

**CONSOLIDATED BALANCE SHEETS**  
(in millions, except share amounts)

	<u>September 26, 2009</u>	<u>September 27, 2008</u>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 5,263	\$ 11,875
Short-term marketable securities	18,201	10,23 6
Accounts receivable, less allowances of \$52 and \$47, respectively	3,361	2,42 2
Inventories	455	50 9
Deferred tax assets	1,135	1,04 4
Other current assets	3,140	3,92 0
Total current assets	<u>31,555</u>	<u>30,00 6</u>
Long-term marketable securities	10,528	2,37 9
Property, plant and equipment, net	2,954	2,45 5
Goodwill	206	20 7
Acquired intangible assets, net	247	28 5
Other assets	2,011	83 9
Total assets	<u>\$ 47,501</u>	<u>\$ 36,171</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable	\$ 5,601	\$ 5,520
Accrued expenses	3,852	4,22 4
Deferred revenue	2,053	1,61 7
Total current liabilities	<u>11,506</u>	<u>11,36 1</u>
Deferred revenue – non-current	853	76 8
Other non-current liabilities	3,502	1,74 5
Total liabilities	<u>15,861</u>	<u>13,87 4</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000,000 shares authorized; 899,805,500 and 888,325,973 shares issued and outstanding, respectively	8,210	7,17 7
Retained earnings	23,353	15,12 9
Accumulated other comprehensive income/(loss)	77	(9 )
Total shareholders' equity	<u>31,640</u>	<u>22,29 7</u>
Total liabilities and shareholders' equity	<u>\$ 47,501</u>	<u>\$ 36,171</u>

See accompanying Notes to Consolidated Financial Statements.

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(in millions, except share amounts which are reflected in thousands and per share amounts)

<u>Three years ended September 26, 2009</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net sales	\$ 42,905	\$ 37,491	\$ 24,578
Cost of sales	25,683	2 4,294	16,426
Gross margin	<u>17,222</u>	<u>1 3,197</u>	<u>8,152</u>
Operating expenses:			
Research and development	1,333	1,109	782
Selling, general and administrative	4,149	3,761	2,963
Total operating expenses	<u>5,482</u>	<u>4,870</u>	<u>3,745</u>
Operating income	11,740	8,327	4,407
Other income and expense	326	620	599
Income before provision for income taxes	12,066	8,947	5,006
Provision for income taxes	3,831	2,828	1,511
Net income	<u>\$ 8,235</u>	<u>\$ 6,119</u>	<u>\$ 3,495</u>
Earnings per common share:			
Basic	\$ 9.22	\$ 6.94	\$ 4.04
Diluted	\$ 9.08	\$ 6.78	\$ 3.93
Shares used in computing earnings per share:			
Basic	893,016	88 1,592	864,595
Diluted	907,005	90 2,139	889,292

See accompanying Notes to Consolidated Financial Statements.

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**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in millions, except share amounts which are reflected in thousands)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount			
Balances as of September 30, 2006	855,263	\$ 4,355	\$ 5,607	\$ 22	\$ 9,984
Components of comprehensive income:					
Net income	—	—	3,495	—	3,495
Change in foreign currency translation	—	—	—	51	51
Change in unrealized loss on available-for-sale securities, net of tax	—	—	—	(7 )	(7)
Change in unrealized gain on derivative instruments, net of tax	—	—	—	(3 )	(3)
Total comprehensive income					3,536
Stock-based compensation	—	251	—	—	251
Common stock issued under stock plans, net of shares withheld for employee taxes	17,066	364	(2)	—	362
Tax benefit from employee stock plan awards	—	398	—	—	398
Balances as of September 29, 2007	<u>872,329</u>	<u>5,368</u>	<u>9,100</u>	<u>63</u>	<u>14,531</u>
Cumulative effect of change in accounting principle	—	45	11	—	56
Components of comprehensive income:					
Net income	—	—	6,119	—	6,119
Change in foreign currency translation	—	—	—	(2 8)	(28)
Change in unrealized loss on available-for-sale securities, net of tax	—	—	—	(6 3)	(63)
Change in unrealized gain on derivative instruments, net of tax	—	—	—	19	19
Total comprehensive income					6,047
Stock-based compensation	—	513	—	—	513
Common stock issued under stock plans, net of shares withheld for employee taxes	15,888	460	(101)	—	359
Issuance of common stock in connection with an asset acquisition	109	21	—	—	21
Tax benefit from employee stock plan awards	—	770	—	—	770
Balances as of September 27, 2008	<u>888,326</u>	<u>7,177</u>	<u>15,129</u>	<u>(9 )</u>	<u>22,297</u>
Components of comprehensive income:					
Net income	—	—	8,235	—	8,235
Change in foreign currency translation	—	—	—	(1 4)	(14)
Change in unrealized loss on available-for-sale securities, net of tax	—	—	—	1 18	118
Change in unrealized gain on derivative instruments, net of tax	—	—	—	(1 8)	(18)
Total comprehensive income					8,321
Stock-based compensation	—	707	—	—	707
Common stock issued under stock plans, net of shares withheld for employee taxes	11,480	404	(11)	—	393
Tax benefit from employee stock plan awards, including transfer pricing adjustments	—	(78)	—	—	(78)
Balances as of September 26, 2009	<u>899,806</u>	<u>\$ 8,210</u>	<u>\$23,353</u>	<u>\$ 77</u>	<u>\$31,640</u>

See accompanying Notes to Consolidated Financial Statements.

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

<u>Three years ended September 26, 2009</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents, beginning of the year	\$ 11,875	\$ 9,352	\$ 6,392
Operating Activities:			
Net income	8,235	6,119	3,495
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation, amortization and accretion	734	496	327
Stock-based compensation expense	710	516	242
Deferred income tax expense	1,040	398	73
Loss on disposition of property, plant and equipment	26	22	12
Changes in operating assets and liabilities:			
Accounts receivable, net	(939)	(785)	(385)
Inventories	54	(163)	(76)
Other current assets	749	(274)	(1,279)
Other assets	(902)	289	285
Accounts payable	92	596	1,494
Deferred revenue	521	718	566
Other liabilities	(161)	1,664	716
Cash generated by operating activities	<u>10,159</u>	<u>9,596</u>	<u>5,470</u>
Investing Activities:			
Purchases of marketable securities	(46,724)	(22,965)	(11,719)
Proceeds from maturities of marketable securities	19,790	11,804	6,483
Proceeds from sales of marketable securities	10,888	4,439	2,941
Purchases of other long-term investments	(101)	(38)	(17)
Payments made in connection with business acquisitions, net of cash acquired	—	(220)	—
Payment for acquisition of property, plant and equipment	(1,144)	(1,091)	(735)
Payment for acquisition of intangible assets	(69)	(108)	(251)
Other	(74)	(10)	49
Cash used in investing activities	<u>(17,434)</u>	<u>(8,189)</u>	<u>(3,249)</u>
Financing Activities:			
Proceeds from issuance of common stock	475	483	365
Excess tax benefits from stock-based compensation	270	757	377
Cash used to net share settle equity awards	(82)	(124)	(3)
Cash generated by financing activities	<u>663</u>	<u>1,116</u>	<u>739</u>
(Decrease)/increase in cash and cash equivalents	<u>(6,612)</u>	<u>2,523</u>	<u>2,960</u>
Cash and cash equivalents, end of the year	<u>\$ 5,263</u>	<u>\$ 11,875</u>	<u>\$ 9,352</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes, net	\$ 2,997	\$ 1,267	\$ 863

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