

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

### ASSETS:

	September 25, <u>2004</u>	September 27, <u>2003</u>
Current assets:		
Cash and cash equivalents.....	\$2,969	\$3,396
Short-term investments.....	2,495	1,170
Accounts receivable, less allowances of \$47 and \$49, respectively..	774	766
Inventories.....	101	56
Deferred tax assets.....	231	190
Other current assets.....	<u>485</u>	<u>309</u>
Total current assets.....	7,055	5,887
Property, plant, and equipment, net.....	707	669
Goodwill.....	80	85
Acquired intangible assets.....	17	24
Other assets.....	<u>191</u>	<u>150</u>
Total assets.....	<u>\$8,050</u>	<u>\$6,815</u>

### LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$1,451	\$1,154
Accrued expenses.....	1,229	899
Current debt.....	<u>--</u>	<u>304</u>
Total current liabilities.....	2,680	2,357
Deferred tax liabilities and other non-current liabilities.....	<u>294</u>	<u>235</u>
Total liabilities.....	<u>2,974</u>	<u>2,592</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 391,443,617 and 366,726,584 shares issued and outstanding, respectively.....	2,514	1,926
Deferred stock compensation.....	(93)	(62)
Retained earnings.....	2,670	2,394
Accumulated other comprehensive income (loss).....	<u>(15)</u>	<u>(35)</u>
Total shareholders' equity.....	<u>5,076</u>	<u>4,223</u>
Total liabilities and shareholders' equity.....	<u>\$8,050</u>	<u>\$6,815</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	September 25, <u>2004</u>	September 27, <u>2003</u>	September 25, <u>2004</u>	September 27, <u>2003</u>
Net sales.....	\$2,350	\$1,715	\$8,279	\$6,207
Cost of sales.....	<u>1,716</u>	<u>1,259</u>	<u>6,020</u>	<u>4,499</u>
Gross margin.....	<u>634</u>	<u>456</u>	<u>2,259</u>	<u>1,708</u>
Operating expenses:				
Research and development.....	122	111	489	471
Selling, general, and administrative.....	379	314	1,421	1,212
Restructuring costs.....	<u>5</u>	<u>--</u>	<u>23</u>	<u>26</u>
Total operating expenses.....	<u>506</u>	<u>425</u>	<u>1,933</u>	<u>1,709</u>
Operating income (loss).....	128	31	326	(1)
Other income and expense:				
Gain on sales of non-current investments.....	--	8	4	10
Interest and other income, net.....	<u>19</u>	<u>16</u>	<u>53</u>	<u>83</u>
Total other income and expense.....	<u>19</u>	<u>24</u>	<u>57</u>	<u>93</u>
Income before provision for income taxes.....	147	55	383	92
Provision for income taxes.....	<u>41</u>	<u>14</u>	<u>107</u>	<u>24</u>
Income before accounting change.....	<u>106</u>	<u>41</u>	<u>276</u>	<u>68</u>
Cumulative effect of accounting change, net.....	--	3	--	1
Net income.....	<u>\$ 106</u>	<u>\$ 44</u>	<u>\$ 276</u>	<u>\$ 69</u>
Earnings per common share before accounting change:				
Basic.....	\$ 0.28	\$ 0.11	\$ 0.74	\$ 0.19
Diluted.....	\$ 0.26	\$ 0.11	\$ 0.71	\$ 0.19
Earnings per common share:				
Basic.....	\$ 0.28	\$ 0.12	\$ 0.74	\$ 0.19
Diluted.....	\$ 0.26	\$ 0.12	\$ 0.71	\$ 0.19
Shares used in computing earnings per share (in thousands):				
Basic.....	383,463	362,191	371,590	360,631
Diluted.....	402,906	370,733	387,311	363,466

## UNAUDITED NON-GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In millions, except share and per share amounts)

THREE MONTHS ENDED SEPTEMBER 25, 2004

	As Reported	Non-GAAP Adjustments	Non-GAAP
Net sales.....	\$2,350		\$2,350
Cost of sales.....	<u>1,716</u>		<u>1,716</u>
Gross margin.....	<u>634</u>		<u>634</u>
Operating expenses:			
Research and development.....	122		122
Selling, general, and administrative.....	379		379
Restructuring costs.....	<u>5</u>	<u>(5)</u> (a)	<u>--</u>
Total operating expenses.....	<u>506</u>	<u>(5)</u>	<u>501</u>
Operating income.....	128	5	133
Other income and expense:			
Interest and other income, net.....	<u>19</u>		<u>19</u>
Total other income and expense.....	<u>19</u>		<u>19</u>
Income before provision for income taxes.....	147	5	152
Provision for income taxes.....	<u>41</u>	<u>1</u> (b)	<u>42</u>
Net income.....	<u>\$ 106</u>	<u>\$ 4</u>	<u>\$ 110</u>
Earnings per common share:			
Basic.....	\$ 0.28		\$ 0.29
Diluted.....	\$ 0.26		\$ 0.27
Shares used in computing earnings per share (in thousands):			
Basic.....	383,463		383,463
Diluted.....	402,906		402,906

**Notes:**

- (a) Pre-tax restructuring costs
- (b) Tax impact of restructuring costs

## UNAUDITED NON-GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In millions, except share and per share amounts)

TWELVE MONTHS ENDED SEPTEMBER 25, 2004

	As Reported	Non-GAAP Adjustments	Non-GAAP
Net sales.....	\$8,279		\$8,279
Cost of sales.....	<u>6,020</u>		<u>6,020</u>
Gross margin.....	<u>2,259</u>		<u>2,259</u>
Operating expenses:			
Research and development.....	489		489
Selling, general, and administrative.....	1,421		1,421
Restructuring costs.....	<u>23</u>	<u>(23)</u> (a)	<u>--</u>
Total operating expenses.....	<u>1,933</u>	<u>(23)</u>	<u>1,910</u>
Operating income.....	326	23	349
Other income and expense:			
Gain on sales of non-current investments.....	4	(4) (b)	--
Interest and other income, net.....	<u>53</u>		<u>53</u>
Total other income and expense.....	<u>57</u>	<u>(4)</u>	<u>53</u>
Income before provision for income taxes.....	383	19	402
Provision for income taxes.....	<u>107</u>	<u>5</u> (c)	<u>112</u>
Net income.....	<u>\$ 276</u>	<u>\$ 14</u>	<u>\$ 290</u>
Earnings per common share:			
Basic.....	\$ 0.74		\$ 0.78
Diluted.....	\$ 0.71		\$ 0.75
Shares used in computing earnings per share (in thousands):			
Basic.....	371,590		371,590
Diluted.....	387,311		387,311

**Notes:**

- (a) Pre-tax restructuring costs
- (b) Pre-tax gain on sales of non-current investments
- (c) Tax impact of restructuring costs and gain on sales of non-current investments