

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions, except share amounts)

**ASSETS:**

	December 30, <u>2006</u>	September 30, <u>2006</u>
Current assets:		
Cash and cash equivalents.....	\$7,159	\$6,392
Short-term investments.....	4,710	3,718
Accounts receivable, less allowances of \$50 and \$52, respectively..	1,621	1,252
Inventories.....	303	270
Deferred tax assets.....	648	607
Other current assets.....	<u>2,223</u>	<u>2,270</u>
Total current assets.....	16,664	14,509
Property, plant, and equipment, net.....	1,362	1,281
Goodwill.....	38	38
Acquired intangible assets, net.....	146	139
Other assets.....	<u>1,251</u>	<u>1,238</u>
Total assets.....	<u>\$19,461</u>	<u>\$17,205</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY:**

Current liabilities:		
Accounts payable.....	\$3,885	\$3,390
Accrued expenses.....	<u>3,452</u>	<u>3,081</u>
Total current liabilities.....	7,337	6,471
Non-current liabilities.....	<u>896</u>	<u>750</u>
Total liabilities.....	<u>8,233</u>	<u>7,221</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000,000 shares authorized; 860,219,891 and 855,262,568 shares issued and outstanding, respectively.....	4,594	4,355
Retained earnings.....	6,611	5,607
Accumulated other comprehensive income.....	<u>23</u>	<u>22</u>
Total shareholders' equity.....	<u>11,228</u>	<u>9,984</u>
Total liabilities and shareholders' equity.....	<u>\$19,461</u>	<u>\$17,205</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	Three Months Ended	
	December 30, <u>2006</u>	December 31, <u>2005</u>
Net sales.....	\$7,115	\$5,749
Cost of sales (1).....	<u>4,895</u>	<u>4,185</u>
Gross margin.....	<u>2,220</u>	<u>1,564</u>
Operating expenses:		
Research and development (1).....	184	182
Selling, general, and administrative (1).....	<u>714</u>	<u>632</u>
Total operating expenses.....	<u>898</u>	<u>814</u>
Operating income.....	1,322	750
Other income and expense.....	<u>126</u>	<u>81</u>
Income before provision for income taxes.....	1,448	831
Provision for income taxes.....	<u>444</u>	<u>266</u>
Net income .....	<u>\$ 1,004</u>	<u>\$ 565</u>
Earnings per common share:		
Basic.....	\$ 1.17	\$ 0.68
Diluted.....	\$ 1.14	\$ 0.65
Shares used in computing earnings per share (in thousands):		
Basic.....	857,691	830,781
Diluted.....	883,297	874,207
(1) Includes stock-based compensation expense, which was allocated as follows:		
Cost of sales.....	\$ 6	\$ 5
Research and development.....	\$16	\$15
Selling, general, and administrative.....	\$24	\$24