
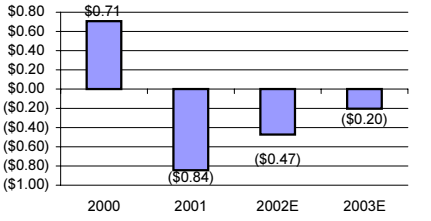
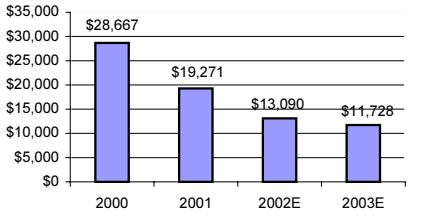
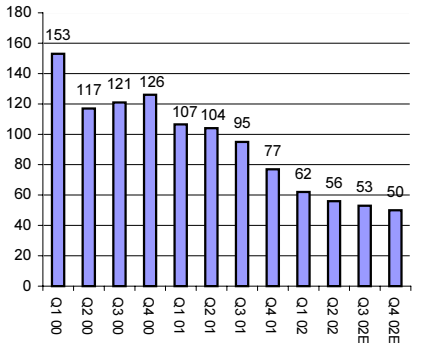


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Company/Rating		Fiscal Year EPS Projections				Fiscal Year Revenue Projections (in millions)				Recent Divestitures																																																																																																											
 <p><b>Lucent Technologies</b> Bell Labs Innovations</p> <p>Rating: Market Perform Price: \$2.81 (6/11/02) Market Cap: \$10.2 billion Shares Out: 3,423.0 million Fiscal Year End - September</p>	 <p>EPS Projections: 2000: \$0.71, 2001: (\$0.84), 2002E: (\$0.47), 2003E: (\$0.20)</p>				 <p>Revenue Projections: 2000: \$28,667, 2001: \$19,271, 2002E: \$13,090, 2003E: \$11,728</p>				<table border="1"> <thead> <tr> <th>Business/Assets</th> <th>Completed</th> <th>Deal Price</th> <th>Acquirer</th> <th>Headcount</th> </tr> </thead> <tbody> <tr> <td>Shanghai Mfg Facilities</td> <td>TBD</td> <td>TBD (\$60 million DB est.)</td> <td>Jabil Circuit</td> <td>500</td> </tr> <tr> <td>DCNP (Distributed Network Control Plat.)</td> <td>May 1, 2002</td> <td>NA</td> <td>Platinum Equity</td> <td>NA</td> </tr> <tr> <td>Merriam Valley manufacturing facilities</td> <td>May 31, 2002</td> <td>\$100 million</td> <td>Soletron</td> <td>540</td> </tr> <tr> <td>Enterprise Professional Services</td> <td>TBD</td> <td>TBD</td> <td>TBD</td> <td>1,400</td> </tr> <tr> <td>Octel voice messaging</td> <td>TBD</td> <td>TBD (\$225 million DB est.)</td> <td>TBD</td> <td>Undisclosed</td> </tr> <tr> <td>Kenan Systems</td> <td>February 28, 2002</td> <td>\$300 million in cash</td> <td>CSG Systems</td> <td>1,300</td> </tr> <tr> <td>Lucent New Ventures Group (VC portfolio)</td> <td>January 2002</td> <td>"Just under \$100 million"</td> <td>Coller Capital</td> <td>Undisclosed</td> </tr> <tr> <td>Echo cancellation business</td> <td>December 3, 2001</td> <td>\$60 million in cash</td> <td>NMS Communications</td> <td>70</td> </tr> <tr> <td>Optical Fiber Solutions</td> <td>November 16, 2001</td> <td>\$2.3 billion in cash</td> <td>Furukawa/Commscope</td> <td>6,000</td> </tr> <tr> <td>OFS joint ventures in China</td> <td>November 16, 2001</td> <td>\$225 million in cash</td> <td>Corning</td> <td>Undisclosed</td> </tr> <tr> <td>MLT/Loop testing business</td> <td>September 30, 2001</td> <td>\$60 million in cash</td> <td>Tollgrade Communication</td> <td>32</td> </tr> <tr> <td>Digital Video business</td> <td>September 30, 2001</td> <td>Undisclosed</td> <td>Aastra Technologies</td> <td>Undisclosed</td> </tr> <tr> <td>French assets, Wireless Access Solutions</td> <td>September 23, 2001</td> <td>Undisclosed</td> <td>SR Telecom</td> <td>80</td> </tr> <tr> <td>Ok City/Columbus manufacturing Facilities</td> <td>September 4, 2001</td> <td>\$572 million in cash</td> <td>Celestica</td> <td>4,000</td> </tr> <tr> <td>Real estate sale/leaseback transactions</td> <td>September 2001</td> <td>\$330 million in cash</td> <td>Misc.</td> <td>0</td> </tr> <tr> <td>Nuremberg manufacturing plant</td> <td>August 3, 2001</td> <td>Undisclosed</td> <td>Undisclosed</td> <td>600</td> </tr> <tr> <td>Agere</td> <td>3/01 IPO, 6/02 spin</td> <td>\$2.5 billion in assumed debt</td> <td>IPO + LU shareholders</td> <td>17,000</td> </tr> <tr> <td>Poland manufacturing plant</td> <td>March 2001</td> <td>Undisclosed</td> <td>APW, Ltd.</td> <td>300</td> </tr> <tr> <td>Power Systems</td> <td>December 2000</td> <td>\$2.5 billion in cash</td> <td>Tyco International</td> <td>NA</td> </tr> <tr> <td>Avaya</td> <td>September 2000</td> <td>IPO/share distribution</td> <td>Lucent shareholders</td> <td>34,000</td> </tr> </tbody> </table>				Business/Assets	Completed	Deal Price	Acquirer	Headcount	Shanghai Mfg Facilities	TBD	TBD (\$60 million DB est.)	Jabil Circuit	500	DCNP (Distributed Network Control Plat.)	May 1, 2002	NA	Platinum Equity	NA	Merriam Valley manufacturing facilities	May 31, 2002	\$100 million	Soletron	540	Enterprise Professional Services	TBD	TBD	TBD	1,400	Octel voice messaging	TBD	TBD (\$225 million DB est.)	TBD	Undisclosed	Kenan Systems	February 28, 2002	\$300 million in cash	CSG Systems	1,300	Lucent New Ventures Group (VC portfolio)	January 2002	"Just under \$100 million"	Coller Capital	Undisclosed	Echo cancellation business	December 3, 2001	\$60 million in cash	NMS Communications	70	Optical Fiber Solutions	November 16, 2001	\$2.3 billion in cash	Furukawa/Commscope	6,000	OFS joint ventures in China	November 16, 2001	\$225 million in cash	Corning	Undisclosed	MLT/Loop testing business	September 30, 2001	\$60 million in cash	Tollgrade Communication	32	Digital Video business	September 30, 2001	Undisclosed	Aastra Technologies	Undisclosed	French assets, Wireless Access Solutions	September 23, 2001	Undisclosed	SR Telecom	80	Ok City/Columbus manufacturing Facilities	September 4, 2001	\$572 million in cash	Celestica	4,000	Real estate sale/leaseback transactions	September 2001	\$330 million in cash	Misc.	0	Nuremberg manufacturing plant	August 3, 2001	Undisclosed	Undisclosed	600	Agere	3/01 IPO, 6/02 spin	\$2.5 billion in assumed debt	IPO + LU shareholders	17,000	Poland manufacturing plant	March 2001	Undisclosed	APW, Ltd.	300	Power Systems	December 2000	\$2.5 billion in cash	Tyco International	NA	Avaya	September 2000	IPO/share distribution	Lucent shareholders	34,000
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Division	Dec 1Q01	Mar 2Q01	Jun 3Q01	Sep 4Q01	Dec 1Q02	Mar 2Q02	Jun 3Q02E	Sep 4Q02E	Dec 1Q03E	Mar 2Q03E	Jun 3Q03E	Sep 4Q03E																																																																																																									
INS	\$2,450	NA	NA	\$2,619	\$1,883	\$1,792	\$1,434	\$1,376	\$1,445	\$1,373	\$1,441	\$1,514																																																																																																									
Mobility	\$1,189	NA	NA	\$1,962	\$1,468	\$1,579	\$1,500	\$1,500	\$1,500	\$1,350	\$1,283	\$1,218																																																																																																									
Other	\$189	NA	NA	\$171	\$114	\$145	\$149	\$149	\$157	\$149	\$149	\$149																																																																																																									
Total	\$3,828	\$5,326	\$5,365	\$4,752	\$3,465	\$3,516	\$3,083	\$3,026	\$3,102	\$2,872	\$2,873	\$2,881																																																																																																									
INS	64%	NA	NA	55%	54%	51%	47%	45%	47%	48%	50%	53%																																																																																																									
Mobility	31%	NA	NA	41%	42%	45%	49%	50%	48%	47%	45%	42%																																																																																																									
Other	5%	NA	NA	4%	3%	4%	5%	5%	5%	5%	5%	5%																																																																																																									
Total	100%	NA	NA	100%	100%	100%	100%	100%	100%	100%	100%	100%																																																																																																									
Gross Margin / Operating Margin Historicals / Projections (fiscal year Sept.)																																																																																																																					
	1Q01*	2Q01*	3Q01*	4Q01*	1Q02*	2Q02	3Q02E	4Q02E	1Q03E	2Q03E	3Q03E	4Q03E																																																																																																									
Cost of Sales	84.3%	77.4%	74.0%	79.0%	82.8%	77.2%	81.0%	78.0%	75.0%	73.0%	71.5%	70.0%																																																																																																									
GP Margin	15.7%	22.6%	26.0%	21.0%	17.2%	22.8%	19.0%	22.0%	25.0%	27.0%	28.5%	30.0%																																																																																																									
S, G & A	28.8%	22.5%	21.7%	17.1%	20.0%	17.7%	19.1%	18.3%	17.0%	16.8%	15.0%	14.0%																																																																																																									
R & D	23.2%	16.4%	13.6%	14.5%	17.5%	14.9%	16.7%	16.5%	15.0%	15.5%	14.3%	13.5%																																																																																																									
Op. Income	-36.4%	-16.3%	-9.3%	-10.5%	-20.3%	-9.8%	-16.8%	-12.8%	-7.0%	-5.3%	-0.8%	2.5%																																																																																																									
Eff. Tax Rate	44.7%	67.2%	88.3%	38.0%	38.0%	48.5%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%																																																																																																									
Net Income	-22.3%	-6.6%	-1.7%	-8.3%	-13.9%	-6.8%	-13.3%	-10.9%	-7.3%	-6.4%	-3.7%	-1.7%																																																																																																									
* Normalized to exclude reserves/writeoffs associated w/ bad debts, excess/obs. inventory, etc.																																																																																																																					
Supply Chain Analysis				Employee Headcount (000's)																																																																																																																	
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Business				Date	Action	Headcount Impact																																																																																																															
Additional Restructure				Apr '02	Management now expects headcount closer to 50K (56K at 3/01) Cost structure target = breakeven at less than \$4B in sales Pending restructuring charge (smaller in size than the Phase 1 charge)	TBD																																																																																																															
Additional Restructure				Mar '02	Management hinted that additional restructuring may be necessary Likely to hit employee levels "somewhat below 55,000 by June" (62K at 12/01)	TBD																																																																																																															
N.A. GSM				Oct '01	Ceased GSM infrastructure R&D for North American frequencies	Undisclosed																																																																																																															
Chromatis				Aug '01	Closed the business	150																																																																																																															
Phase 2 restructure				Aug '01	Add'l \$2 B annual opex. Reductions (\$1.6 B through 12/01) 2002 capex reduced to \$750 million (will come in lower) \$1 B add'l work cap reductions(\$400 million achieved 12/01): 15-20K headcount reduce 15-20K in headcount reduction (23.6K done through 3/02) \$8 B restr chg., \$1.4 B cash(\$1.25 B is updated figure), NI and CF pos in FY02(updated 03')	15,000-20,000																																																																																																															
Early retire offer				Mid '01	Voluntary headcount reduction	8,500																																																																																																															
Phase 1 restructure				Jan '01	\$2 B in annual operating expenses reductions, 2001 capex reduced to \$1.5B \$3 billion in working capital reductions: 10,500 headcount reduce, \$3.4 restructure chg.	10,500																																																																																																															
New Products to Watch				Product	Description	Availability	Status																																																																																																														
LambdaUnite				Optical switch (STS-1 grooming)	GA (Feb '02)	10 trials incl. Deutsche Tel (it passed certification). Sichuan Tel. is in deployment. (Trial count has varied based on LU respondent)																																																																																																															
LambdaXtreme				New long haul WDM system	GA (early '02)	15 trials (trial count has varied depending on LU respondent). Deutsche Tel in trial w/ 40G capability. At least 2 field trials in U.S.																																																																																																															
Metropolis DMX				Next gen SONET multiplexer	GA (late 2000)	LU now quoting trials at 15 customers including 3 RBOCs. DB recently hearing some positive customer feedback.																																																																																																															
Metropolis EON				Metro DWDM	GA	Deploying at Verizon and other customers (Asia, Europe, U.S.)																																																																																																															
TMX 880				ATM / MPLS WAN switch	GA (early '02)	In trials. Working on customer announcements of trials.																																																																																																															
LambdaManager				Tbit capacity optical X-connect	NA	Recently discontinued. Exceeds market requirements.																																																																																																															

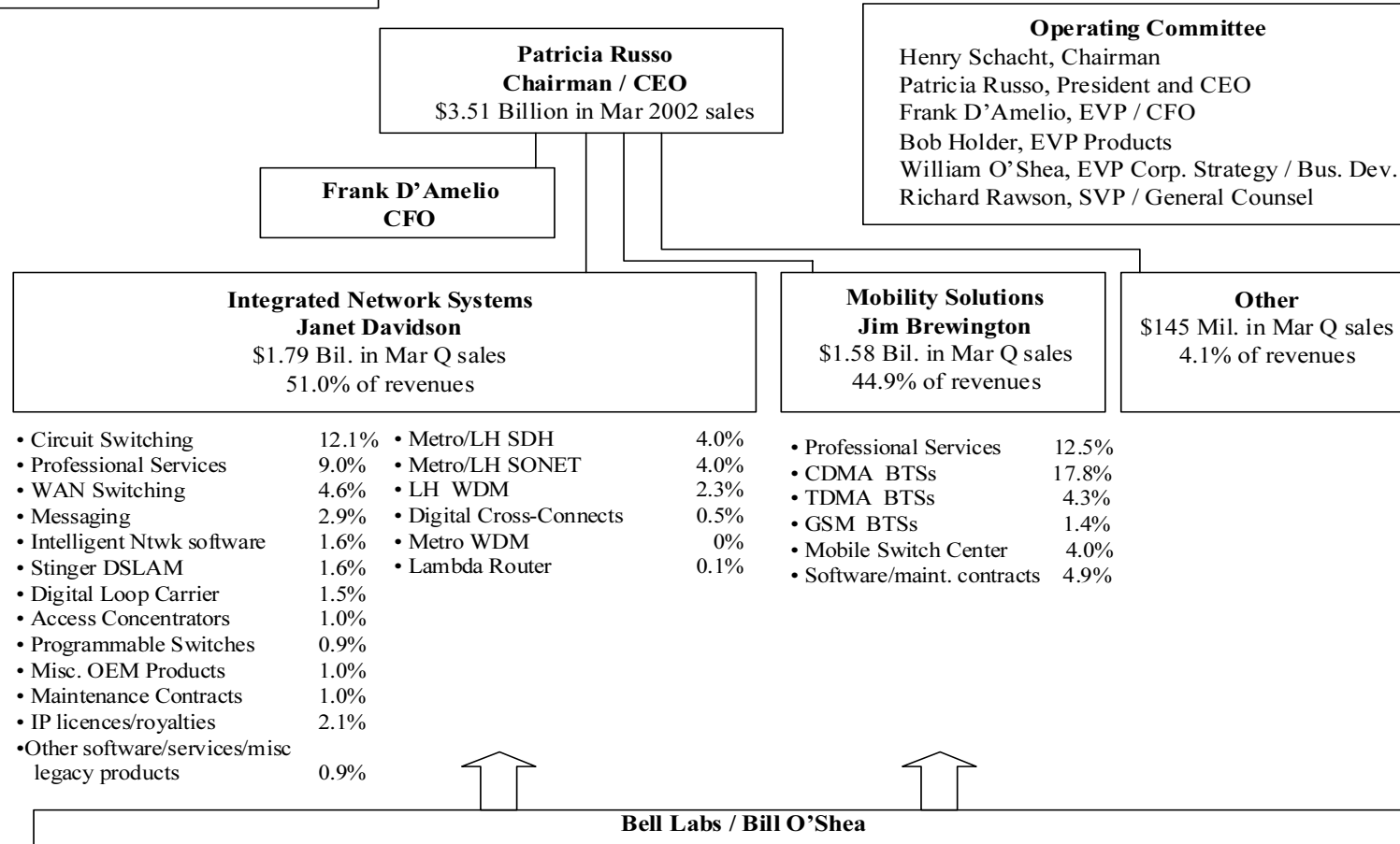
Source: Deutsche Bank Securities estimates and company information

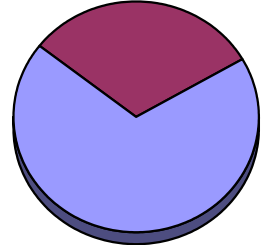
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**Lucent Revenue Mix (March 2002 Sales)**



Geographic Revenue Mix (Q2)	Balance Sheet Metrics					
		Mar	Jun	Sep	Dec	Mar
		2001	3001	4001	1002	2002
	<b>LIQUIDITY</b>					
	Current Ratio	1.89	1.61	1.58	1.86	2.14
	Quick Ratio	0.76	0.65	0.69	0.81	1.11
	<b>SOLVENCY</b>					
	Debt to Capital	22%	24%	29%	24%	25%
	Debt to Assets	14%	16%	13%	11%	11%
	Return on Equity	-6%	-11%	-26%	-20%	-16%
	<b>ASSET UTILIZATION</b>					
	Days Sales Outstanding	104	77	87	83	73
	Days Inventory	130	112	87	86	80
	Sales to Current Assets	1.3	1.3	1.2	1.3	1.2
	Sales to Working Capital	2.7	3.4	3.2	2.8	2.2
	Sales to Total Assets	0.6	0.5	0.6	0.6	0.6
	Book value per share	\$5.53	\$5.82	\$3.23	\$3.11	\$2.94
	Cash per share	\$0.41	\$0.67	\$0.70	\$0.90	\$1.41

Vendor Financing Metrics (in millions)							
	Sep	Dec	Mar	Jun	Sep	Dec	Mar
<b>Direct Loans/Extensions of Credit</b>	<b>4000</b>	<b>1001</b>	<b>2001</b>	<b>3001</b>	<b>4001</b>	<b>1002</b>	<b>2002</b>
Principal Outstanding	\$1,263	\$1,843	\$1,974	\$2,293	\$2,528	\$788	\$987
Available, but not drawn	\$3,270	\$2,260	\$2,529	\$1,561	\$1,411	\$938	\$787
<b>Approved, but not available</b>	<b>\$2,121</b>	<b>\$1,606</b>	<b>\$830</b>	<b>\$725</b>	<b>\$655</b>	<b>\$262</b>	<b>\$201</b>
Maximum Commitment	\$6,654	\$5,709	\$5,333	\$4,579	\$4,594	\$1,988	\$1,975
<b>Financial Guarantees</b>							
Principle Outstanding	\$771	\$740	\$794	\$659	\$428	\$381	\$217
Available, but not drawn	\$602	\$857	\$709	\$44	\$36	\$33	\$17
<b>Approved, but not available</b>	<b>\$75</b>	<b>\$209</b>	<b>\$109</b>	<b>\$256</b>	<b>\$256</b>	<b>\$85</b>	<b>\$15</b>
Maximum Commitment	\$1,448	\$1,806	\$1,612	\$959	\$720	\$499	\$249
<b>Total Financing exposure</b>	<b>\$8,102</b>	<b>\$7,515</b>	<b>\$6,945</b>	<b>\$5,538</b>	<b>\$5,314</b>	<b>\$2,487</b>	<b>\$2,224</b>
Balance Sheet Reserve	NA	NA	\$1,974	\$1,950	\$1,950	\$700	\$700

Major Financial Credit Facility Covenants							
<b>Net Worth:</b> The minimum Net Worth schedule is as follows:	March 31, 2002	At least \$18.3 billion	<b>EBITDA:</b> The minimum EBITDA schedule is as follows:	2Q: January 1, 2001 - March 31, 2002	\$(350M)	(DB est: \$9M)	* Note that the EBITDA calculation cannot be calculated straight from Lucent's financials. Credit facilities required an adjusted calculation.
	June 30, 2002	At least \$17.9 billion		3Q: April 1, 2001 - June 30, 2002	\$(325M), (was \$50M Jun 12, 02)	(DB est: -\$231M)	
	September 30, 2002	At least \$17.6 billion		4Q: July 1, 2001 - September 30, 2002	\$(325M), (was \$150M Jun 12, 02)	(DB est: -\$148M)	
	December 31, 2002	At least \$17.4 billion		1Q03: October 1, 2002 - December 31, 2002	\$(300M), (was \$250M Jun 12, 02)	(DB est: \$22M)	
						<b>The Credit Facility:</b> Lucent has a \$1.5 billion credit facility which expires in February 2003. 100% of the credit line is currently undrawn. The line is secured by the assets of the company.	

Source: Deutsche Bank Securities estimates and company information

Within the past three years, Deutsche Bank Securities Inc. has managed or comanaged a public offering of Lucent Technologies Inc. The following stock(s) is (are) optionable: Lucent Technologies Inc. The information herein is believed to be reliable and has been obtained from sources believed to be reliable, but its accuracy and completeness cannot be guaranteed. Opinions, estimates, and projections constitute our judgment and are subject to change without notice. This publication is provided to you for information purposes only and is not intended as an offer or solicitation for the sale of any financial instrument. Deutsche Bank Securities Inc. and its affiliates worldwide, may hold a position or act as a market maker in the financial instruments of any issuer discussed herein or act as advisor or lender to such issuer. Transactions should be executed through a Deutsche Bank entity in the client's home jurisdiction unless otherwise permitted by law. Deutsche Bank Securities is a member of NYSE and NASD. Copyright 2002 Deutsche Bank Securities Inc.