LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; $ and number of shares in millions except per share amounts)
Prior period amounts have been restated/reclassified to conform with the current period presentation

Assets:	**September 30, 2001**	**December 31, 2001**	**March 31, 2002**	**June 30, 2002**	**September 30, 2002**	**December 31, 2002**	**March 31, 2003**	**June 30, 2003**	**September 30, 2003**	**December 31, 2003**	**March 31, 2004**	**June 30, 2004**
Cash and cash equivalents	$ 2,390	$ 3,069	$ 4,824	$ 4,556	$ 2,894	$ 2,408	$ 2,205	$ 4,339	$ 3,821	$ 3,431	$ 3,329	$ 3,186
Marketable securities	-	-	-	867	1,526	1,330	1,234	589	686	846	821	935
Receivables (a)	4,594	3,204	2,837	2,245	1,647	1,466	1,542	1,620	1,511	1,592	1,587	1,526
Inventories	3,646	2,731	2,413	1,981	1,363	1,093	965	806	632	690	789	982
Other current assets	5,473	5,367	4,635	1,517	1,725	1,946	1,795	1,251	1,183	847	933	854
Total current assets	16,103	14,371	14,709	11,166	9,155	8,243	7,741	8,605	7,833	7,406	7,459	7,483
Marketable securities	-	-	-	-	-	-	-	-	-	-	439	574
Property, plant and equipment, net	4,416	3,059	2,821	2,519	1,977	2,036	1,800	1,705	1,593	1,534	1,479	1,408
Prepaid pension costs	4,958	4,739	5,022	4,945	4,355	4,184	4,328	4,483	4,659	4,837	5,013	5,186
Goodwill and other acquired intangibles, net	1,466	1,357	1,283	367	224	219	221	189	188	186	185	184
Other assets	6,721	6,673	6,511	2,364	2,080	1,753	1,633	1,954	1,492	1,456	1,206	1,135
Total assets	$ 33,664	$ 30,199	$ 30,346	$ 21,361	$ 17,791	$ 16,435	$ 15,723	$ 16,936	$ 15,765	$ 15,419	$ 15,781	$ 15,970
Liabilities:												
Accounts payable	$ 1,844	$ 1,263	$ 1,483	$ 1,245	$ 1,298	$ 1,114	$ 1,179	$ 1,221	$ 1,072	$ 977	$ 989	$ 984
Payroll and benefit-related liabilities	1,500	1,262	1,033	1,058	1,094	843	731	776	1,080	806	953	1,109
Debt maturing within one year	1,135	77	82	173	120	193	271	616	389	917	907	91
Other current liabilities	5,690	5,130	4,284	4,240	3,814	3,397	3,341	2,866	2,479	2,630	2,903	2,827
Total current liabilities	10,169	7,732	6,882	6,716	6,326	5,547	5,522	5,479	5,020	5,330	5,752	5,011
Postretirement and postemployment benefit liabilities	5,481	5,004	5,053	5,127	5,246	4,949	4,976	4,935	4,669	4,731	4,707	4,689
Pension liability	80	98	111	125	2,752	2,691	2,483	2,357	2,494	2,384	2,270	2,158
Long-term debt	3,274	3,262	3,238	3,237	3,236	3,234	3,170	4,687	4,439	4,421	4,214	4,919
Liability to subsidiary trusts issuing preferred securities	-	-	1,750	1,750	1,750	1,532	1,152	1,152	1,152	1,152	1,152	1,152
Other liabilities	1,803	1,638	1,406	1,639	1,535	1,526	1,330	1,351	1,362	1,234	1,206	1,105
Total liabilities	20,807	17,734	18,440	18,594	20,845	19,479	18,633	19,961	19,136	19,252	19,301	19,034
Commitments and contingencies												
8.00% redeemable convertible preferred stock (b)	1,834	1,838	1,842	1,847	1,680	1,298	960	933	868	-	-	-
Shareowners' equity (deficit):												
Common stock (c)	34	34	34	34	35	37	41	41	42	42	43	43
Additional paid-in capital	21,702	21,683	21,669	20,468	20,606	21,164	21,978	22,096	22,252	22,349	22,610	22,711
Accumulated deficit	(10,272)	(10,695)	(11,190)	(19,216)	(22,025)	(22,289)	(22,640)	(22,894)	(22,795)	(22,457)	(22,389)	(22,002)
Accumulated other comprehensive loss	(441)	(395)	(449)	(366)	(3,350)	(3,254)	(3,249)	(3,201)	(3,738)	(3,767)	(3,784)	(3,816)
Total shareowners' equity (deficit)	11,023	10,627	10,064	920	(4,734)	(4,342)	(3,870)	(3,958)	(4,239)	(3,833)	(3,520)	(3,064)
Total liabilities, redeemable convertible preferred stock and shareowners' equity (deficit)	$ 33,664	$ 30,199	$ 30,346	$ 21,361	$ 17,791	$ 16,435	$ 15,723	$ 16,936	$ 15,765	$ 15,419	$ 15,781	$ 15,970
(a) Allowance for doubtful accounts	$ 634	$ 774	$ 419	$ 517	$ 325	$ 321	$ 313	$ 272	$ 246	$ 222	$ 140	$ 113
(b) $1.00 par value, $1,000 per security redemption value, number issued and outstandin	1,885	1,885	1,885	1,885	1,711	1,318	973	943	875	-	-	-
Converted to debentures on November 24, 2003, and are included in debt maturing in one year as of December 31, 2003.												
(c) $0.01 par value, 10,000 authorized shares, Issued shares	3,415	3,422	3,427	3,433	3,491	3,715	4,054	4,144	4,170	4,205	4,278	4,305
Outstanding shares	3,414	3,421	3,426	3,433	3,490	3,713	4,053	4,143	4,169	4,204	4,277	4,304