

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

ASSETS:

	June 26, <u>2004</u>	September 27, <u>2003</u>
Current assets:		
Cash and cash equivalents	\$3,120	\$3,396
Short-term investments	1,846	1,170
Accounts receivable, less allowances of \$47 and \$49, respectively ..	629	766
Inventories	72	56
Deferred tax assets	227	190
Other current assets	<u>392</u>	<u>309</u>
Total current assets	6,286	5,887
Property, plant, and equipment, net	684	669
Goodwill	80	85
Acquired intangible assets	19	24
Other assets	<u>154</u>	<u>150</u>
Total assets	<u>\$7,223</u>	<u>\$6,815</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable	\$ 1,061	\$1,154
Accrued expenses	1,094	899
Current debt	<u>--</u>	<u>304</u>
Total current liabilities	2,155	2,357
Deferred tax liabilities and other non-current liabilities	<u>256</u>	<u>235</u>
Total liabilities	<u>2,411</u>	<u>2,592</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 385,192,286 and 366,726,584 shares issued and outstanding, respectively	2,369	1,926
Deferred stock compensation	(103)	(62)
Retained earnings	2,564	2,394
Accumulated other comprehensive income (loss)	<u>(18)</u>	<u>(35)</u>
Total shareholders' equity	<u>4,812</u>	<u>4,223</u>
Total liabilities and shareholders' equity	<u>\$7,223</u>	<u>\$6,815</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	June 26, <u>2004</u>	June 28, <u>2003</u>	June 26, <u>2004</u>	June 28, <u>2003</u>
Net sales.....	\$2,014	\$1,545	\$5,929	\$4,492
Cost of sales.....	<u>1,455</u>	<u>1,117</u>	<u>4,304</u>	<u>3,240</u>
Gross margin.....	<u>559</u>	<u>428</u>	<u>1,625</u>	<u>1,252</u>
Operating expenses:				
Research and development.....	125	120	367	360
Selling, general, and administrative.....	354	299	1,042	898
Restructuring costs.....	<u>8</u>	<u>--</u>	<u>18</u>	<u>26</u>
Total operating expenses.....	<u>487</u>	<u>419</u>	<u>1,427</u>	<u>1,284</u>
Operating income (loss).....	72	9	198	(32)
Other income and expense:				
Gain on sales of non-current investments.....	--	2	4	2
Interest and other income, net.....	<u>13</u>	<u>15</u>	<u>34</u>	<u>67</u>
Total other income and expense.....	<u>13</u>	<u>17</u>	<u>38</u>	<u>69</u>
Income before provision for income taxes.....	85	26	236	37
Provision for income taxes.....	<u>24</u>	<u>7</u>	<u>66</u>	<u>10</u>
Income before accounting change.....	<u>61</u>	<u>19</u>	<u>170</u>	<u>27</u>
Cumulative effect of accounting change, net.....	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2)</u>
Net income	<u>\$ 61</u>	<u>\$ 19</u>	<u>\$ 170</u>	<u>\$ 25</u>
Earnings per common share before accounting change:				
Basic.....	\$ 0.16	\$ 0.05	\$ 0.46	\$ 0.07
Diluted.....	\$ 0.16	\$ 0.05	\$ 0.45	\$ 0.07
Earnings per common share:				
Basic.....	\$ 0.16	\$ 0.05	\$ 0.46	\$ 0.07
Diluted.....	\$ 0.16	\$ 0.05	\$ 0.45	\$ 0.07
Shares used in computing earnings per share (in thousands):				
Basic.....	375,023	360,793	367,606	360,113
Diluted.....	392,621	363,777	381,259	362,421

UNAUDITED NON-GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In millions, except share and per share amounts)

THREE MONTHS ENDED JUNE 26, 2004

	As Reported	Non-GAAP Adjustments	Non-GAAP
Net sales.....	\$2,014		\$2,014
Cost of sales.....	<u>1,455</u>		<u>1,455</u>
Gross margin.....	<u>559</u>		<u>559</u>
Operating expenses:			
Research and development.....	125		125
Selling, general, and administrative.....	354		354
Restructuring costs.....	<u>8</u>	<u>(8)</u> (a)	<u>--</u>
Total operating expenses.....	<u>487</u>	<u>(8)</u>	<u>479</u>
Operating income.....	72	8	80
Other income and expense:			
Interest and other income, net.....	<u>13</u>		<u>13</u>
Total other income and expense.....	<u>13</u>		<u>13</u>
Income before provision for income taxes.....	85	8	93
Provision for income taxes.....	<u>24</u>	<u>2</u> (b)	<u>26</u>
Net income.....	<u>\$ 61</u>	<u>\$ 6</u>	<u>\$ 67</u>
Earnings per common share:			
Basic.....	\$ 0.16		\$ 0.18
Diluted.....	\$ 0.16		\$ 0.17
Shares used in computing earnings per share (in thousands):			
Basic.....	375,023		375,023
Diluted.....	392,621		392,621

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)

NINE MONTHS ENDED JUNE 26, 2004

	As Reported	Non-GAAP Adjustments		Non-GAAP
Net sales.....	\$5,929			\$5,929
Cost of sales.....	<u>4,304</u>			<u>4,304</u>
Gross margin.....	<u>1,625</u>			<u>1,625</u>
Operating expenses:				
Research and development.....	367			367
Selling, general, and administrative.....	1,042			1,042
Restructuring costs.....	<u>18</u>	<u>(18)</u>	(a)	<u>--</u>
Total operating expenses.....	<u>1,427</u>	<u>(18)</u>		<u>1,409</u>
Operating income.....	198	18		216
Other income and expense:				
Gain on sales of non-current investments.....	4	(4)	(b)	--
Interest and other income, net.....	<u>34</u>			<u>34</u>
Total other income and expense.....	<u>38</u>	<u>(4)</u>		<u>34</u>
Income before provision for income taxes.....	236	14		250
Provision for income taxes.....	<u>66</u>	<u>4</u>	(c)	<u>70</u>
Net income.....	<u>\$ 170</u>	<u>\$ 10</u>		<u>\$ 180</u>
Earnings per common share:				
Basic.....	\$ 0.46			\$ 0.49
Diluted.....	\$ 0.45			\$ 0.47
Shares used in computing earnings per share (in thousands):				
Basic.....	367,606			367,606
Diluted.....	381,259			381,259

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