FIVE-YEAR SUMMARY

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
(Unaudited)

	Year Ended September 30, (Twelve Months)			Nine Months Ended September 30,		Year Ended December 31, (Twelve Months)	
RESULTS OF OPERATIONS	**1998**	**1997**	**1996**	**1996[1]**	**1995**	**1995**	**1994**
Revenues	**$30,147**	$26,360	$23,286	$15,859	$13,986	$21,413	$19,765
Gross margin	**13,991**	11,462	8,894	6,569	6,143	8,468	8,428
Depreciation and amortization expense	**1,334**	1,450	1,326	937	1,104	1,493	1,311
Operating income (loss)	**2,461**	1,631	(947)	487	434	(1,000)	971
Net income (loss)	**970**	541	(793)	224	150	(867)	482
Earnings (loss) per common share–basic[2] [3]	**0.74**	0.42	(0.69)	0.19	0.14	(0.83)	n/a
Earnings (loss) per common share–diluted[2] [3]	**0.73**	0.42	(0.69)	0.19	0.14	(0.83)	n/a
Earnings (loss) per common share–pro forma[3] [4]	**n/a**	n/a	(0.62)	0.18	0.12	(0.68)	n/a
Dividends per common share[3]	**0.155**	0.1125	0.075	0.075	–	–	n/a
FINANCIAL POSITION							
Total assets	**$26,720**	$23,811	$22,626	$22,626	$18,219	$19,722	$17,340
Working capital	**3,650[8]**	1,763	2,068	2,068	188	(384)	246
Total debt	**4,640**	4,203	3,997	3,997	4,192	4,014	3,164
Shareowners' equity	**5,534**	3,387	2,686	2,686	2,783	1,434	2,476
OTHER INFORMATION							
Selling, general and administrative expenses as a percentage of revenues	**21.3%**	21.9%	31.3%	26.8%	28.9%	33.1%	27.1%
Research and development expenses as a percentage of revenues	**12.2**	11.5	11.0	11.6	12.0	11.1	10.6
Gross margin percentage	**46.4**	43.5	38.2	41.4	43.9	39.5	42.6
Return on assets	**9.3[5]**	6.5[6]	5.3[7]	n/a	n/a	n/a	n/a
Ratio of total debt to total capital (debt plus equity)	**45.6**	55.4	59.8	59.8	60.1	73.7	56.1
Capital expenditures	**$ 1,626**	$ 1,635	$ 1,432	$ 939	$ 784	$ 1,277	$ 878
EXCLUDING CERTAIN ONE-TIME EVENTS							
Net income	**$ 2,287[5]**	$ 1,507[6]	$ 1,054[7]	$ 224	$ 150	$ 980[7]	$ 482
Earnings per common share–diluted[2] [3]	**1.72[5]**	1.17[6]	0.83[4,7]	0.19	0.14	0.93[7]	n/a

(1) Beginning September 30, 1996, Lucent changed its fiscal year end from December 31 to September 30, and reported results for the nine-month transition period ended September 30, 1996.

(2) The calculation of earnings per share on a historical basis includes the retroactive recognition to January 1, 1995 of the 1,049,249,788 shares (524,624,894 shares on a pre-split basis) owned by AT&T on April 10, 1996.

(3) All per share data has been restated to reflect the two-for-one split of Lucent's common stock which became effective on April 1, 1998.

(4) The calculation of earnings (loss) per share on a pro forma basis assumes that all 1,273,323,862 shares (636,661,931 shares on a pre-split basis) outstanding on April 10, 1996 were outstanding since January 1, 1995 and gives no effect to the use of proceeds from the IPO.

(5) Excludes one-time charges of $1,412 (after tax) of purchased in-process research and development costs from acquisitions of Livingston, Prominet, Optimay, Yurie, SDX, MassMedia, LANNET and JNA, as well as a $95 (after tax) gain on the sale of ATS.

(6) Excludes one-time acquisition charges of $966 (after tax), including $945 of purchased in-process research and development costs, from the acquisition of Octel.

(7) Excludes pre-tax restructuring and other charges of $2,801 ($1,847 after tax) recorded as $892 of costs, $1,645 of selling, general and administrative expenses and $264 of research and development expenses.

(8) Reflects the reclassification from debt maturing within one year to long-term debt as a result of the November 19, 1998 sale of $500 ($495 net of unamortized costs) of ten-year notes.

n/a Not applicable.