

CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts)

ASSETS:

	September 29, 2001	September 30, 2000
Current assets:		
Cash and cash equivalents.....	\$2,310	\$1,191
Short-term investments.....	2,026	2,836
Accounts receivable, less allowances of \$51 and \$64, respectively.....	466	953
Inventories.....	11	33
Deferred tax assets.....	169	162
Other current assets.....	<u>161</u>	<u>252</u>
Total current assets.....	5,143	5,427
Property, plant, and equipment, net.....	564	419
Non-current equity investments.....	128	786
Other assets.....	<u>186</u>	<u>171</u>
Total assets.....	<u>\$6,021</u>	<u>\$6,803</u>

LIABILITIES AND SHAREHOLDERS' EQUITY:

Current liabilities:		
Accounts payable.....	\$801	\$1,157
Accrued expenses.....	<u>717</u>	<u>776</u>
Total current liabilities.....	1,518	1,933
Long-term liabilities.....	317	300
Deferred tax liabilities.....	<u>266</u>	<u>463</u>
Total liabilities.....	<u>2,101</u>	<u>2,696</u>
Commitments and contingencies		
Shareholders' equity:		
Series A non-voting convertible preferred stock, no par value; 150,000 shares authorized; none and 75,750 shares issued and outstanding, respectively.....	0	76
Common stock, no par value; 900,000,000 shares authorized; 350,921,661 and 335,676,889 shares issued and outstanding, respectively.....	1,693	1,502
Acquisition-related unearned stock compensation.....	(11)	0
Retained earnings.....	2,260	2,285
Accumulated other comprehensive income (loss).....	<u>(22)</u>	<u>244</u>
Total shareholders' equity.....	<u>3,920</u>	<u>4,107</u>
Total liabilities and shareholders' equity.....	<u>\$6,021</u>	<u>\$6,803</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)

	THREE MONTHS ENDED		TWELVE MONTHS ENDED	
	Sept. 29, 2001	Sept. 30, 2000	Sept. 29, 2001	Sept. 30, 2000
Net sales.....	\$1,450	\$1,870	\$5,363	\$7,983
Cost of sales.....	<u>1,013</u>	<u>1,403</u>	<u>4,128</u>	<u>5,817</u>
Gross margin.....	<u>437</u>	<u>467</u>	<u>1,235</u>	<u>2,166</u>
Operating expenses:				
Research and development.....	116	101	430	380
Selling, general, and administrative.....	268	282	1,138	1,166
Special Charges:				
Purchased in-process research & development..	0	0	11	0
Restructuring costs.....	0	0	0	8
Executive Bonus.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>90</u>
Total operating expenses	<u>384</u>	<u>383</u>	<u>1,579</u>	<u>1,644</u>
Operating income (loss).....	53	84	(344)	522
Gains on non-current investments, net.....	1	83	88	367
Unrealized loss on convertible securities.....	0	0	(13)	0
Interest and other income (expense), net	<u>40</u>	<u>62</u>	<u>217</u>	<u>203</u>
Total interest and other income (expense), net	<u>41</u>	<u>145</u>	<u>292</u>	<u>570</u>
Income (loss) before provision for (benefit from) income taxes....	94	229	(52)	1,092
Provision for (benefit from) income taxes.....	<u>28</u>	<u>59</u>	<u>(15)</u>	<u>306</u>
Income (loss) before accounting change.....	66	170	(37)	786
Cumulative effect of accounting change, net of income taxes of \$5.....	0	0	12	0
Net income (loss).....	<u>\$ 66</u>	<u>\$ 170</u>	<u>\$ (25)</u>	<u>\$ 786</u>
Earnings (loss) per common share before accounting change:				
Basic.....	\$0.19	\$0.52	\$ (0.11)	\$ 2.42
Diluted.....	\$0.19	\$0.47	\$ (0.11)	\$ 2.18
Earnings (loss) per common share after accounting change:				
Basic.....	\$0.19	\$0.52	\$ (0.07)	\$ 2.42
Diluted.....	\$0.19	\$0.47	\$ (0.07)	\$ 2.18
Shares used in computing earnings (loss) per share (in thousands):				
Basic.....	350,819	326,977	345,613	324,568
Diluted.....	356,525	361,784	345,613	360,324