

LUCENT TECHNOLOGIES INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

DOLLARS IN MILLIONS

| COLUMN A | COLUMN B | COLUMN C | | COLUMN D | COLUMN E |
|---|--------------|------------|----------------|------------|-----------|
| ----- | ----- | ----- | | ----- | ----- |
| | | ADDITIONS | | | |
| | BALANCE AT | CHARGED TO | CHARGED TO | | BALANCE |
| DESCRIPTION | BEGINNING OF | COSTS & | OTHER ACCOUNTS | DEDUCTIONS | AT END OF |
| ----- | PERIOD | EXPENSES | (NET) | ----- | PERIOD |
| ----- | ----- | ----- | ----- | ----- | ----- |
| Year 1999 | | | | | |
| Allowance for doubtful accounts | 416 | 68 | 37 | 159 (a) | 362 |
| Reserves related to business restructuring and facility consolidation | 251 | -- | -- | 233 (b) | 18 |
| Deferred tax asset valuation allowance | 261 | 66 | 15 | 163 | 179 |
| Inventory valuation (c) | 845 | 279 | (68) | 234 | 822 |
| Year 1998 | | | | | |
| Allowance for doubtful accounts | 363 | 132 | (59) | 20 (a) | 416 |
| Reserves related to business restructuring and facility consolidation | 569 | -- | -- | 318 (b) | 251 |
| Deferred tax asset valuation allowance | 234 | 31 | 45 | 49 | 261 |
| Inventory valuation (c) | 880 | 257 | 30 | 322 | 845 |

(a) Amounts written off as uncollectible, payments or recoveries.

(b) Included in these deductions were cash payments of \$77, \$176, and \$483 for the years ended September 30, 1999, 1998 and 1997, respectively. In addition, Lucent reversed \$141, \$100, and \$201 for the years ended September 30, 1999, 1998 and 1997, respectively.

(c) Certain prior year amounts have been reclassified to conform to the 1999 presentation.