

July/August 1996

Lucent

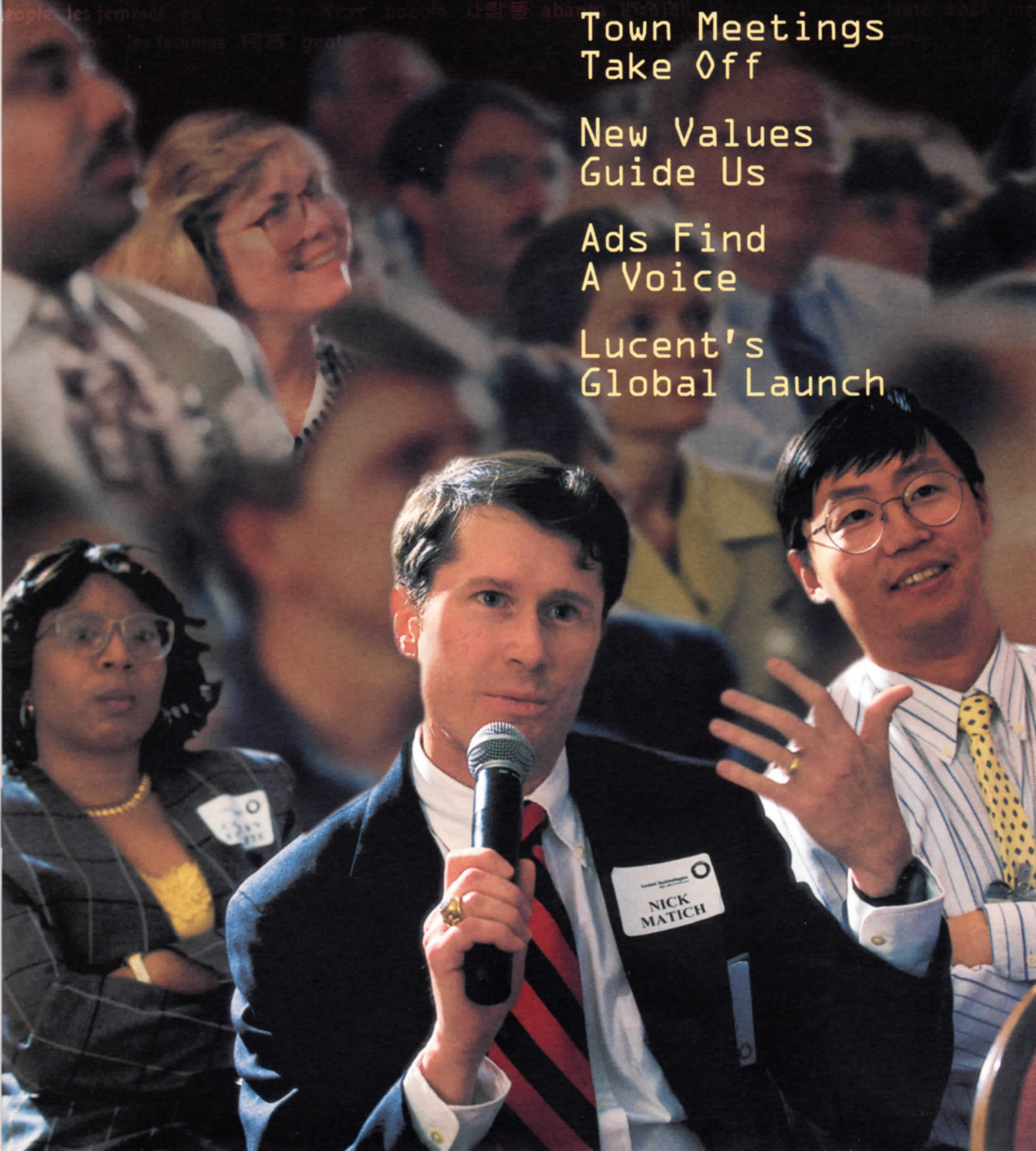
magazine

Town Meetings
Take Off

New Values
Guide Us

Ads Find
A Voice

Lucent's
Global Launch



Customer Care



Maurice Burns went the extra mile to help a customer, Norma Lewis Mitchell, keep her favorite phone.

A Lucent customer is still seeing red thanks to Maurice Burns, a service manager at Consumer Products' National Service Center in St. Louis. He took a call from a customer, Norma Lewis Mitchell, who was irate to discover that the red *Princess* phone had been discontinued. Hers was broken, and she would be happy only with a red *Princess* phone — no other style or color would be right for her decor, she insisted.

In talking with her, Burns realized that she was his neighbor. "The *Princess* phones hardly ever break,"

Neighborhood Help Brings a Smile

he said, "so I offered to stop by her house and take a look at it."

She welcomed the offer and was waiting on her front porch when he arrived. Just as Burns had suspected, the problem was in the wire and not the phone. He replaced the wire, and the phone worked fine.

"She was thrilled," said Burns. "She just couldn't get over the fact that I came to her home and fixed her phone. Just seeing how happy she was made it worthwhile. We satisfy customers every day over the telephone and that's great, but seeing this customer's smile and relief was just terrific."

And that's not the end of the story. A few weeks later, Burns ran into his customer again at a City Council meeting. She is a member of the Council and made a point of introducing him at the meeting and telling everyone there how Lucent Technologies had exceeded her expectations in providing customer service. **O** - Janet Younkin

Honey We Shrunk the Values (on a card)

For Lucent Technologies to thrive will depend in large part on our knowledge of the company's mission and values, and on our understanding of how they touch everything we do.

This issue of Lucent Magazine has a number of features that address our company's culture and values, including the views of Henry Schacht and Rich McGinn.

To help you keep the mission and values in mind, we're including this card for you to carry with you. To order additional cards, please call 1-800-458-1761 inside the United States, or 908-523-0526 from international locations.

Our Values

- 1 an obsession with serving our customers
- 2 a commitment to business excellence
speed
innovation
quality
- 3 a deep respect for the contributions of each person to the success of the team
mutual respect & teamwork
personal accountability
integrity & candor
- 4 a strong sense of social responsibility

Contents

Lucent Magazine

July/August 1996

Vol. 1, Issue 2

Published for the people
of Lucent Technologies Inc.

Executive Editor

Patty Wainright-Smith

Managing Editor

Fran Anderson

Editorial Staff

Cathy Fee
Ollie Hartsfield
Noëlle Lusardi
Carl Rachel
Robyn Roberts

Contributing Writers

Alex Dumas
Steve Goldsmith
Carl Kelly
Steve O'Donnell
Denise Panyik-Dale
Dan Van Atta
Darlene Warrington
Janet Younkun

Production Manager

Ilona Jones

Distribution Manager

Noëlle Lusardi
email: attmail@nlusardi
call: 908-582-5999

Design

John Paolini
Waters Design
Associates, Inc.
New York, NY

To contact Lucent

Magazine:

Write to: Fran Anderson

28515A

600 Mountain Avenue

Murray Hill, N.J. 07974

email: attmail@frananderson

call: 908-582-5836

fax: 908-582-6630

We welcome your letters
and ideas for articles.

Please note that all letters
will be considered as having
been submitted for publica-
tion. The editors reserve the
right to edit all letters for
length and clarity. Opinions
expressed in letters and
articles do not necessarily
reflect the views of Lucent
Technologies Inc. management.
AT&T and Lucent service
marks and trademarks are
published in italics in this
publication.

© Lucent Technologies 1996

www.lucent.com

Our Values

2

A New Bond For
Lucent People

Town Meetings

4

Lucent Employees
Meet Top Leadership

Worldwide Map

8

Our Locations
Around the World

Lucent Launched Around the World

10

Lucent & Bell Labs:
A Global Community

The Voice Says It — With an Attitude

12

Innovative Advertising

Lucent Tells Its Story to Analysts

14

Investors Also
Key to Our Success

High-Tech at Work

16

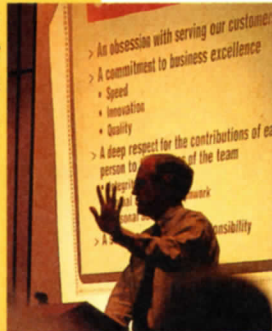
Lucent At the Olympics
& Political Conventions

What the Values Mean to Me

BC

Lucent People
On Our Values

On the cover:
Lucent people meet
with Henry Schacht and
Rich McGinn.



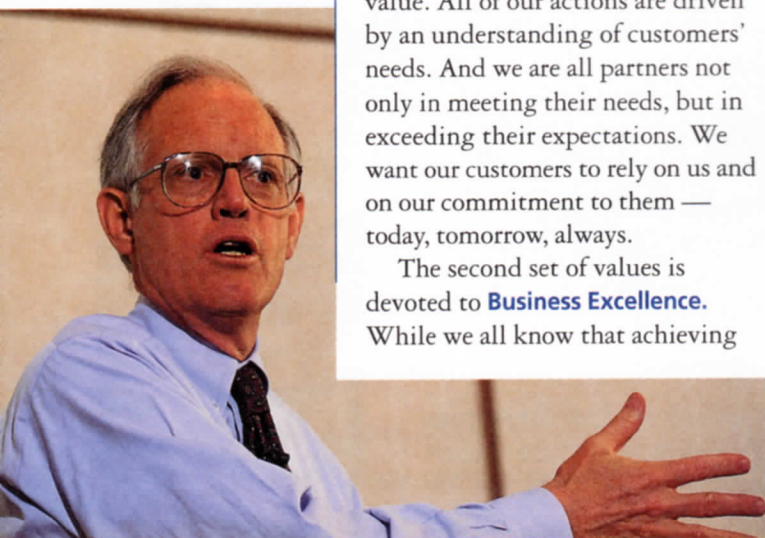
Printed on recycled paper
using vegetable-based inks.

Lucent Technologies
Bell Labs Innovations



Living Our Values Day-to-Day

Henry Schacht, chairman and CEO, and Rich McGinn, president and COO, are talking to employees around the world. The following article is compiled from their discussions of our values at those meetings.



Henry Schacht discusses the values with Washington, D.C., area employees.

Thanks to the people of Lucent Technologies, we've achieved a number of milestones for our new company, including an initial public offering that shattered Wall Street records. Now, as we go about the day-to-day work of serving our customers, the real job of building a great company has begun.

For more than 125 years, what set our business apart from others was talented, dedicated people with a deeply held set of beliefs built around a dedication to serving customers and a commitment to making our communities better places to live and work.

We all come from that heritage and we intend to build on it in the decades ahead. But we are a different company today in many ways. For that reason, we have brought more specificity to the values that will form a new bond among the people of Lucent Technologies.

Customer Focus is our overriding value. All of our actions are driven by an understanding of customers' needs. And we are all partners not only in meeting their needs, but in exceeding their expectations. We want our customers to rely on us and on our commitment to them — today, tomorrow, always.

The second set of values is devoted to **Business Excellence**. While we all know that achieving



Our statement of values is cast in four parts:

- An obsession with serving our customers.
- A commitment to business excellence.
- A deep respect for the contributions of each person to the success of the team.
- A strong sense of social responsibility.

business excellence embraces a lot of different behaviors, we wanted to highlight the areas we felt needed our priority attention, including speed, innovation and quality. Success in these areas will help us realize our goal of becoming the most innovative provider of communications solutions.

Speed is critical. We will have to become faster than anyone else in recognizing and responding to customers' needs. This is the only way we will be able to exceed customer expectations and live up to our full potential. We intend to make decisions quickly as we walk that delicate line between diligent fact-finding, weighing various points of view and, of course, the needs of our customers.

Innovation is our lifeblood. We will continually seek innovation in our products, processes and services. The people of Lucent Technologies will have the flexibility to perform their jobs without the burdens of needless bureaucratic rules that stymie creativity.

Our symbol is the Innovation Ring. When you look at that ring, we hope it is a constant reminder that creativity is a job that never ends. We are committed to building a continuous learning environment throughout Lucent Technologies — an environment where skills are constantly upgraded and knowledge is continually shared. Creativity will be enthusiastically fostered, and constantly rewarded.

Quality is another important value. We have built a fine record in the past, and we have the national and international quality awards to prove it. We know what to do in this vital area, and we intend to seek continuous improvement by renewing our commitment to quality principles. That, along with innovation, will assure that we deliver superior customer value.

We also have a set of **Personal Values**. They flow from the idea that all of us have responsibilities and all of us have rights. And they go together. As members of the Lucent

Technologies team, we have responsibilities to ourselves in terms of standards, our level of effort, our feelings about creativity and speed. In addition, we have the right to be treated with dignity and the right to work in a climate that reflects mutual respect, teamwork, integrity and candor. It is our responsibility to contribute to that environment every day as we strive for the overall success of the team. We should expect no less from others.

We can't be successful without holding to the highest levels of business ethics. And we can't be successful without **Personal Integrity**. We must be open and honest in all our relationships — inside and outside the company. That's the way we've always done business. If we have to compromise our standards, the business isn't worth having.

Mutual Respect and Teamwork are equally important. The environment we are striving to create will be one that supports diversity of people and of ideas. We intend to foster a respect for and a celebration of the strength of our diversity and the way we work together as human beings. We are a team that draws energy from the individuals around us. And that's why we will be the leader in anything we try to do.

At the same time, each of us has the obligation to speak up. Each of us has an obligation to listen. There will always be contention as ideas clash, but we want contentions to be constructive, not destructive. So, we will always confront issues with mutual respect. Communication is an important part of this value. Sharing information with colleagues throughout the business is vital. Not only does this reflect respect, it makes great business sense as well. Only informed people can make informed judgments.

We all expect the best of ourselves and of each other. We must band together and bond together as we take our new company forward. No one can be alone in pursuing a business objective. We are a team and we intend to operate that way.

But individuals as well as teams have to be accountable. We felt strongly that **Personal Accountability** should be highlighted because it reflects the kind of business we intend to become.

To be successful, all of us will have to take ownership for the overall success of our company. We really believe this is true. We aspire to be the best in the world, so each of us must strive to be better than the companies we are competing

Our symbol is the
Innovation Ring.
When you look at
that ring, we hope
it is a constant
reminder that
creativity is a job
that never ends.

against — individual by individual, function by function.

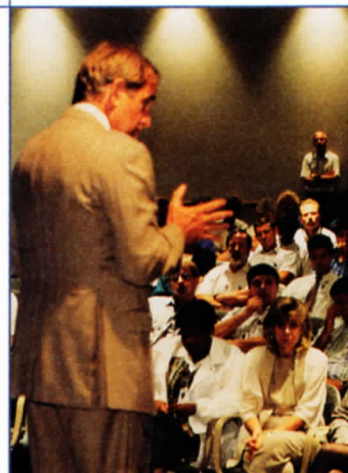
Our rewards will be determined by our results — individual results and team results. Being personally accountable means keeping commitments. Focusing on personal accountability is a recognition that the people of Lucent Technologies are indeed the most valuable asset we have. After all, technologies and systems do not serve customers. People do.

People are also central to another important value — a strong sense of **Social Responsibility**. No company on earth has a greater tradition in this area than ours. We intend to carry on the tradition of service to our communities through encouraging volunteerism, through support of the Telephone Pioneers of America, and through corporate philanthropy.

Those are the values we've chosen to guide us in our mission. They are consistent with the values we have shared in our old world. But they also are updated to reflect the challenges of our new world.

We hope you agree that this is rare opportunity, one that few people ever get in their careers. It is up to all of us to join together to make the most of it. ○

Rich McGinn meets with
Microelectronics Group
people in Orlando.



BLACK STAR

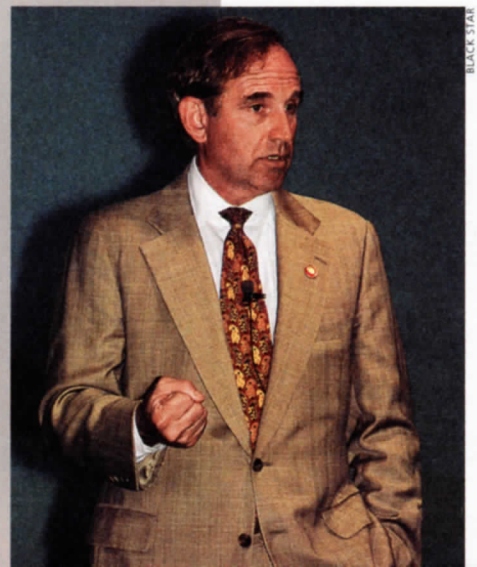


BLACK STAR

Let's Get Together

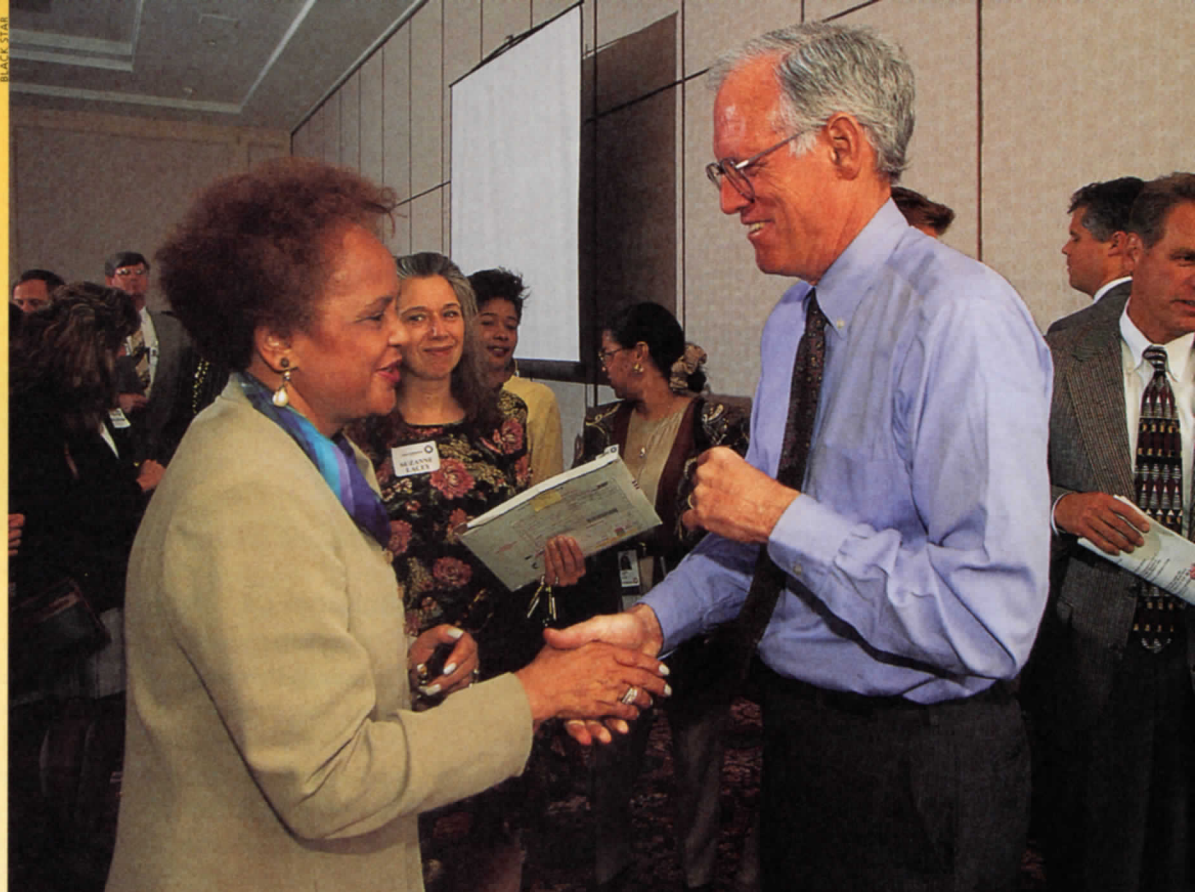
Their mission: to meet with most of the more than 100,000 Lucent people around the world by the end of the year. Already, thousands of Lucent employees from Missouri to Orlando have joined Henry Schacht and Rich McGinn in "town meetings," and many more are planned for the rest of the year.

During these informal sessions, Schacht and McGinn present Lucent Technologies' mission, strategy, goals and values, and answer employees' questions. Following are snapshots of some of those trips.



BLACK STAR

Henry Schacht met informally with Washington, D.C., area employees and with a group of some 275 people.



BLACK STAR

Customers Should Be an Obsession

"I was impressed with his strategic focus for Lucent, the four areas of growth for the company, and his discussion of centralizing common functions across operating units to make us more cost-effective in the market," commented Jennifer Collie, assistant controller, Global Manufacturing for Business Communications Systems (BCS) in New Jersey.

Collie was one of more than 4,000 BCS associates to hear Henry Schacht speak from Basking Ridge, N.J., on May 2 during a 90-minute telecast. It was his first meeting with a group of employees since the initial public offering of Lucent stock.

Schacht told associates the key areas targeted for growth for Lucent Technologies are: wireless, software, data telephony integration for multimedia, and international. These areas, Schacht said, cut across the entire company. In his closing remarks, Schacht shared thoughts about focusing on customers.

"I have an obsession for the needs of the company to be driven by the needs of customers. That's in every annual report of every company, but it is my observation that it is more often said than performed."

Mr. Schacht Goes to Washington

"His message was candid and refreshing. He didn't paint this 'pie in the sky' picture of our future, and I was able to walk away believing that this is a time of rare opportunity for Lucent Technologies and all its employees," commented Brenda Tellington, a marketing and sales support manager for Advanced Technology Systems, in Arlington, Va.

Tellington was one of some 275 employees from BCS, Network Systems and the various Federal Markets groups in Maryland, Virginia and the District of Columbia who listened to Schacht during a town meeting held May 31 in Arlington.

In answering questions from the audience, Schacht said Lucent's stock was performing very well. When asked how Lucent's relationships with the RBOCs (Regional Bell Operating Companies) had changed since the divestiture announcement, he said it had been enhanced.

(from left) Sonya Brooks, Joan Price and Rosemary Riley display their buttons with the name of their location, Lucent Technologies, Town and Country, Mo.



Meet McGinn in St. Louis

"Positive, very energized," is the way Debbie Masterson, a service realization manager at Consumer Products' Wholesale Support Center in St. Louis, described Rich McGinn.

Masterson was one of some 150 Lucent employees who attended a face-to-face meeting with McGinn on May 24, the Friday before the Memorial Day holiday, in the St. Louis suburb called Town and Country. Another 310 employees listened by phone.

What Masterson found particularly interesting about the session was learning about the many operating units within Lucent Technologies and hearing McGinn speak on how the company will grow. She also appreciated seeing him in person.

Sonya Brooks, staff specialist for Network Systems, said it was the first time in her two years at the location that she can remember a visit from a high-level executive. "He was very informal, very open to questions," said Brooks. Brooks also appreciated McGinn's sense of humor.

"When I came in today," McGinn said, "I was given this button that says 'Lucent Technologies, Town & Country, Mo.' I will wear it with pride. I do feel like a general going into battle with this and my Lucent Technologies lapel pin, which I wear all the time. But I take my Lucent Technologies pin off when I put on my pajamas."



Holmdel 4A Sponsors Meeting

"It was really great to hear and see our CEO in person," said Stephanie Scheffler, a technical manager for Bell Labs in Holmdel, N.J.

She was one of more than 300 employees packing the auditorium on May 29 to hear Schacht during a town meeting at Bell Labs in Holmdel. Arrangements for the visit had been made by Asian/Pacific American Association of AT&T (4A) committee coordinator Raj Varadarajan, head of the software department in the Next Generation Lightwave Network (NGLN) lab. While there, Schacht toured the demo area for the NGLN product.

"I was encouraged by the fact that he asked people to write their issues on paper and hand them to him. I got the impression that he is concerned about our ability to do business effectively," said Scheffler.

Varadarajan said the crowd really took to Schacht, and what they found most appealing was his laid-back demeanor.

"The mood was fantastic," said Varadarajan. "It was good to have access to the chairman."

Holmdel employees attend a meeting with Henry Schacht.

Employees in Orlando hear Rich McGinn speak.



Florida Warmed to Meeting

"I thought it was a very clear and open presentation. He's proud of the business and he seems genuinely interested in the concerns of the employees. As a new Lucent employee, it means a lot to me that management is interested in investing in their employees," said Linda Cappandona, a member of the technical staff at the Microelectronics Group facility in Orlando, Fla.

Cappandona was one of the 275 Microelectronics Group's Integrated Circuits Division employees who heard Rich McGinn on June 11, during his hour-long presentation in Orlando, which emphasized Lucent's commitment to investing in the company's future. The commitment to investing in the business is especially apparent in Orlando, where Lucent is doubling the chip-making facility's current capacity to meet the unprecedented worldwide demand for semiconductors.

Refocus, refine, grow and expand were the highlights of McGinn's outline for future growth. According to McGinn, the company's formula for success is to invest in growth areas, attract new international customers, capitalize on opportunities from the AT&T restructuring, build on the innovations of Bell Labs, and redefine businesses.

"I like it when management comes out and talks to us personally. I thought it was informative and interesting, and he was actually kind of entertaining," said Regina Shelton, a document control center specialist. "I liked the feedback. I wasn't sure how well we were doing or how we were perceived by the public. It's nice to hear directly from the top." ○

James Fitzpatrick asks Henry Schacht a question at the town meeting in Washington, D.C.



BLACK STAR

"I have an obsession for the needs of the company to be driven by the needs of customers...it is my observation that it is more often said than performed."

Compiled by Robyn Roberts with reports from Alex Dumas, Steve Goldsmith, Denise Panyik-Dale, Darlene Warrington and Janet Younkin



Where In the World Is Lucent?

Cities Worldwide With 50 or More Lucent People

United States

Alabama:

Birmingham
Montgomery

Arizona:

Phoenix

Arkansas:

Little Rock

California:

Cypress
Fremont
Hayward
Inglewood
Irvine
Los Angeles
Pasadena
Pleasanton
Rancho Dominguez
Riverside
Rocklin
Sacramento
San Diego
San Francisco
San Jose
San Leandro
San Ramon
Santa Clara

Colorado:

Aurora
Denver
Englewood
Greenwood Village
Littleton
Westminster

Connecticut:

East Hartford
Hartford
Norwalk
West Haven

Delaware:

New Castle

Washington, D.C.

Florida:

Coral Gables
Ft. Lauderdale
Jacksonville
Largo
Lake Mary
Maitland
Miami
Miramar
Orlando
Pompano Beach
Tampa

Georgia:

Alpharetta
Atlanta
Duluth
Morrow
Norcross

Illinois:

Arlington Heights
Chicago
Hickory Hills
Lisle
Montgomery
Naperville
Peoria
Rolling Meadows
Schaumburg
Springfield
West Chicago

Indiana:

Carmel
Indianapolis

Iowa:

Urbandale

Kansas:

Overland Park
Shawnee Mission
Wichita

Kentucky:

Louisville

Louisiana:

Metairie
New Orleans
Shreveport

Maryland:

Baltimore
Beltsville
Bethesda
Cockeysville
Columbia
Jessup
Linthicum Heights
Rockville
Silver Spring

Massachusetts:

Andover
Boston
Braintree
Brockton
Framingham
North Andover
Waltham
Woburn
Worcester

Michigan:

Grand Rapids
Northville
Oak Park
Okemos
Plymouth
Southfield

Minnesota:

Arden Hills
Bloomington
Minneapolis

Mississippi:

Jackson

Missouri:

Chesterfield
Creve Coeur
Lee's Summit
Olivette
Town and Country

Nebraska:

Omaha

New Jersey:

Basking Ridge
Berkeley Heights
Bound Brook
Bridgewater
Clark
Edison
Fairfield
Hammonton
Holmdel
Liberty Corner
Lincroft
Middletown
Morristown
Mount Laurel
Murray Hill
Mount Olive
Newark
Parsippany
Piscataway
Princeton
Red Bank
Short Hills
Somerset
Teterboro
Union
Warren
Whippany

New Mexico:

Albuquerque

New York:

Albany
Amherst
Brooklyn
Hauppauge
Melville
New York City
Plainview
Staten Island
Suffern
Syracuse
White Plains
Woodside

North Carolina:

Cary
Charlotte
Greensboro
Raleigh
Whitsett
Winston-Salem

Ohio:

Akron
Brooklyn Heights
Cincinnati
Columbus
Dublin
Solon
Worthington

Oklahoma:

Oklahoma City

Oregon:

Milwaukie
Portland

Pennsylvania:

Aliquippa
Allentown
Breinigsville
Folcroft
Philadelphia
Pittsburgh
Reading
Wayne

Rhode Island:

Providence

South Carolina:

West Columbia

Tennessee:

Brentwood
Knoxville
Memphis
Nashville

Texas:

Austin
Balcones Heights
Carrollton
Dallas
Houston
Hurst
Irving
Mesquite
Richardson
San Antonio

Utah:

Murray
Salt Lake City

Virginia:

Arlington
Chantilly
Glen Allen
Norfolk
Richmond
Vienna

Washington:

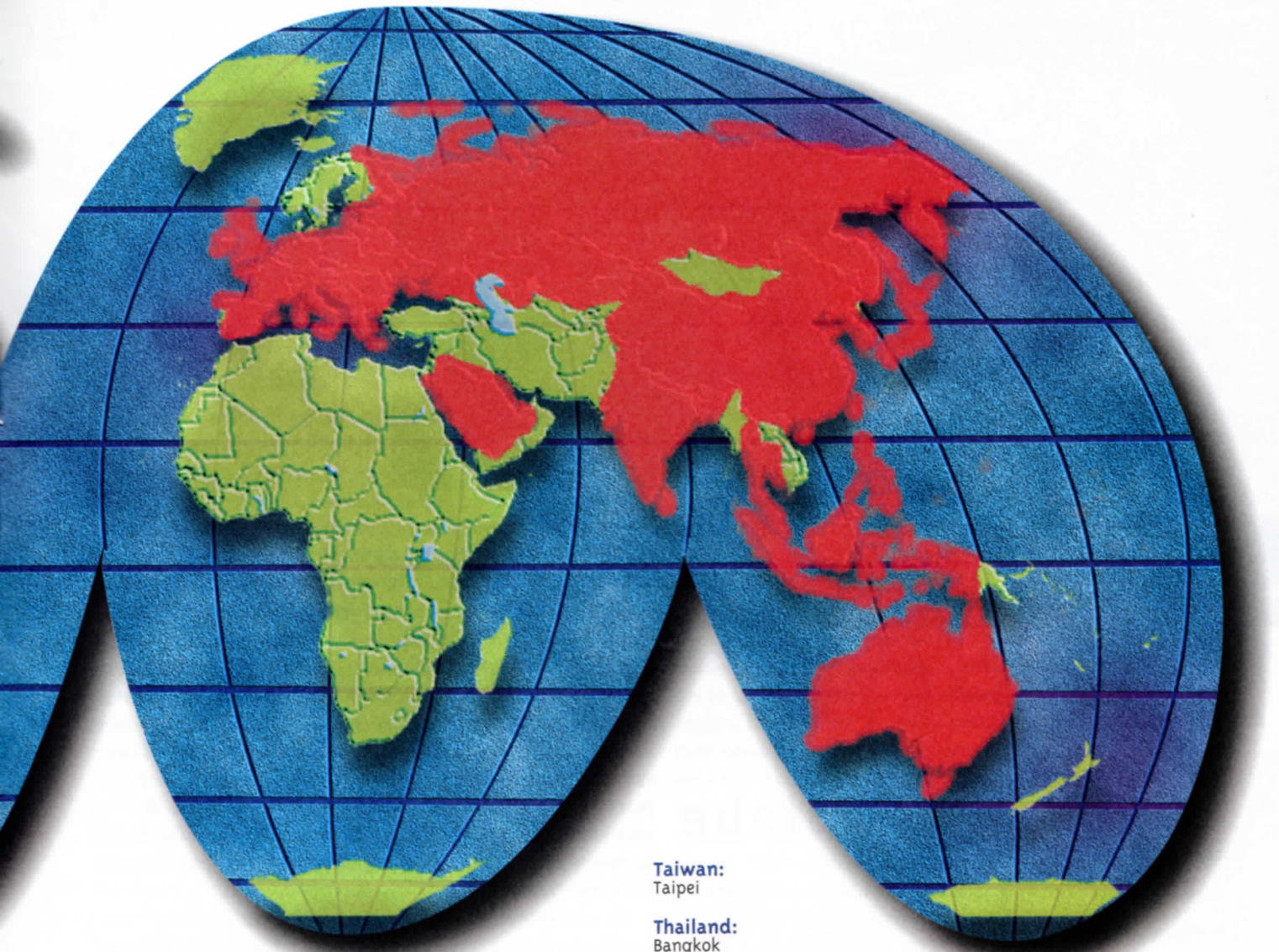
Kent
Seattle

West Virginia:

Martinsburg

Wisconsin:

Brookfield
Waukesha



International

Argentina:
Buenos Aires

Australia:
Sydney

Belgium:
Brussels

Brazil:
Sao Paulo

Chile:
Santiago

China:
Beijing
Chengdu
Guangzhou
Shanghai
Shenyang
Wuhan

Colombia:
Bogota

Denmark:
Bronby

El Salvador:
San Salvador

France:
Lannion
Paris
Rennes
Rouen
Saumur

Germany:
Bonn
Frankfurt
Hamburg
Munich
Nuremberg

Honduras:
San Pedro Sula

Hong Kong

India:
New Delhi

Indonesia:
Jakarta

Ireland:
Dublin

Italy:
Milan
Rome

Japan:
Tokyo

Korea:
Seoul

Malaysia:
Kuala Lumpur

Mexico:
Mexico City
Guadalajara
Matamoros
Monterrey
Reynosa

The Netherlands:
Hilversum
Huizen
Leidschendam
Nieuwegein

Nicaragua:
Managua

Peru:
Lima

Philippines:
Manila

Poland:
Bydgoszcz
Warsaw

Russia:
Almaty
Ekaterinburg
Kiev
Moscow
St. Petersburg
Vilnius
Vladivostok

Saudi Arabia:
Dammam
Jeddah
Riyadh

Singapore

Spain:
Tres Cantos

Taiwan:
Taipei

Thailand:
Bangkok

United Kingdom:
Birmingham
Bracknell
Cardiff
Chippenham
Farnborough
Leeds
London
Malmesbury
Manchester
Winchester

Venezuela:
Caracas

BLACK STAR

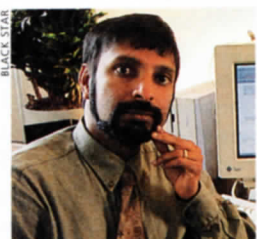


Isabelle Colucci, secretary,
Télécommunications
Radioélectriques et
Téléphoniques of Paris (TRT),
Le Plessis Robinson, Paris



Emma Griffiths,
market analyst,
Network Systems, Malmes-
bury, United Kingdom

BLACK STAR



A.S. Krishnakumar (Krishna),
Wireless Networking and Mobile
Computing Research depart-
ment head, Bell Labs, Nieuwegein,
the Netherlands

Red-shaded areas have cities
with 50 or more employees.

Illustration by Wendy Grossman



Employees in Beijing took to the stage to tell the history of Lucent and to celebrate the company's new beginnings. More than 200 employees were treated to a play which featured "Alexander Graham Bell," played by He Gang, and the unveiling of the Lucent flag by Sensen Li (left) and Jane Wang.

Lucent

Puts Its Brand On the Globe

"Lucent Technologies

is proud to join with the worldwide telecom industry in a powerful display of communications solutions that will fuel communications growth in Asia in the 21st century." — Jay Carter, president, Lucent Technologies Network Systems - Asia/Pacific at CommunicAsia '96.

Lucent Technologies may have a 125-year-old tradition in telecommunications, but it's still the "new kid on the block" outside of the United States. That's why Lucent has wasted no time in introducing itself to its employees and customers across the globe. From Beijing to Rio de Janeiro, Lucent has used employee gatherings, trade shows, corporate advertising and other activities to help its global customers and employees get to know the company better.

Employee events officially introducing and celebrating the new company have been held in all regions. In Hong Kong, for instance, the annual employee dinner celebrating the Chinese lunar new year took on an added meaning this year when employees gathered together for the first time as a new company. The theme of the gathering was "Fuk, Lok, Sau (Happiness, Fortune, Longevity) Building Around the Ring of Innovation."

Employees in Beijing came up with an innovative way to introduce the history and beginnings of

Lucent: a stage show. During the show, "Alexander Graham Bell" received an update on advancements in telecommunications since the telephone. The birth of Lucent was metaphorically illustrated by a giant "egg" that split into three smaller eggs — one of which was the Lucent "golden" egg.

In Hilversum, the Netherlands, children of Lucent employees were asked to draw their answers to the question "What does communications mean to you?" The result was a 15-foot-long mural filled with colorful phones, computers and other symbols of communication. The children, ages 6 through 12-years-old, enjoyed the event so much that discussions are under way to hold a similar activity at other Lucent locations in the region. The children's mural will be on display outside Lucent's Hilversum facility.

At an employee dinner in India, the Lucent logo was unveiled amidst a crescendo of music, pulsating lights and billowing smoke. In the Philippines, Argentina and Korea, picnics were a popular way of gathering employees together to celebrate the new company and begin developing a sense of the new corporate culture.

Ads Speak the Local Language

Advertising is an important part of presenting the Lucent name to the world. Lucent runs corporate ads in business and trade publications around the world, all in the language of the country. Lucent's corporate advertising campaign features a business card, the global symbol of business introductions. "We felt the simplicity of the ad and the idea of the business card could work anywhere in world," said Austin Patrick, corporate advertising manager.

To ensure that the ads will work in particular regions, Lucent's marketing staff runs them by the regional and country managers. In some cases, the ads have been changed slightly to make them more relevant in that country. In Japan, for instance, copy



The Sviaz '96 trade show in Moscow showcased Lucent's technology and services.



for the ads was done in calligraphy, a highly respected art form in Japan. Using calligraphy instead of conventional typeset letters conveyed a touch of warmth and tradition that is important in the Japanese way of doing business.

"The idea is to capture the spirit and intent of the advertising messages, and make it work in individual markets," said Patrick.

Before the Lucent Technologies name could even be used on legal documents in several countries, it had to be legally registered. In some cases, the name and logo has to be tailored to suit the requirements of an individual country. In Saudi Arabia, for example, the company's name must be translated into Arabic on company letterhead.

Lucent Debuts at Trade Shows

In June, Lucent made its official debut in Asia and Latin America with a presence at major trade shows in Singapore and Brazil. At the CommunicAsia '96 trade show in Singapore, Network Systems and Business Communications Systems (BCS) displayed their most advanced products and services. The Microelectronics Group joined Network Systems and BCS at the Americas Telecom '96 trade show in Rio de Janeiro. In Moscow, Lucent made its debut at the Sviaz '96 trade show in May.

Besides presenting Lucent's technology and products, the trade shows give Lucent people a chance to build stronger relationships with customers. Lucent executives used meetings and customer receptions as opportunities to present Lucent's story and strategy.

"Our presence at trade shows demonstrates how committed we are to doing business in a particular region. It reinforces the message to customers that we want to do business with them on a long-term basis," said Gene O'Brien, managing director, Global Events Marketing, Lucent Technologies. *Ollie Hartsfield*

As part of the employee events to launch Lucent in Hilversum, the employees' children created a mural on "What does communications mean to me?"

Bell Labs is a global community

In a visit to the Netherlands in May, Bell Labs President Dan Stanzione announced that seven European research and development centers had qualified as fully accredited members of the Bell Labs technical community.

The seven locations are in Huizen and Hilversum, the Netherlands; Malmesbury, England; Tres Cantos, Spain; Bydgoszcz, Poland; Brussels, Belgium; and Bray, Ireland.

They joined Bell Labs locations around the world in France, Germany, Norway, Mexico, Japan, China, Taiwan, Hong Kong, Singapore and Australia.

The process to qualify as part of the Bell Labs global community is based on the fundamentals of Total Quality Management, ISO 9000 quality criteria and Malcolm Baldrige Quality Award principles.

Stanzione said the best way to look at the process is as a form of accreditation, in much the way that colleges and universities are accredited for their compliance with established academic standards.

"This qualification," Stanzione said, "affirms that these Lucent Technologies organizations have met Bell Labs' rigorous standards for innovation, technical excellence and quality — the standards that have earned Bell Labs its worldwide recognition." — *Steve O'Donnell*



The Voice

Says It—With an Attitude

Excuse me.

watch this show

Lucent

inventou a
telefone.

(TAMBÉM inventou: o transistor, o laser, o satélite Telstar,
o cabo de fibra ótica, o celular, e o serviço de assistência eletrônica com voz)
Ganhou muitos prêmios. (O Nobel e muitos outros.)
Especializada em fazer coisas que fazem com que o mundo das
comunicações funcione.
Ela pode fazer o mesmo por você e o seu negócio.
Lucent Technologies. A unidade de divisão de sistemas tecnológicos da AT&T
e o centro de pesquisa e desenvolvimento tecnológicos Bell Labs.

Lucent Technologies
Bell Labs Innovations
2515 Power of Love Boulevard
Coral Gables, Florida 33134
(305) 441-1000
We make the things that make communications work.™

Venha nos visitar na América Telecom 96, Hall de exposição 2, Stand 2.311.

He's a whiz at technology, a little unsophisticated at advertising. Thinking while typing. Nonchalant. Spontaneous. At his computer banging out open-for-business notices, announcements, ads, memos. Call him the "Lucent guy."

He's the voice of Lucent Technologies' corporate advertising campaign — a long-awaited event for employees earlier this year. After months of being called "no name" and of being muzzled by government restrictions, how sweet it was to present an identity to the world. And, better yet, an identity with a personality. A confident, with-it, bright personality.

People immediately responded to the Lucent guy. Employees at all levels report positive reactions from their friends, family and customers to Lucent's ads.

"It's great to get so much positive response to such a different approach to advertising," said Dave Shaver, Lucent's vice president, advertising and brand management. "People inside and outside the company seem to like the image the Lucent guy projects. He really helps us cut through all the clutter in the marketplace."

Work on Lucent's ads started last October, weeks after AT&T's restructuring was announced. Four agencies familiar with AT&T were invited to present their ideas. The team at one of those agencies, McCann-Erickson, had an idea they all believed in. They believed in it so strongly that they bucked a common practice of presenting several ideas and went with it alone. After the first meeting, they went off, refined it and the result was compelling.

The original idea for our voice was born during a visit to Bell Labs in Murray Hill, N.J., where several McCann people spent the better part of a November day soaking up the sandals-and-jeans atmosphere. They roamed the narrow corridors of the sprawling 55-year-old complex, striking up conversations with people ranging from researchers to the renowned Arno Penzias.

"He's a Nobel Prize winner and he didn't use one word we couldn't understand," said McCann's Gib Marquardt. "He spoke just like a regular guy, except about huge ideas."

Later, Nina DiSesa, McCann's executive creative director, summed up the ad agency's impression, which formed the basis for the creative approach.

Now available.

Contact Lucent

(125

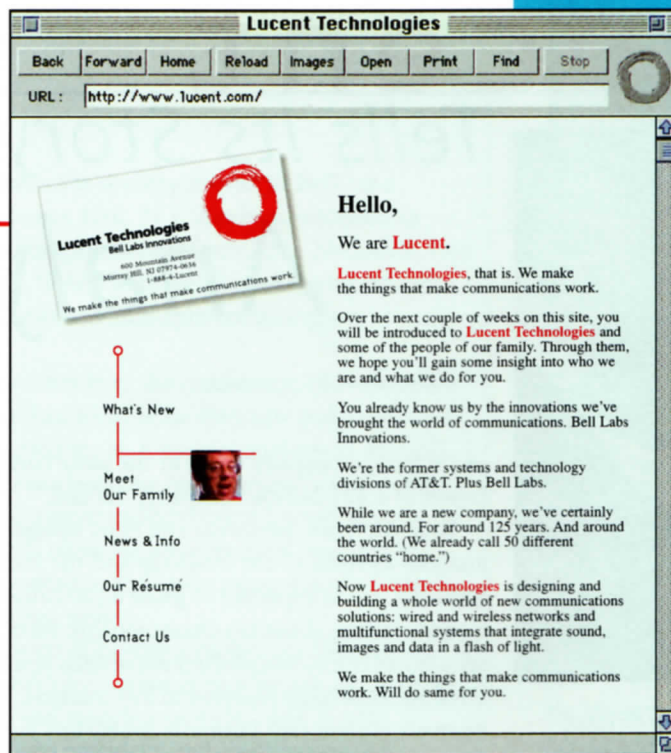
cellular; voice mail)

Has won awards. (Nob
Many satisfied custom
Contact Lucent Techno
the former system

Lucent Technologies
Bell Labs Innovations



We make the things that make
communications work.™



[http://
www.lucent.com](http://www.lucent.com)

Visitors to Lucent's new web site are greeted by Lucent's story, telling who we are, where we came from and what we do. The site — jointly managed by Public Relations and the CIO Internet Center of Excellence Web Lab — is designed to strengthen recognition of our new brand and support our image as an innovative business that brings speed and simplicity to even complex jobs.

"We searched for a simple and fast user interface to the site, something that treats each visitor as a special guest, right from the start," said Public Relations' Curtis Wilson, head of the Web Site Editorial Board. "We hope that early visitors will see a reflection of a new company with an impressive inventory of innovations and a clear, direct approach to communications. Our intent is to build on that and develop the site into a valuable source of dynamic information, a place our stakeholders will want to drop into frequently."

You can visit Lucent's web site at <http://www.lucent.com>

"The Lucent people are so confident, they feel comfortable whispering when other people are shouting."

The Lucent guy began to come alive. In February, he announced the company's new name on a video broadcast to employees worldwide.

The TV ads, which began April 10, are a study in simplicity. Letters, led by a cursor, strike a blank TV screen and spell out simple, straightforward messages that the camera emphasizes by periodically changing focus. The Lucent guy is off-screen talking while typing, creating the impression — "Let's see..." and "Hmmm..." — that he's writing and thinking at the same time.

The print ads fill an entire magazine or newspaper page, mostly with white space that makes the crisp copy stand out. All of the ads feature a business card as the signature, displaying not only the company's name and logo, but also a phone number and, more recently, the [lucent.com](http://www.lucent.com) Web site address. The ads end with the tag line, "We make the things that make communications work."

"When you start out with no identity, it's important to establish a personality along with a clear message," said Shaver. "I think we've created a strong corporate personality — entrepreneurial, innovative, undaunted."

"One of the challenges we faced was that we're a start-up company, yet we had all this history and experience. We wanted to tell who we are, what we do, and get credit for some pretty amazing stuff we've already done — and to do that without sounding braggy. McCann gave us a character and a creative approach that could do this."

The ads are part of a comprehensive Lucent brand strategy, said Ralph Faison, Lucent's advertising and brand

management vice president. "The idea is that there is a distinctive Lucent look and feel. Our signs will look very much like our ads, which will look very much like our stationery." The Lucent look also will be apparent in marketing-communication materials, brochures, sales and presentations.

What's next for the ad campaign? Shaver likes surprises. "But I think you can expect to see the Lucent guy around for awhile. He's flexible enough to deliver all types of messages and he's given us a personality — Lucent with an attitude."

"But the ads will evolve," Shaver continued. "As more people get to know who we are, we will be more specific about the reasons for people to do business with us. We will move from a focus on our credentials and past experience to building a strong, long-term relationship with our customers and investors." ○ - *Cathy Fee*

Lucent

Tells Its Story To Analysts



During Lucent's first industry analysts conference, Tom Houghton, technical manager, demonstrates the latest innovation from Bell Labs—the *Inferno* software platform.

"We're an integrated company that serves multiple market segments. We have the opportunity to learn, grow and become a great company beyond what we realize today."

If ever there was a time to leave a good impression, this was the time. More than 100 of the industry's most influential people — telecommunications and securities analysts — recently came to New Jersey to hear Lucent Technologies' leadership team explain the company's strategy and plans. What the analysts thought about Lucent would affect what they told customers and business reporters who often seek their advice.

The story of Lucent unfolded as the conference began. By the conference's end the next day, the theme was clear: Lucent is poised for steady growth in an industry that's big and getting bigger.

Lucent Chairman Henry Schacht shared his excitement about being part of Lucent, calling the forming of Lucent "the opportunity of a lifetime."

"Few have the chance to decide how to structure a company to succeed in this market. We want to increase speed to market and get closer links to the marketplace. We're trying to capture the spirit

of a start-up company while at the same time capture the power of a \$21 billion company," he said.

Rich McGinn, president and chief operating officer, gave analysts a profile of the company and the industry — an industry that is expected to grow \$100 billion by 1998. Like a coach telling about his championship team, McGinn ticked off a list of the accomplishments of each operating unit and cited its leadership position in key markets. At the same time he made it clear that Lucent is more than just four operating units and Bell Labs. "We're an integrated company that serves multiple market segments. We have the opportunity to learn, grow and become a great company beyond what we realize today."

Analysts were briefed on Lucent's strategy to target the high-growth areas of wireless, multimedia, networking software and selective international markets. Schacht told them about Lucent's plans to maintain world-class gross margins, reduce general and administrative expenses, increase investment in R&D, lower the company's tax rate and maximize return on assets.

Generally a skeptical group, analysts were clearly impressed by Lucent's senior management and what they had to say. "The core issues of whether this team can successfully manage the assets in their hands given the challenges and opportunities that lie ahead were more than adequately addressed. I believe the audience was convinced that the management team is excellent," said Peter Bernstein, president of Infonautics Consulting. "Henry Schacht and Rich McGinn are a breath of fresh air in a very stuffy sector."

Throughout the two days, analysts heard plenty about the opportunities and individual strategies of Network Systems, Consumer Products, Business Communications Systems (BCS) and the Microelectronics Group. Gerry Butters, Network Systems president, North America region, discussed Network Systems' plans in North America, while Bill O'Shea, international operations president, detailed the unit's goals in other global regions. BCS President Pat Russo briefed analysts on the opportunities and trends affecting BCS. Carl Pavarini, vice president, multimedia market offers, laid out the specifics about the unit's multimedia solutions.

Breakout sessions on wireless, the long-distance market, the Internet and other topics gave analysts a chance to hear Lucent's view of the future of these markets, and how Lucent will serve them.

Between presentations, analysts were treated to exhibits of Lucent's latest products and technology: wireless systems, software solutions, and multimedia wonders. On the second

day of the conference, the activity moved to Bell Labs headquarters in Murray Hill, N.J. Analysts heard about Bell Labs' latest accomplishments from Arun Netravali, vice president—research, talked with Bell Labs researchers and saw live demonstrations of Bell Labs technologies, including *Inferno*.

In written comments after the conference, the vast majority of analysts said they liked what they saw and heard — if anything, they wanted more. Financial analysts at Morgan Stanley called Lucent's business momentum "strong" and gave their continued recommendation of Lucent shares.

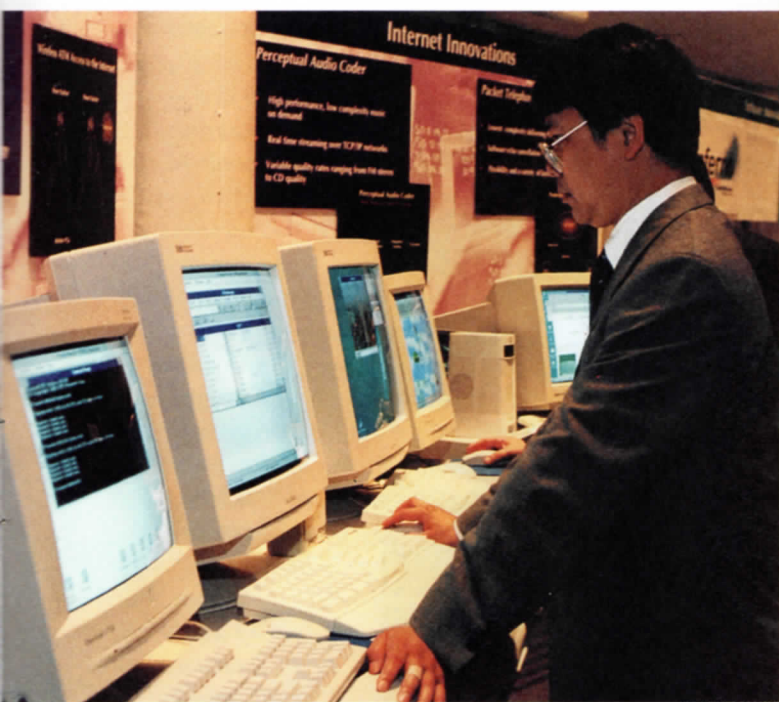
Yet there was still room for improvement, said some analysts. Several wanted to see better examples of synergy between the operating units.

"One of the benefits of having a conference like this so early in the company's formation is that we can learn where our weaknesses lie and improve quickly," said Kathy Fitzgerald, senior vice president, public relations and investor relations, Lucent Technologies.

While acknowledging the challenges facing Lucent, none of the analysts denied the ability of the Lucent team to meet those challenges.

"Lucent is extremely well-positioned in a growing industry," said Michael Arellano, an analyst from Probe Research Inc.

"I left feeling Lucent has an energetic, extremely talented and confident management team," said Bernstein. "Lucent is not just a company with world-class ingenuity in creating things, it also executes — and will execute — better than anyone else. It has a big jump on competitors in an area where closing the gap is not going to be easy." ○ - Ollie Hartsfield



Industry analysts saw displays of Lucent's technology during demonstrations at Lucent headquarters in Murray Hill, N.J.



CFO Don Peterson keeps watch over the "business disciplines."

Sending a Message to Investors

Investors need to understand and believe three simple messages, says Don Peterson, executive vice president and chief financial officer, for Lucent Technologies to realize its full market potential:

- We're in a huge and growing market. Regulatory, technological and political change are all combining to create a tremendous expansion in communications worldwide.
- We have the product lineup, human resources and skills to ensure that we're capable of seizing this growth opportunity.
- We will manage the business as efficiently as possible to ensure that we boost earnings, as well as revenue.

These messages essentially summarize the 10 elements of our strategy. One hand of the strategy calls for growing faster than our markets by focusing on opportunities in wireless communications, networking software, multimedia convergence and selected global growth. "Business disciplines" that will enable us to maintain world-class margins on the products we sell and reduce the costs of selling and administration form the second hand of our strategy.

Peterson's CFO organization is the prime driver in implementing the "business discipline" side of the strategy, whose five key elements are:

- Maintaining world-class gross margins by reducing costs and improving our return on assets.
- Reducing SG&A — sales, general and administrative costs. We will not have the same level of regulatory oversight that was true of AT&T. As a result, Peterson said, new processes can reduce sales, general and administrative costs.
- Restructuring our corporate taxes. Now that we're independent, we don't have all the characteristics that AT&T enjoyed. By employing tax strategies common to marketing and manufacturing companies, Peterson said, earnings may be boosted.
- Increased R&D funding. To ensure a steady product stream, Bell Labs funding has been increased. "This is in line with other businesses in our markets," he said, "and we think it's an investment that will pay off significantly. We value R&D."
- Improved return on assets. Peterson says our receivables — monies owed the company but not yet collected — and inventory are too high. "These two areas are closely related and have to do with process management," he says. "Sometimes the problem is as simple as not sending out a proper invoice. We need to get that money out of the business and use it in more productive investments."

As employees work to employ the strategies for improving shareholder value, Peterson hopes many of them will become true believers and increase their ownership of the company by purchasing shares.

"Employees own about 11 percent of AT&T, through pension funds and the 401K," Peterson noted, "and over time we certainly could see that kind of a number. Employees need to align their best interests with the company's best interests. Stock ownership is one good way to make that link." - Dan Van Atta

Lucent Raises the Bar At High-Tech Olympics

If you catch any of the 1996 Olympic Games on TV this summer, you'll join three to four billion people who will witness the first true "high-tech" Olympics, and Lucent Technologies will have been a key member of the team making that possible.

When you see crystal-clear digital video or hear CD-quality audio of the Olympic action, it will be the result of the world's largest Synchronous Optical Network (SONET), a digital network of enormous capacity that Lucent is building for BellSouth. And when it comes to servicing the thousands of calls coming in for Olympic information, Lucent has installed the *Definity* Enterprise Communications Servers (ECS) G3 with the Lucent Technologies *Intuity* Conversant System and *Intuity Audix* – offering callers interactive options they can use at their convenience. In another example of "on the run" communications right from the playing fields, there will be 1,500 *Transtalk* 9000 digital wireless systems, supported by *Definity* ECS technology.

Lucent Technologies' support for communications at the Olympic Games includes:

- Partnering with BellSouth to build the most advanced telecommunications network on earth and the largest temporary network in history.
- Partnering with AT&T to expand switching capacity and add more than 2,000 digital transmission paths to the AT&T network.
- Building and managing the entire BellSouth SONET network through one or more Sub-Network Controller-2000 (SNC-2000).
- Stringing 1.5 million feet of cable to support voice, data, cable TV and security applications.
- Supplying 32 *Definity* Enterprise Communications Servers to serve every competition venue, the international broadcast center, and the Olympic Games headquarters.
- Helping to support a network capacity equivalent to 1.3 million simultaneous calls.
- Installing its *SESS-2000* switch to carry 90 to 95 percent of the voice traffic on BellSouth's network during the Games.
- Providing 18,000 phone jacks, 17,000 cable outlets and 13 person-years of design work.
- Installing power plants that can carry phone services for a city of several hundred thousand people and capable of operating for up to eight hours even when all commercial power is lost.
- Helping BellSouth remove every piece of equipment from temporary venue sites within three days following the Games. –Carl Rachel



Benny Garrett, technician, splicing cable connections for the communications systems at the Olympic archery venue in Stone Mountain, Ga.



(clockwise from lower right)
Stan Gorski, director of the Lucent
Democratic National Convention
staff, and members of his team,
Jody Lockner, sales manager; Ed
Kampe, Mike Murillo and Rodney
Carroll, technicians; and Carol
Mahoney, account manager.

Communicating The Party Line

The Lucent Technologies/AT&T team, as the official telecommunications provider, is supplying the telecommunications technology for the Republican and Democratic conventions this summer, gaining national exposure and a premium opportunity to build awareness of the "new" companies, their products and their brands.

At the United Center in Chicago, site of the Democratic National Convention on Aug. 26 - 29, Lucent is providing telecommunications equipment and infrastructure, including a new 5ESS-2000 central office switch, customer premises equipment and wiring to support an Ameritech convention-wide Centrex system. Much of the convention action will take place between the podium and the state delegations at delegate communications system (DCS) centers on the convention floor, multimedia booths from which voting will be done electronically. Supporting the communications process is a stand-alone *Definity* G3 system, ISDN, wireless voice terminals and touch-screen interfaces integrated with a local area network. Delegates also will have access to the Internet.

In San Diego, where the Republican National Convention begins Aug. 12, Lucent field services office associates are carrying out a detailed plan that will require 7,000 resource-hours to complete. Work includes installation of voice terminals at the Convention Center and in the headquarters complexes at the Marriott and Hyatt Hotels. As in Chicago, a *Definity* G3 system will handle the telecommunications needs of the delegates, convention workers and attendees, GOPTV and Dole campaign staff at the site. Lucent also is providing two media centers equipped with telephones, fax machines and Internet access so reporters can file news stories directly from the convention. Telecommunications service centers also are being created where attendees can order equipment and get help resolving any technical problems that arise. ○ -Carl Rachel



Mark Stewart (left), distribution designer, and Wade Stone, strategic project manager for the Republican National Convention, review progress of the communications system work being done at the San Diego Convention Center.

Our Values:

What They Mean to Me



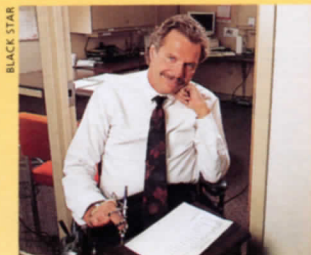
Dawn Osborne,
production technician,
Network Systems,
Oklahoma City:

"These values make sense. They really do. They are just like a mirror to Oklahoma City Works. The one I like best is 'an obsession with serving our customers.' I check circuit packs and I have to be like that to make sure the next team down the line has the best work."



Judit Scholcz,
executive assistant to
managing director,
Business Communications
Systems, Budapest,
Hungary:

"The most outstanding value is giving quality and service for the customer. The other important thing is integrity and candor, which means to me that we should keep our promises. Here in our office we have a same-day response policy. If someone asks me a question I have to give a response on that day. This often helps take care of the customer and helps other people get their work done, too."



Kermit Breyer,
DENPORT controller
Chief Financial Officer
Organization, Denver:

"I like the value about being obsessed with serving the customer. If we do our job well, we give upper management the tools they need to make sound business decisions. It's important for us to have high integrity and be straightforward with the results and to work together as a cohesive team."



Susan Chen,
business planning &
support manager, Business
Communications Systems,
Hong Kong:

"In the Asia/Pacific culture, it is rare for a junior person to tell a senior person, 'I disagree.' In my job, people often tell me they have great ideas. I ask, 'Why don't you talk to your boss?' A lot of times a junior staffer will come up with a good solution to a problem. If creative contention is encouraged, I think people will open up much more."



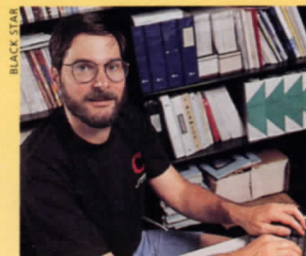
Chris Hart, senior production specialist-tester,
Microelectronics, Dallas:

"Speed is very important. A lot of times we think we are being pushed to get things done. We need to realize that often, when a customer asks if we can make a product line, that customer has already contacted other suppliers. If our speed is good, we can keep that customer. If not, we won't."



Patricia Vega,
purchasing, Consumer
Products, Guadalajara,
Mexico:

"Speed and innovation are very important here because our factory is rapidly growing. I need to get vendors to respond quickly because the factory needs to have everything tomorrow or, if possible, yesterday. I think it is important to remember that Mexico and the United States have big differences in culture and that new values can unite us."



Jim Coplien,
member of technical staff,
Bell Laboratories,
Lisle/Naperville, Illinois:

"It's hard to define principles that span our many cultures. Each Lucent culture will refine the values differently. Take speed, for example. Sometimes giving an issue due deliberation is the right thing. Another example is innovation. Sometimes it makes sense to build on what we know, rather than to strive for novelty. I also think it is important that we balance accountability with other values, such as responsibility and compassion."



Marlene Jack-Stotts,
technical manager,
Network Systems,
Columbus, Ohio:

"The values are concise and not full of jargon. I like them all—particularly integrity and candor. Personal accountability is one of my group's values and it is good to see that line up with Lucent's values. This values system energizes and involves everybody."

