LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; amounts in millions, except per share amounts)
Prior period amounts have been restated/reclassified to conform with the current period presentation

	Year ended September 30, 2002	Quarter ended December 31, 2002	Quarter ended March 31, 2003	Quarter ended June 30, 2003	Quarter ended September 30, 2003	Quarter ended December 31, 2003	Quarter ended March 31, 2004	Quarter ended June 30, 2004	Quarter ended September 30, 2004	Quarter ended December 31, 2004
REVENUES										
Products	$ 9,560	$ 1,588	$ 1,972	$ 1,516	$ 1,554	$ 1,793	$ 1,715	$ 1,717	$ 1,888	$ 1,815
Services	2,761	487	431	449	473	466	479	473	514	520
Total revenues	12,321	2,075	2,403	1,965	2,027	2,259	2,194	2,190	2,402	2,335
COSTS										
Products (a)	8,386	1,208	1,263	1,033	825	981	882	903	1,058	961
Services	2,383	413	378	359	339	359	374	340	369	390
Total costs	10,769	1,621	1,641	1,392	1,164	1,340	1,256	1,243	1,427	1,351
Gross margin	1,552	454	762	573	863	919	938	947	975	984
Gross margin %	12.6%	21.9%	31.7%	29.2%	42.6%	40.7%	42.8%	43.2%	40.6%	42.1%
OPERATING EXPENSES										
Selling, general and administrative, before bad debts and customer financings	2,716	487	467	444	334	341	414	381	390	396
(Recovery of) provision for bad debts and customer financings	1,253	(91)	24	(32)	(124)	(14)	(99)	(90)	(27)	(11)
Selling, general and administrative	3,969	396	491	412	210	327	315	291	363	385
Research and development	2,310	389	382	382	335	292	325	334	319	279
In-process research and development	-	-	-	-	-	-	-	-	14	-
Goodwill impairment	826	-	-	35	-	-	-	-	-	-
Business restructuring	1,426	(19)	(131)	13	(21)	29	(17)	(27)	(5)	1
Total operating expenses	8,531	766	742	842	524	648	623	598	691	665
Operating income (loss)	(6,979)	(312)	20	(269)	339	271	315	349	284	319
Other income (expense), net	292	22	(489)	31	8	79	(172)	128	205	(46)
Interest expense	382	94	79	85	95	113	97	94	92	89
Income (loss) from continuing operations before income taxes	(7,069)	(384)	(548)	(323)	252	237	46	383	397	184
Income taxes	4,757	(120)	(197)	(69)	153	(101)	(22)	(4)	(812)	10
Income (loss) from continuing operations	(11,826)	(264)	(351)	(254)	99	338	68	387	1,209	174
Income from discontined operations	73	-	-	-	-	-	-	-	-	-
Net income (loss)	(11,753)	(264)	(351)	(254)	99	338	68	387	1,209	174
Conversion and redemption costs - 8.00% preferred stock	(29)	(100)	(166)	(20)	(1)	(1)	-	-	-	-
Preferred dividends and accretion	(167)	(25)	(36)	(21)	(21)	12	-	-	-	-
Net income (loss) applicable to common shareowners	$ (11,949)	$ (389)	$ (553)	$ (295)	$ 77	$ 349	$ 68	$ 387	$ 1,209	$ 174
Income (loss) from continuing operations:										
Basic	$ (3.51)	$ (0.11)	$ (0.14)	$ (0.07)	$ 0.02	$ 0.08	$ 0.02	$ 0.09	$ 0.28	$ 0.04
Diluted	$ (3.51)	$ (0.11)	$ (0.14)	$ (0.07)	$ 0.02	$ 0.07	$ 0.02	$ 0.08	$ 0.23	$ 0.04
Net Income (loss) applicable to common shareowners:										
Basic	$ (3.49)	$ (0.11)	$ (0.14)	$ (0.07)	$ 0.02	$ 0.08	$ 0.02	$ 0.09	$ 0.28	$ 0.04
Diluted	$ (3.49)	$ (0.11)	$ (0.14)	$ (0.07)	$ 0.02	$ 0.07	$ 0.02	$ 0.08	$ 0.23	$ 0.04
Weighted average number of common shares outstanding:										
Basic	3,427	3,581	3,945	4,121	4,155	4,180	4,255	4,288	4,310	4,403
diluted	3,427	3,581	3,945	4,121	4,178	5,136	4,346	5,097	5,416	4,998
(a). For the periods presented, costs include a net business restructuring charge (reversal) related to inventory write downs of:	$ 64	$ 5	$ (11)	$ 1	$ (21)	$ -	$ -	$ -	$ -	$ -