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LUCENT TECHNOLOGIES INC

Form 11-K

June 24, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

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

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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

Exhibit Index can be found on
page 17

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Lucent Savings Plan

Financial Statements

**As of December 31, 2004 and 2003, and
for the year ended December 31, 2004**

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Lucent Savings Plan

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

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* 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.

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

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Payment of Benefits

Benefits are recorded when paid.

Lucent Savings Plan

Notes to Financial Statements

Valuation of Investments

The Lucent Technologies Inc. Long Term Savings and Security Plan and the Plan each have an interest in the assets of the Group Trust. The net asset value of the Plan's proportionate share of the Group Trust is calculated by the Trustee. The Trustee determines fair value of the underlying assets in the investment manager portfolios, taking into account values supplied by a reputable pricing or quotation service or quotations furnished by one or more reputable sources, such as securities brokers, dealers or investment bankers, mutual fund administrators, or other relevant information. Investments in registered investment companies are stated at fair value as determined by quoted market prices. Investments in the Company's common shares and other securities listed on a national stock exchange are stated at fair value determined on the basis of the New York Stock Exchange closing price on December 31. Securities traded in over-the-counter markets and government obligations are stated at fair value based on the last bid prices or closing prices on December 31, as listed in published sources where available and, if not available, from other sources considered reliable. Contracts with insurance companies and financial institutions, which are fully benefit responsive, are stated at contract value (representing contributions made under the contracts plus accumulated interest at the contract rates) which approximates fair value. All other investments are stated at their fair value at close of business on December 31 as determined by the Trustee. Participant loans receivable are valued at the cost which approximates fair value.

Purchases and Sales of Investments

Purchases and sales of investments are recorded on a trade-date basis.

Plan's Share of Group Trust Investment Gain

The Plan's reported investment gain from Group Trust presented in the Statement of Changes in Net Assets Available for Benefits represents its interest in the Group Trust's investment gain, which consists of the Group Trust's interest, dividends and net appreciation in fair value of investments. The Group Trust records dividend income on investments held as of the ex-dividend dates and records interest income on the accrual basis. The Group Trust's net appreciation in fair value of investments consists of the net realized gains (losses) and the unrealized appreciation (depreciation).

Transfers to Other Plans, Net

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net amount of transfers from other plans.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

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Investments held by the Group Trust are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets

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Lucent Savings Plan

Notes to Financial Statements

Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

Derivatives

From time to time investment fund managers may use derivative financial instruments including forward exchange contracts and future contracts. Derivative instruments are used primarily to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as to manage the investment mix in the portfolio.

3. Tax Status

The Internal Revenue Service determined and informed the Company by a letter dated August 27, 2004, that the Plan and related Group Trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been made.

4. Guaranteed and Synthetic Investment Contracts

The Group Trust holds investments in guaranteed and synthetic investment contracts as part of the Stable Value Fund. These investments are recorded at their contract values. This represents cost plus accrued interest of guaranteed investment contracts and fair value of the collateral plus the benefit responsive wrap value for synthetics, as the contracts are fully benefit-responsive. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are currently no reserves against contract values for credit risk of the contract issuers or otherwise.

The average yield of the guaranteed and synthetic investment contracts was approximately 3.79% and 4.46% for 2004 and 2003, respectively. The crediting interest rate was approximately 3.94% for 2004 and 4.14% for 2003. The crediting interest rate is based on a formula agreed upon with the issuer. Such rates are reviewed on a quarterly basis for resetting.

5. Termination Priorities

Although it has not expressed any intent to do so, the Company reserves the right under the Plan to amend or terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the Plan provides that the net assets are to be distributed to participating employees in amounts equal to their respective interests in such assets.

Lucent Savings Plan

Notes to Financial Statements

6. Plan Expenses

Plan participants pay investment manager and trustee fees and may share certain other administrative costs of the Plan with the Company. Investment manager and trustee fees are generally reflected in the calculation of each fund's net asset value per unit.

7. Group Trust Investments

The Lucent Technologies Inc. Long Term Savings and Security Plan and the Plan each have an interest in the assets of the Group Trust. Investment income and the Plan's interest in the net assets of the Group Trust are allocated based upon the respective participant balances within each fund for each plan. The Plan's interest in the Group Trust was approximately 87% and 86% as of December 31, 2004 and 2003.

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Lucent Savings Plan

Notes to Financial Statements

The following tables present the fair value of investments held by the Group Trust as of December 31, 2004 and 2003 (in thousands):

	December 31,	
	2004	2003
Investments, at fair value		
Non Interest Bearing Cash	\$ 46	\$ -
Lucent International Equity Fund	269,337	225,960
Lucent Asset Allocation Income Fund	42,474	43,724
Lucent Asset Allocation Fund 2000	103,576	114,210
Lucent Asset Allocation Fund 2010	323,482	320,707
Lucent Asset Allocation Fund 2020	352,450	319,170
Lucent Asset Allocation Fund 2030	135,656	118,045
Lucent Asset Allocation Fund 2040	25,998	16,703
Lucent Employer Stock Fund - Common Shares	654,793	478,697
Fidelity Equity Index Fund	1,074,679	1,010,163
Fidelity Magellan Fund	801,676	805,790
Lucent Bond Fund	212,824	224,301
Fidelity Institutional Cash Portfolio	495,334	550,840
Lucent Growth Equity Fund	71,516	62,605
Lucent Self Directed Brokerage	92,785	77,777
Small Cap Fund	134,208	100,104
U.S. Large Cap Value Equity Fund	519,066	446,678
Agere Class A Stock	1,362	3,325
Agere Class B Stock	32,639	76,522
Lucent Employer Shares Fund I	13,679	11,894
Lucent Employer Shares Fund II	29,517	25,234
	5,387,097	5,032,449
Investments, at contract value		
Guaranteed investment contracts	2,156,858	*
		2,307,773
Total investments	\$ 7,543,955	\$ 7,340,222

* The 2004 guaranteed investment contracts are all synthetic investment contracts with the fair value of the underlying assets of \$2,201,010 held in the Group Trust. The global wrapper value is (\$44,151).

Lucent Savings Plan**Notes to Financial Statements****Investment income for the Group Trust is as follows:**

	Year Ended December 31, 2004
Investment Gain	
Net appreciation in	
fair value of investments	\$ 564,894
Interest and dividends	31,175
	\$ 596,069

As of December 31, 2004, investments in the Group Trust include approximately \$2.8 billion in equity funds, \$0.7 billion in common stock, \$1.1 billion in fixed income securities, \$2.2 billion in guaranteed investment contracts and \$0.7 billion in Company stock. As of December 31, 2003, investments in the Group Trust include approximately \$2.6 billion in equity funds, \$0.6 billion in common stock, \$1.2 billion in fixed income securities, \$2.3 billion in guaranteed investment contracts and \$0.6 billion in Company stock.

Investment income in the Group Trust includes \$0.3 billion net gain related to equity funds, \$0.1 billion net gain related to common stock, \$0.1 billion net gain related to guaranteed investment contracts, and \$0.1 billion net gain related to Company stock.

8. Related Party Transactions

Certain Plan investments are shares of mutual funds managed by affiliates of the Trustee and therefore, these transactions qualify as party-in-interest transactions.

The Group Trust invests in shares of Lucent common stock.

Lucent Savings Plan

Schedule H, line 4i - Schedule of Assets (Held at End of Year)

As of December 31, 2004

Name of Issuer and Title of Issue	Description	Cost	Fair Value
Participant loans receivable *	(Interest rates range from 4.0% - 10.5%)	-	\$ 27,554,300

* Party-in-interest

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefits Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

LUCENT SAVINGS PLAN

Date: June 24, 2005

By: /s/ Susan E. Goodwin

Susan E. Goodwin
Director - Human Resources,
North America Region Operations
(Plan Administration)

EXHIBIT INDEX

Exhibit

Number

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