

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

ASSETS:

	March 31, <u>2007</u>	September 30, <u>2006</u>
Current assets:		
Cash and cash equivalents.....	\$7,095	\$6,392
Short-term investments.....	5,482	3,718
Accounts receivable, less allowances of \$48 and \$52, respectively..	928	1,252
Inventories.....	208	270
Deferred tax assets.....	640	607
Other current assets.....	<u>1,676</u>	<u>2,270</u>
Total current assets.....	16,029	14,509
Property, plant, and equipment, net.....	1,409	1,281
Goodwill.....	38	38
Acquired intangible assets, net.....	240	139
Other assets.....	<u>995</u>	<u>1,238</u>
Total assets.....	<u>\$18,711</u>	<u>\$17,205</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$2,403	\$3,390
Accrued expenses.....	<u>3,082</u>	<u>3,081</u>
Total current liabilities.....	5,485	6,471
Non-current liabilities.....	<u>965</u>	<u>750</u>
Total liabilities.....	<u>6,450</u>	<u>7,221</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000,000 shares authorized; 864,693,091 and 855,262,568 shares issued and outstanding, respectively.....	4,848	4,355
Retained earnings.....	7,381	5,607
Accumulated other comprehensive income.....	<u>32</u>	<u>22</u>
Total shareholders' equity.....	<u>12,261</u>	<u>9,984</u>
Total liabilities and shareholders' equity.....	<u>\$18,711</u>	<u>\$17,205</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	Three Months Ended		Six Months Ended	
	March 31, <u>2007</u>	April 1, <u>2006</u>	March 31, <u>2007</u>	April 1, <u>2006</u>
Net sales.....	\$5,264	\$4,359	\$12,379	\$10,108
Cost of sales (1)	<u>3,415</u>	<u>3,062</u>	<u>8,310</u>	<u>7,247</u>
Gross margin.....	<u>1,849</u>	<u>1,297</u>	<u>4,069</u>	<u>2,861</u>
Operating expenses:				
Research and development (1).....	183	176	367	358
Selling, general, and administrative (1).....	<u>680</u>	<u>592</u>	<u>1,394</u>	<u>1,224</u>
Total operating expenses.....	<u>863</u>	<u>768</u>	<u>1,761</u>	<u>1,582</u>
Operating income.....	986	529	2,308	1,279
Other income and expense.....	<u>148</u>	<u>76</u>	<u>274</u>	<u>157</u>
Income before provision for income taxes.....	1,134	605	2,582	1,436
Provision for income taxes.....	<u>364</u>	<u>195</u>	<u>808</u>	<u>461</u>
Net income	<u>\$ 770</u>	<u>\$ 410</u>	<u>\$ 1,774</u>	<u>\$ 975</u>
Earnings per common share:				
Basic.....	\$ 0.89	\$ 0.49	\$ 2.06	\$ 1.17
Diluted.....	\$ 0.87	\$ 0.47	\$ 2.00	\$ 1.11
Shares used in computing earnings per share (in thousands):				
Basic.....	863,003	840,910	860,347	835,658
Diluted.....	886,653	878,537	884,896	875,725
(1) Includes stock-based compensation expense, which was allocated as follows:				
Cost of sales.....	\$ 9	\$ 5	\$ 15	\$ 10
Research and development.....	\$ 20	\$ 13	\$ 36	\$ 28
Selling, general, and administrative.....	\$ 34	\$ 24	\$ 58	\$ 48