Lucent to Pack 3 Businesses Into Avaya

Trenton, N.J. (AP) — Telecommunications giant Lucent Technologies Inc. plans to create a new enterprise networking company, spinning off three businesses to its shareholders as part of a special dividend.

Avaya will be created from Lucent’s Enterprise Networks Group, which sells, business telephone networks, voice and data switches for those networks, voice messaging systems such as its popular Intuity Audix, and other equipment and services to “enterprises.” Those include government agencies and large and small businesses, as opposed to the telephone companies and Internet service providers that are Lucent’s primary customers.

The new company will be based in Basking Ridge, N.J., near Lucent’s headquarters in Murray Hill, Lucent said Thursday. It will begin operating as a world leader in call centers, messaging systems and cable equipment that links telephones and computers inside companies.

“They’ll start out with about an $8 billion-a-year business,” said Lucent spokesman Bill Price.

The spinoff will be complete Sept. 30, the end of Lucent’s fiscal year. On that date, Avaya shares will be distributed to everyone holding Lucent shares as of Sept. 20.

Trading after the stock is issued will determine the stock price and market capitalization, Price said.

Lucent shareholders will receive one share of Avaya common stock for every 12 Lucent shares they hold, creating about 275 million Avaya shares, according to Price. Any fractional shares will be distributed as cash, and that cash will be the only portion of the stock distribution subject to federal income taxes.

The stock has plunged to the low $40s from $84 per share last December before the company warned of unexpected weakness in its revenues and profits.

Lucent, a former AT&T unit that has made a number of restructuring moves over the past year, announced the spinoff of the underperforming enterprise network business March 1. Company executives said it would allow Lucent to focus more on serving telecommunications companies.