

## CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

### ASSETS:

	March 29, 2003	September 28, 2002
Current assets:		
Cash and cash equivalents.....	\$3,410	\$2,252
Short-term investments.....	1,116	2,085
Accounts receivable, less allowances of \$48 and \$51, respectively....	492	565
Inventories.....	41	45
Deferred tax assets.....	168	166
Other current assets.....	<u>241</u>	<u>275</u>
Total current assets.....	5,468	5,388
Property, plant, and equipment, net.....	619	621
Acquired intangible assets.....	112	119
Other assets.....	<u>162</u>	<u>170</u>
Total assets.....	\$6,361	\$6,298

### LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$921	\$911
Accrued expenses.....	776	747
Current debt.....	<u>310</u>	<u>—</u>
Total current liabilities.....	2,007	1,658
Long-term debt.....	—	316
Deferred tax liabilities and other non-current liabilities.....	<u>215</u>	<u>229</u>
Total liabilities.....	<u>2,222</u>	<u>2,203</u>

Commitments and contingencies

Shareholders' equity:

Common stock, no par value; 900,000,000 shares authorized; 365,545,268 and 358,958,989 shares issued and outstanding, respectively.....	1,919	1,826
Deferred stock compensation.....	(75)	(7)
Retained earnings.....	2,331	2,325
Accumulated other comprehensive loss.....	<u>(36)</u>	<u>(49)</u>
Total shareholders' equity.....	4,139	4,095
Total liabilities and shareholders' equity.....	\$6,361	\$6,298

# CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 29, 2003	March 30, 2002	March 29, 2003	March 30, 2002
Net sales.....	\$1,475	\$1,495	\$2,947	\$2,870
Cost of sales.....	<u>1,057</u>	<u>1,086</u>	<u>2,123</u>	<u>2,039</u>
Gross margin.....	<u>418</u>	<u>409</u>	<u>824</u>	<u>831</u>
Operating expenses:				
Research and development.....	119	111	240	224
Selling, general, and administrative.....	300	270	599	559
Restructuring costs.....	<u>3</u>	<u>—</u>	<u>26</u>	<u>24</u>
Total operating expenses.....	<u>422</u>	<u>381</u>	<u>865</u>	<u>807</u>
Operating income.....	(4)	28	(41)	24
Gains on non-current investments, net .....	--	--	--	23
Interest and other income, net .....	<u>23</u>	<u>27</u>	<u>52</u>	<u>61</u>
Total interest and other income, net.....	<u>23</u>	<u>27</u>	<u>52</u>	<u>84</u>
Income before provision for income taxes.....	19	55	11	108
Provision for income taxes.....	<u>5</u>	<u>15</u>	<u>3</u>	<u>30</u>
Income before accounting change.....	14	40	8	78
Cumulative effect of accounting change, net of income taxes of \$1.....	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>—</u>
Net income.....	<u>\$ 14</u>	<u>\$ 40</u>	<u>\$ 6</u>	<u>\$ 78</u>
Earnings per common share before accounting change:				
Basic.....	\$0.04	\$0.11	\$0.02	\$ 0.22
Diluted.....	\$0.04	\$0.11	\$0.02	\$ 0.22
Earnings per common share after accounting change:				
Basic.....	\$0.04	\$0.11	\$0.02	\$ 0.22
Diluted.....	\$0.04	\$0.11	\$0.02	\$ 0.22
Shares used in computing earnings per share (in thousands):				
Basic.....	360,490	353,480	359,774	352,405
Diluted.....	362,243	365,969	361,591	361,622