LUCENT TECHNOLOGIES INC
Form 11-K
June 24, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

X __ Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2004

OR

_____ Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to___________

Commission File Number: 001 11639

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LUCENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

LUCENT TECHNOLOGIES INC.

600 MOUNTAIN AVENUE

MURRAY HILL, NJ 07974

The total # of pages contained
in this Form 11-K filing is 18

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Lucent Savings Plan

Financial Statements

As of December 31, 2004 and 2003, and

for the year ended December 31, 2004

Lucent Savings Plan

Index to Financial Statements and Supplemental Schedule

As of December 31, 2004 and 2003 and for the Year Ended December 31, 2004

* Other schedules required by Section 2520.103-5 have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator

of the Lucent Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Lucent Savings Plan (the Plan) at December 31, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Florham Park, New Jersey

June 24, 2005

Lucent Savings Plan

Statements of Net Assets Available for Benefits

As of December 31, 2004 and 2003

(Thousands of Dollars)

	2004	**2003**
Assets		
Investments in Group Trust	$ 6,559,627	$ 6,333,655
Participant loans receivable	27,554	27,091
Total investments	6,587,181	6,360,746
Company contributions receivable	640	814
Employee contributions receivable	10,421	9,755
Total assets	6,598,242	6,371,315
Net assets available for benefits	$ 6,598,242	$ 6,371,315

The accompanying notes are an integral part of these financial statements.

Lucent Savings Plan

Statement of Changes in Net Assets Available for Benefits

For the Year Ended December 31, 2004

(Thousands of Dollars)

Additions to net assets attributed to	
Contributions	
Employee contributions	$ 186,010
Company contributions	91,292
Plan s share of Group Trust investment gain	521,155
Interest from participant loans	1,265
Total additions	799,722
Deductions from net assets attributed to	
Distributions to participants	572,182
Administrative expenses	200
Total deductions	572,382
Net increase before transfers	227,340
Transfers from Lucent Technologies Inc.	
Employee Stock Ownership Plan	93
Transfers to the Lucent Technologies Inc. Long Term Savings and Security Plan, net	(30)
Transfers to Agere Systems	(476)
Net increase	226,927
Net assets available for benefits	
Beginning of year	6,371,315
End of year	$ 6,598,242

The accompanying notes are an integral part of these financial statements.

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Lucent Savings Plan

Notes to Financial Statements

1. Plan Description

The following description of the Lucent Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document and the Summary Plan Description for a more complete description of the Plan's provisions.

General

The Plan, formerly known as the Lucent Technologies Inc. Long Term Savings Plan for Management Employees, is a defined contribution plan established as of October 1, 1996 by Lucent Technologies Inc. (the "Company") to provide a convenient way for eligible management employees, as described in the Plan, to save on a regular and long-term basis. The Plan became effective as the successor to the AT&T Long Term Savings Plan for Management Employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility

An eligible employee, as described in the Plan, enters the Plan by authorizing a payroll contribution and directing a contribution among the different funds of the Plan.

Contributions

Employee contributions of 1% to 25% of salary may be authorized. Prior to January 1, 2004, employee contributions ranged from 1% to 16% of salary. An employee may designate contributions as pre-tax contributions, after-tax contributions or a combination of pre-tax and after-tax contributions. The Internal Revenue Code (IRC) limits the maximum amount of an employee's contribution on a pre-tax basis to $13,000 and $12,000 in 2004 and 2003 respectively. For taxpayers age 50 and over, an additional catch-up contribution of $3,000 could be contributed to the Plan during 2004.

The Company matching contribution includes a fixed and a variable matching contribution. The participant contributions eligible for the Company matching contributions are the lesser of the amount actually contributed or the first 6% of the participant s eligible compensation, as described in the Plan. The fixed matching contribution is 50% of eligible employee contributions and the variable matching contribution ranges from an additional 0% to 100% of eligible participant contributions. The fixed matching contribution is capped at $2,500 per year. The variable matching contribution is determined annually by the Company s Board of Directors based upon the overall performance of the Company for the just concluded fiscal year. The Company elected to pay a variable match of 58 cents for every dollar contributed by an eligible employee into the Plan, up to 6% of the employee s eligible compensation in 2004. The Company elected to pay a variable match of 23 cents in 2003. Employees are eligible for the fixed Company matching contributions immediately, without regard to time of service, in accordance with the participant's investment elections. Effective January 1, 2001, Company matching contributions were immediately vested in the Plan. Company contributions, which were made prior to the January 1, 2001 vesting date, and related earnings in which a terminated participant is not vested, are forfeited to the Company.

Lucent Savings Plan

Notes to Financial Statements

These forfeitures can be used to reduce future Company contributions. At December 31, 2004 and 2003, forfeited amounts totaled approximately $106,000 and $139,000, respectively.

Participant Loans

Loans are available to all active, retired, and terminated employees in an amount not less than $1,000, up to a maximum of the lesser of $50,000 or 50% of the participant's vested account balance. Upon default, as described in the Plan, participants are considered to have received a distribution and are subject to income taxes on the distributed amount. Loan terms are between 12 and 56 months. The loans are collateralized by the balance in the participant s account and generally bear interest at the prime rate at the time the loan was originated. Interest rates on outstanding loans ranged from 4.0% to 10.5% at December 31, 2004. Principal and interest are paid through payroll deductions, coupon remittances and electronic fund transfers.

Distributions

When a participant retires with a service pension from the Lucent Retirement Income Plan or terminates employment because of disability, the entire vested amount in the participant's account can be distributed, at the participant's election, in a single payment or in Retiree Withdrawals as directed by the participant. If no distribution election is made by the participant, the account balance will remain in the Plan until a later date but not beyond age 70-1/2. When a participant dies, the entire amount in the participant s account is allocated to the participant s beneficiaries.

In the case of other terminations of employment (where the participant is not entitled to retire on an immediate pension or does not terminate because of disability), a single distribution can be made of all vested amounts in the participant's account. However, if the participant does not request a distribution, the participant's account shall remain in the Plan and shall be distributed only at (1) the participant's request, (2) when the participant attains age 70-1/2 through the payment of Minimum Required Distributions, as described in the Plan, or (3) upon the participant's death, whichever is earliest.

2. Summary of Significant Accounting Policies

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