Alcatel, Lucent pull trigger on big merger

April 3 2006

Sunday's merger of France's Alcatel and U.S. telecom manufacturer Lucent will be finalized in six to 12 months, assuming regulatory approval is granted.

The two companies will have a combined value of $25 billion and bill themselves as "the first truly global communications solutions provider with the broadest wireless, wireline and services portfolio in the industry."

"The communications industry is at the beginning of a significant transformation of network technologies, applications and services," said Patricia Russo, who will be chief executive officer of the Paris-based combined companies, "one that is projected to enable converged services across service-provider networks, enterprise networks and an array of personal devices."

The anticipated merger of equals is expected to also pay off in the form of $1.7 billion in cost-saving measures over the first three years.

The financial terms provide Lucent shareowners with 0.1952 shares of Alcatel. Alcatel shareholders will hold 60 percent of the company with Lucent stockholders in control of the other 40 percent.