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

	Three Months Ended							
	December 31, 2001		September 30, 2001		December 31, 2000		% Change Pro Forma	
	As Reported	Pro Forma (a)	As Reported	Pro Forma (a)	As Reported	Pro Forma (a)	1Q vs 4Q	1Q vs 1Q
Revenue	$ 3,579	$ 3,465	$ 5,155	$ 4,752	$ 4,346	$ 3,828	(27.1%)	(9.5%)
Costs (b)	3,144	2,992	5,092	4,206	3,665	3,336	(28.9%)	(10.3%)
Gross margin	435	473	63	546	681	492	(13.4%)	(3.9%)
OPERATING EXPENSES								
Selling, general and administrative, before amortization of goodwill and other acquired intangibles	1,171	1,143	1,183	1,136	1,594	1,565	.6%	(27.%)
Amortization of goodwill and other acquired intangibles	74	-	178	-	261	-		
Selling, general and administrative	1,245	1,143	1,361	1,136	1,855	1,565	.6%	(27.%)
Research and development	621	608	745	725	1,012	995	(16.1%)	(38.9%)
Business restructuring charges and asset impairments	(79)	-	7,442	-	-	-		
Total operating expenses	1,787	1,751	9,548	1,861	2,867	2,560	(5.9%)	(31.6%)
Operating loss	(1,352)	(1,278)	(9,485)	(1,315)	(2,186)	(2,068)	(2.8%)	(38.2%)
Gain on the sale of the optical fiber business	523	-	-	-	-	-		
Other income (expense), net	17	21	(61)	(64)	(40)	(42)	(132.8%)	(150.%)
Interest expense	97	96	123	123	127	128	(22.0%)	(25.%)
Loss from continuing operations before income taxes	(909)	(1,353)	(9,669)	(1,502)	(2,353)	(2,238)	(9.9%)	(39.5%)
Benefit for income taxes	(486)	(596)	(2,340)	(568)	(778)	(801)	4.9%	(25.6%)
Loss from continuing operations	(423)	(757)	(7,329)	(934)	(1,575)	(1,437)	(19.%)	(47.3%)
Loss from discontinued operations, net	-	-	(1,499)	-	(5)	-		
Loss before extraordinary item and cumulative effect of accounting changes	(423)	(757)	(8,828)	(934)	(1,580)	(1,437)	(19.%)	(47.3%)
Extraordinary gain, net	-	-	28	-	1,154	-		
Cumulative effect of accounting changes, net	-	-	-	-	(38)	-		
Net loss	(423)	(757)	(8,800)	(934)	(464)	(1,437)	(19.%)	(47.3%)
Preferred dividends and accretion	(42)	(42)	(28)	(28)	-	-	50.%	NM
Net loss applicable to common shareowners	$ (465)	$ (799)	$ (8,828)	$ (962)	$ (464)	$ (1,437)	(16.9%)	(44.4%)
Basic and diluted loss per share from continuing operations applicable to common shareowners	$ (0.14)	$ (0.23)	$ (2.16)	$ (0.28)	$ (0.47)	$ (0.42)	(17.9%)	(45.2%)
Basic and diluted net loss per share applicable to common shareowners	$ (0.14)	$ (0.23)	$ (2.59)	$ (0.28)	$ (0.14)	$ (0.42)		
Weighted average number of common shares outstanding	3,416.3	3,416.3	3,412.2	3,412.2	3,387.2	3,387.2		
Effective tax benefit rate (%) - continuing operations	53.5%	44.1%	24.2%	37.8%	33.1%	35.8%		

(a) For all periods presented, pro forma results exclude the results of Lucent's optical fiber business, which was sold during the three months ended December 31, 2001, and the related $523 gain on the sale (see Exhibit D), business restructuring charges and asset impairments and the amortization of goodwill and other acquired intangibles. Pro forma income taxes are reflected on a pro forma stand-alone basis.

(b) For the three months ended December 31, 2001 and September 30, 2001, total business restructuring charges and asset impairments include inventory write-downs of $11 and $580, respectively, which are recorded as a component of costs, and excluded from pro forma costs.

NM Not meaningful

LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; dollars in millions except share amounts)

	December 31, 2001	September 30, 2001
Assets:		
Cash and cash equivalents	$ 3,069	$ 2,390
Receivables, less allowances of $774 and $634, respectively	3,204	4,594
Inventories	2,731	3,646
Contracts in process, net	783	1,027
Deferred income taxes, net	2,639	2,658
Other current assets	1,945	1,788
Net current assets of discontinued operations	-	-
Total current assets	14,371	16,103
Plant, property and equipment, net	3,059	4,416
Prepaid pension costs	4,739	4,958
Deferred income taxes, net	3,064	2,695
Goodwill and other acquired intangibles, net	1,357	1,466
Other assets	2,339	2,724
Net assets of discontinued operations	1,270	1,302
Total assets	$ 30,199	$ 33,664
Liabilities:		
Accounts payable	$ 1,263	$ 1,844
Payroll and benefit-related liabilities	1,262	1,500
Debt maturing within one year	77	1,135
Other current liabilities	4,776	5,285
Net current liabilities of discontinued operations	354	405
Total current liabilities	7,732	10,169
Postretirement and postemployment benefit liabilities	5,004	5,481
Long-term debt	3,262	3,274
Deferred income taxes, net	20	152
Other liabilities	1,716	1,731
Total liabilities	17,734	20,807
Commitments and contingencies		
Redeemable convertible preferred stock*	1,838	1,834
Shareowners' equity:		
Common stock **	34	34
Additional paid-in capital	21,683	21,702
Retained earnings (accumulated deficit)	(10,695)	(10,272)
Accumulated other comprehensive income (loss)	(395)	(441)
Total shareowners' equity	10,627	11,023
Total liabilities, redeemable preferred stock and shareowners' equity	$ 30,199	$ 33,664

* $1.00 per share par value; 1,885,000 shares issued and outstanding as of December 31, 2001 and September 30, 2001; $1,000.00 per share redemption value.

** $0.01 per share par value; 10,000,000,000 authorized shares; 3,421,744,682 issued and 3,421,093,475 outstanding as of December 31, 2001 and 3,414,815,908 issued and 3,414,167,155 outstanding as of September 30, 2001.

Exhibit C

LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
SUMMARY FINANCIAL DATA (CONTINUING OPERATIONS)
(Unaudited; $ in millions)

		Three months ended		
		December 31,		September 30,
		2001	2000	2001
Pro Forma Results by Segment				
Total Revenues	Integrated Network Solutions (INS)	$ 1,883	$ 2,450	$ 2,619
	Mobility	1,468	1,189	1,962
	Other	114	189	171
	Total revenues	$ 3,465	$ 3,828	$ 4,752
U.S. Revenues				
	INS	$ 1,018	$ 1,368	$ 1,301
	Mobility	1,072	884	1,535
	Other	81	103	102
	Total revenues - U.S.	$ 2,171	$ 2,355	$ 2,938
Non-U.S. Revenues				
	INS	$ 865	$ 1,082	$ 1,318
	Mobility	396	305	427
	Other	33	86	69
	Total revenues - Non-U.S.	$ 1,294	$ 1,473	$ 1,814
Operating loss				
	INS	$ (909)	$ (1,384)	$ (1,073)
	Mobility	(159)	(405)	(40)
	Total operating loss	(1,068)	(1,789)	(1,113)
	Other	(210)	(279)	(202)
	Pro forma operating loss	$ (1,278)	$ (2,068)	$ (1,315)
Percentage-of-Revenues Analysis - Pro Forma				
Costs		86.3%	87.1%	88.5%
Gross margin		13.7%	12.9%	11.5%
SG&A		33.%	40.9%	23.9%
Research and development		17.5%	26.%	15.3%
Total operating expenses		50.5%	66.9%	39.2%
Operating loss		(36.9%)	(54.%)	(27.7%)

Exhibit C

LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
SUMMARY FINANCIAL DATA (CONTINUING OPERATIONS)
(Unaudited; $ in millions)

	Three months ended		
	December 31,		September 30,
	2001	2000	2001
Cash Flows from Continuing Operations			
Operating	$ (408)	$ (1,277)	$ (486)
Investing	$ 2,142	$ 2,127	$ 602
Financing	$ (1,036)	$ 1,574	$ (13)

	December 31,		September 30,
	2001	2000	2001
Other Information			
Debt to capital (a)	23.9%	23.9%	28.6%
Working capital (b)	6,993	9,495	6,339
Current ratio	1.9	1.8	1.6
Days sales outstanding (DSO) - 2 point average	98	159	80
Employees	62,000	106,000	77,000

(a) defined as the ratio of total debt to total capital (debt plus equity)
(b) excludes net current assets (liabilities) from discontinued operations of ($354), $394 and ($405) for December 31, 2001, December 31, 2000 and September 30, 2001, respectively.

Customer Financing

	December 31, 2001		
	Total Loans and Guarantees	Loans	Guarantees
Drawn commitments	$ 1,169	$ 788	$ 381
Available but not drawn	971	938	33
Not available	347	262	85
Total	$ 2,487	$ 1,988	$ 499

	September 30, 2001		
	Total Loans and Guarantees	Loans	Guarantees
Drawn commitments	$ 2,956	$ 2,528	$ 428
Available but not drawn	1,447	1,411	36
Not available	911	655	256
Total	$ 5,314	$ 4,594	$ 720

	December 31, 2000		
	Total Loans and Guarantees	Loans	Guarantees
Drawn commitments	$ 2,583	$ 1,843	$ 740
Available but not drawn	3,117	2,260	857
Not available	1,815	1,606	209
Total	$ 7,515	$ 5,709	$ 1,806

LUCENT TECHNOLOGIES INC. AND SUBSIDIARIES
Quarterly pro forma results of operations
(Unaudited; amounts in millions, except per share amounts)

	Three months ended				Year ended	
	December 31, 2000	March 31, 2001	June 30, 2001	September 30, 2001	September 30, 2001	December 31, 2001
PRO FORMA RESULTS						
Revenue	$ 3,828	$ 5,326	$ 5,365	$ 4,752	$ 19,271	$ 3,465
Costs	3,336	4,539	4,618	4,206	16,699	2,992
Gross margin	492	787	747	546	2,572	473
OPERATING EXPENSES						
Selling, general and administrative	1,565	1,871	1,786	1,136	6,358	1,143
Research and development	995	955	774	725	3,449	608
Total operating expenses	2,560	2,826	2,560	1,861	9,807	1,751
Operating loss	(2,068)	(2,039)	(1,813)	(1,315)	(7,235)	(1,278)
Other income (expense), net	(42)	(67)	(182)	(64)	(355)	21
Interest expense	128	152	115	123	518	96
Loss from continuing operations before income taxes	(2,238)	(2,258)	(2,110)	(1,502)	(8,108)	(1,353)
Benefit for income taxes (a)	(801)	(868)	(783)	(568)	(3,020)	(596)
Loss from continuing operations	(1,437)	(1,390)	(1,327)	(934)	(5,088)	(757)
Basic and diluted loss per share from continuing operations applicable to common shareowners	$ (0.42)	$ (0.41)	$ (0.39)	$ (0.28)	$ (1.50)	$ (0.23)
PRO FORMA ADJUSTMENTS						
Business restructuring charges and asset impairments (b)	-	(2,710)	(684)	(8,022)	(11,416)	68
Amortization of goodwill and other acquired intangibles	(261)	(249)	(233)	(178)	(921)	(74)
Pretax income (loss) of optical fiber business (c)	146	180	182	33	541	(73)
Gain on the sale of the optical fiber business	-	-	-	-	-	523
Tax impact	(23)	781	184	1,772	2,714	(110)
AS REPORTED RESULTS						
Loss from continuing operations	(1,575)	(3,388)	(1,878)	(7,329)	(14,170)	(423)
Basic and diluted loss per share from continuing operations applicable to common shareowners	$ (0.47)	$ (1.00)	$ (0.55)	$ (2.16)	$ (4.18)	$ (0.14)
Loss from discontinued operations, net	(5)	(308)	(1,360)	(1,499)	(3,172)	-
Extraordinary gain, net	1,154	-	-	28	1,182	-
Cumulative effect of accounting changes, net	(38)	-	-	-	(38)	-
Net loss	(464)	(3,696)	(3,238)	(8,800)	(16,198)	(423)
Preferred dividends and accretion	-	-	-	(28)	(28)	(42)
Net loss applicable to common shareowners	$ (464)	$ (3,696)	$ (3,238)	$ (8,828)	$ (16,226)	$ (465)
Basic and diluted net loss per share applicable to common shareowners	$ (0.14)	$ (1.09)	$ (0.95)	$ (2.59)	$ (4.77)	$ (0.14)
Weighted average number of common shares outstanding	3,387.2	3,400.8	3,405.2	3,412.2	3,400.7	3,416.3

(a) Pro forma income taxes are reflected on a pro forma stand-alone basis.
(b) For the three months ended March 31, 2001, June 30, 2001, September 30, 2001 and December 31, 2001 total business restructuring charges and asset impairments include inventory write-downs of $536, $143, $580 and $11, respectively, which are recorded as a component of costs, and excluded from pro forma costs.
(c) For the three months ended December 31, 2000, March 31, 2001, June 30, 2001, September 30, 2001 and December 31, 2001, revenues from the optical fiber business we $518, $581, $521, $403 and $114, respectively.