

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

ASSETS:

	December 25, <u>2004</u>	September 25, <u>2004</u>
Current assets:		
Cash and cash equivalents.....	\$2,475	\$2,969
Short-term investments.....	3,973	2,495
Accounts receivable, less allowances of \$51 and \$47, respectively..	865	774
Inventories.....	156	101
Deferred tax assets.....	281	231
Other current assets.....	<u>572</u>	<u>485</u>
Total current assets.....	8,322	7,055
Property, plant, and equipment, net.....	735	707
Goodwill.....	80	80
Acquired intangible assets.....	16	17
Other assets.....	<u>209</u>	<u>191</u>
Total assets.....	<u>\$9,362</u>	<u>\$8,050</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$1,737	\$1,451
Accrued expenses.....	<u>1,487</u>	<u>1,200</u>
Total current liabilities.....	3,224	2,651
Deferred tax liabilities and other non-current liabilities.....	<u>348</u>	<u>323</u>
Total liabilities.....	<u>3,572</u>	<u>2,974</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 900,000,000 shares authorized; 404,549,022 and 391,443,617 shares issued and outstanding, respectively.....	2,911	2,514
Deferred stock compensation.....	(83)	(93)
Retained earnings.....	2,965	2,670
Accumulated other comprehensive income (loss).....	<u>(3)</u>	<u>(15)</u>
Total shareholders' equity.....	<u>5,790</u>	<u>5,076</u>
Total liabilities and shareholders' equity.....	<u>\$9,362</u>	<u>\$8,050</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

THREE MONTHS ENDED

	December 25, <u>2004</u>	December 27, <u>2003</u>
Net sales.....	\$3,490	\$2,006
Cost of sales.....	<u>2,494</u>	<u>1,470</u>
Gross margin.....	<u>996</u>	<u>536</u>
Operating expenses:		
Research and development.....	123	119
Selling, general, and administrative.....	<u>470</u>	<u>343</u>
Total operating expenses.....	<u>593</u>	<u>462</u>
Operating income.....	403	74
Other income and expense:		
Gains on non-current investments.....	--	4
Interest and other income, net.....	<u>26</u>	<u>9</u>
Total other income and expense.....	<u>26</u>	<u>13</u>
Income before provision for income taxes.....	429	87
Provision for income taxes.....	<u>134</u>	<u>24</u>
Net income.....	<u>\$ 295</u>	<u>\$ 63</u>
Earnings per common share:		
Basic.....	\$ 0.75	\$ 0.17
Diluted.....	\$ 0.70	\$ 0.17
Shares used in computing earnings per share (in thousands):		
Basic.....	394,516	362,450
Diluted.....	419,087	372,308