

CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

ASSETS:

	June 29, 2002	September 29, 2001
Current assets:		
Cash and cash equivalents.....	\$1,246	\$2,310
Short-term investments.....	3,060	2,026
Accounts receivable, less allowances of \$52 and \$51, respectively.....	626	466
Inventories.....	34	11
Deferred tax assets.....	164	169
Other current assets.....	<u>313</u>	<u>161</u>
Total current assets.....	5,443	5,143
Property, plant, and equipment, net.....	589	564
Non-current debt and equity investments.....	48	128
Acquired intangible assets.....	99	76
Other assets.....	<u>114</u>	<u>110</u>
Total assets.....	\$6,293	\$6,021

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$904	\$801
Accrued expenses.....	<u>814</u>	<u>717</u>
Total current liabilities.....	1,718	1,518
Long-term debt.....	316	317
Deferred tax liabilities.....	<u>193</u>	<u>266</u>
Total liabilities.....	<u>2,227</u>	<u>2,101</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 358,855,285 and 350,921,661 shares issued and outstanding, respectively.....	1,808	1,693
Acquisition-related deferred stock compensation.....	(8)	(11)
Retained earnings.....	2,370	2,260
Accumulated other comprehensive loss.....	<u>(104)</u>	<u>(22)</u>
Total shareholders' equity.....	<u>4,066</u>	<u>3,920</u>
Total liabilities and shareholders' equity.....	\$6,293	\$6,021

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net sales.....	\$1,429	\$1,475	\$4,299	\$3,913
Cost of sales.....	<u>1,038</u>	<u>1,041</u>	<u>3,077</u>	<u>3,115</u>
Gross margin.....	<u>391</u>	<u>434</u>	<u>1,222</u>	<u>798</u>
Operating expenses:				
Research and development.....	106	111	330	314
Selling, general, and administrative.....	272	281	831	870
Restructuring Costs.....	0	0	24	0
Purchased in-process research and development..	<u>0</u>	<u>11</u>	<u>0</u>	<u>11</u>
Total operating expenses.....	<u>378</u>	<u>403</u>	<u>1,185</u>	<u>1,195</u>
Operating income (loss).....	13	31	37	(397)
Gains on non-current investments, net	0	11	23	87
Unrealized loss on convertible securities.....	0	0	0	(13)
Interest and other income, net	<u>26</u>	<u>45</u>	<u>87</u>	<u>177</u>
Total interest and other income, net	<u>26</u>	<u>56</u>	<u>110</u>	<u>251</u>
Income (loss) before provision for (benefit from) income taxes.....	39	87	147	(146)
Provision for (benefit from) income taxes.....	<u>7</u>	<u>26</u>	<u>37</u>	<u>(43)</u>
Income (loss) before accounting change.....	32	61	110	(103)
Cumulative effect of accounting change, net of income taxes of \$5.....	0	0	0	12
Net income (loss).....	\$ 32	\$ 61	\$ 110	\$ (91)
Earnings (loss) per common share before accounting change:				
Basic.....	\$0.09	\$0.17	\$0.31	\$ (0.30)
Diluted.....	\$0.09	\$0.17	\$0.30	\$ (0.30)
Earnings (loss) per common share after accounting change:				
Basic.....	\$0.09	\$0.17	\$0.31	\$ (0.26)
Diluted.....	\$0.09	\$0.17	\$0.30	\$ (0.26)
Shares used in computing earnings (loss) per share (in thousands):				
Basic.....	356,370	348,765	353,800	343,877
Diluted.....	366,882	358,912	363,438	343,877