

## CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

### ASSETS:

	December 27, <u>2003</u>	September 27, <u>2003</u>
Current assets:		
Cash and cash equivalents.....	\$3,724	\$3,396
Short-term investments.....	1,067	1,170
Accounts receivable, less allowances of \$48 and \$49, respectively.....	586	766
Inventories.....	89	56
Deferred tax assets.....	218	190
Other current assets.....	<u>345</u>	<u>309</u>
Total current assets.....	6,029	5,887
Property, plant, and equipment, net.....	684	669
Goodwill.....	85	85
Acquired intangible assets.....	22	24
Other assets.....	<u>151</u>	<u>150</u>
Total assets.....	<u>\$6,971</u>	<u>\$6,815</u>

### LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$1,085	\$1,154
Accrued expenses.....	995	899
Current debt.....	<u>302</u>	<u>304</u>
Total current liabilities.....	2,382	2,357
Deferred tax liabilities and other non-current liabilities.....	<u>259</u>	<u>235</u>
Total liabilities.....	<u>2,641</u>	<u>2,592</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 368,760,946 and 366,726,584 shares issued and outstanding, respectively.....	1,960	1,926
Deferred stock compensation.....	(56)	(62)
Retained earnings.....	2,457	2,394
Accumulated other comprehensive income (loss).....	<u>(31)</u>	<u>(35)</u>
Total shareholders' equity.....	<u>4,330</u>	<u>4,223</u>
Total liabilities and shareholders' equity.....	<u>\$6,971</u>	<u>\$6,815</u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED	
	December 27, <u>2003</u>	December 28, <u>2002</u>
Net sales.....	\$2,006	\$1,472
Cost of sales.....	<u>1,470</u>	<u>1,066</u>
Gross margin.....	<u>536</u>	<u>406</u>
Operating expenses:		
Research and development.....	119	121
Selling, general, and administrative.....	343	299
Restructuring costs.....	<u>—</u>	<u>23</u>
Total operating expenses.....	<u>462</u>	<u>443</u>
Operating income (loss).....	74	(37)
Other income and expense:		
Gain on non-current investments.....	4	—
Interest and other income, net .....	<u>9</u>	<u>29</u>
Total other income and expense.....	<u>13</u>	<u>29</u>
Income (loss) before provision for (benefit from) income taxes.....	87	(8)
Provision for (benefit from) income taxes.....	<u>24</u>	<u>(2)</u>
Income (loss) before accounting changes.....	<u>63</u>	<u>(6)</u>
Cumulative effect of accounting change, net.....	<u>—</u>	<u>2</u>
Net income (loss).....	<u>\$ 63</u>	<u>\$ (8)</u>
Earnings (loss) per common share before accounting change:		
Basic.....	\$0.17	\$(0.02)
Diluted.....	\$0.17	\$(0.02)
Earnings (loss) per common share:		
Basic.....	\$0.17	\$(0.02)
Diluted.....	\$0.17	\$(0.02)
Shares used in computing earnings (loss) per share (in thousands):		
Basic.....	362,450	359,057
Diluted.....	372,308	359,057