

CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

ASSETS:

	March 30, 2002	September 29, 2001
Current assets:		
Cash and cash equivalents.....	\$1,159	\$2,310
Short-term investments.....	3,150	2,026
Accounts receivable, less allowances of \$52 and \$51, respectively.....	644	466
Inventories.....	26	11
Deferred tax assets.....	161	169
Other current assets.....	<u>274</u>	<u>161</u>
Total current assets.....	5,414	5,143
Property, plant, and equipment, net.....	587	564
Non-current debt and equity investments.....	79	128
Acquired intangible assets.....	81	76
Other assets.....	<u>103</u>	<u>110</u>
Total assets.....	<u>\$6,264</u>	<u>\$6,021</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$987	\$801
Accrued expenses.....	<u>722</u>	<u>717</u>
Total current liabilities.....	1,709	1,518
Long-term debt.....	311	317
Deferred tax liabilities.....	<u>230</u>	<u>266</u>
Total liabilities.....	<u>2,250</u>	<u>2,101</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 354,085,159 and 350,921,661 shares issued and outstanding, respectively.....	1,747	1,693
Acquisition-related deferred stock compensation.....	(9)	(11)
Retained earnings.....	2,338	2,260
Accumulated other comprehensive loss.....	<u>(62)</u>	<u>(22)</u>
Total shareholders' equity.....	<u>4,014</u>	<u>3,920</u>
Total liabilities and shareholders' equity.....	<u>\$6,264</u>	<u>\$6,021</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	March 30, 2002	March 31, 2001	March 30, 2002	March 31, 2001
Net sales.....	\$1,495	\$1,431	\$2,870	\$2,438
Cost of sales.....	<u>1,086</u>	<u>1,046</u>	<u>2,039</u>	<u>2,074</u>
Gross margin.....	<u>409</u>	<u>385</u>	<u>831</u>	<u>364</u>
Operating expenses:				
Research and development.....	111	101	224	203
Selling, general, and administrative.....	270	292	559	589
Restructuring costs.....	<u>0</u>	<u>0</u>	<u>24</u>	<u>0</u>
Total operating expenses.....	<u>381</u>	<u>393</u>	<u>807</u>	<u>792</u>
Operating income (loss).....	28	(8)	24	(428)
Gains on non-current investments, net	0	5	23	76
Unrealized loss on convertible securities..	0	0	0	(13)
Interest and other income, net	<u>27</u>	<u>65</u>	<u>61</u>	<u>132</u>
Total interest and other income, net	<u>27</u>	<u>70</u>	<u>84</u>	<u>195</u>
Income (loss) before provision for (benefit from) income taxes.....	55	62	108	(233)
Provision for (benefit from) income taxes..	<u>15</u>	<u>19</u>	<u>30</u>	<u>(69)</u>
Income (loss) before accounting change.....	40	43	78	(164)
Cumulative effect of accounting change, net of income taxes of \$5.....	0	0	0	12
Net income (loss).....	\$ 40	\$ 43	\$ 78	\$ (152)
Earnings (loss) per common share before accounting change:				
Basic.....	\$0.11	\$0.12	\$0.22	\$ (0.48)
Diluted.....	\$0.11	\$0.12	\$0.22	\$ (0.48)
Earnings (loss) per common share after accounting change:				
Basic.....	\$0.11	\$0.12	\$0.22	\$ (0.44)
Diluted.....	\$0.11	\$0.12	\$0.22	\$ (0.44)
Shares used in computing earnings (loss) per share (in thousands):				
Basic.....	353,480	346,080	352,405	342,179
Diluted.....	365,969	352,812	361,622	342,179