LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
Statements of Operations
(Unaudited; amounts in millions, except per share amounts)

	Three Months Ended						% Change Pro Forma	
	June 30, 2001		March 31, 2001		June 30, 2000			
	As Reported	Pro Forma	As Reported	Pro Forma	As Reported	Pro Forma	3Q vs 2Q	3Q vs 3Q
Revenue	$ 5,819	$ 5,819	$ 5,915	$ 5,915	$ 7,412	$ 7,412	(1.6%)	(21.5%)
Costs (a)	5,005	4,862	5,416	4,880	4,278	4,278	(.4%)	13.7%
Gross margin	814	957	499	1,035	3,134	3,134	(7.5%)	(69.5%)
OPERATING EXPENSES								
Selling, general and administrative, before amortization of goodwill and other acquired intangibles	1,813	1,813	1,899	1,899	1,253	1,253	(4.5%)	44.7%
Amortization of goodwill and other acquired intangibles	233	-	249	-	51	-		
Selling, general and administrative	2,046	1,813	2,148	1,899	1,304	1,253	(4.5%)	44.7%
Research and development	793	793	970	970	801	801	(18.2%)	(1.%)
In-process research and development	-	-	-	-	428	-		
Business restructuring charges and related asset impairments	541	-	2,174	-	-	-		
Total operating expenses	3,380	2,606	5,292	2,869	2,533	2,054	(9.2%)	26.9%
Operating income (loss)	(2,566)	(1,649)	(4,793)	(1,834)	601	1,080	(10.1%)	(252.7%)
Other income (expense), net	(179)	(179)	(77)	(77)	103	103	132.5%	(273.8%)
Interest expense	115	115	153	153	77	77	(24.8%)	49.4%
Income (loss) from continuing operations before income taxes	(2,860)	(1,943)	(5,023)	(2,064)	627	1,106	(5.9%)	(275.7%)
Provision (benefit) for income taxes (b)	(973)	(740)	(1,643)	(802)	341	330	(7.7%)	(324.2%)
Income (loss) from continuing operations	$ (1,887)	$ (1,203)	$ (3,380)	$ (1,262)	$ 286	$ 776	(4.7%)	(255.%)
Income (loss) per share from continuing operations (c)	$ (0.55)	$ (0.35)	$ (0.99)	$ (0.37)	$ 0.09	$ 0.23	(5.4%)	(252.2%)
Effective tax rate (%) - continuing operations	34.0%	38.1%	32.7%	38.9%	54.4%	29.8%		
Loss from discontinued operations, net	$ (1,360)		$ (308)		$ (587)			
Loss per share from discontinued operations (c)	(0.40)		(0.09)		(0.18)			
Net loss	(3,247)		(3,688)		(301)			
Net loss per share (c)	$ (0.95)		$ (1.08)		$ (0.09)			
Weighted average number of common shares outstanding (c)	3,405.2	3,405.2	3,400.8	3,400.8	3,331.2	3,331.2		

(a) For the three months ended June 30, 2001 and March 31, 2001, total business restructuring and one-time charges include inventory write-downs of $143 and $536, respectively, which are recorded as a component of Costs, and excluded from pro forma costs .
(b) Pro forma income taxes are reflected on a pro forma stand-alone basis.
(c) As a result of the loss reported from continuing operations for the three months ended June 30, 2001 and March 31, 2001, potentially dilutive securities have been excluded from the calculation of loss per share because their effect would offset the loss. Represents diluted earnings per share for June 30, 2000.