMA focus to compete against recent DO announcement
- Increasing interest in W-CDMA, CDMA2000 in China based on build-outs of High Speed Data networks in Korea, Japan and US
- CDMA market is driven by an expanding global footprint and evolution to CDMA2000 voice and data services
- Mobile operators need new, profitable growth segments
- GSM continues steady decline
- TDMA rapidly declines

Mobility Strategy

- **Leverage our unmatched expertise in spread-spectrum technologies to expand global leadership in 3G network deployment**
  - Deployed more than 90,000 CDMA base stations – more than any other vendor – well over half of which are 3G enabled
- **Provide mobile operators with next-gen capabilities while extending value of their existing infrastructure investments**
- **Help service providers diversify revenue base through low-cost voice, high-speed mobile data and convergence services**
- **Partner for end-to-end solutions**
  - Cisco, Novatel, IBM, others…
- **Focus on expanding our revenue sources with opportunities in services, the government and outside the US**
- **Surrounded by world-class support: Bell Labs**

Lucent's Mobility Portfolio



- Built on common network elements
- Provides End-to-End solutions
- Leverages best-in-class partnerships
- Provides Investment Protection
- Supports wireline/wireless convergence

Lucent is:

- Building a world-class, cost-effective 3G platform
  - Spread-spectrum focus: CDMA2000, UMTS
  - Common platform
  - Packet core evolution linked to operator's timing
- Providing a total, integrated solution
  - High-reliability, high-quality network
  - Applications to devices
  - Utilizing best-in-class partnerships
  - Industry-leading services and support
- Making the market for high-speed data
  - Enterprise business customer: on the move (portable) and in the building
  - Consumer mass market: utility-based services and lifestyle applications
- Leveraging spread-spectrum expertise
  - Systems integration and reliability assets
  - Grow global footprint





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