Lucent Technologies designs and delivers the systems, services and software that drive next-generation communications networks. Backed by Bell Labs research and development, Lucent uses its strengths in mobility, optical, software, data and voice networking technologies, as well as services, to create new revenue-generating opportunities for its customers, while enabling them to quickly deploy and better manage their networks. Lucent's customer base includes communications service providers, governments and enterprises worldwide.

2004 FINANCIAL HIGHLIGHTS

(dollars in millions, except per share amounts)	*Year Ended September 30,* 2004	*Year Ended September 30,* 2003	Change
OPERATIONS			
Revenues	$ 9,045	$ 8,470	$ 575
Gross margin	3,779	2,652	1,127
Operating expenses	2,560	2,874	(314)
Operating income (loss)	1,219	(222)	1,441
Income taxes	(939)	(233)	(706)
Net income (loss)	2,002	(770)	2,772
Net income (loss) per diluted share	0.42	(0.29)	0.71
FINANCIAL POSITION			
Cash, cash equivalents and marketable securities	$ 4,873	$ 4,507	$ 366
Assets	16,963	15,911	1,052
Debt including liability to subsidiary trust issuing preferred securities	5,990	5,980	10
8% redeemable convertible preferred stock	—	868	(868)
Shareowners' deficit	(1,379)	(4,239)	2,860
OTHER INFORMATION			
Net cash provided by (used in) operating activities	$ 634	$ (948)	$ 1,582
Stock price	$ 3.17	$ 2.16	$ 1.01
Employees	31,800	34,500	(2,700)