

**CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION BY QUARTER**

(In millions, except per share amounts)

	<u>Q3 2009</u>	<u>Q2 2009</u>	<u>Q1 2009</u>	<u>Q4 2008</u>	<u>Q3 2008</u>	<u>Q2 2008</u>	<u>Q1 2008</u>	<u>Q4 2007</u>
<b>OPERATIONS:</b>								
<b>Net revenue</b>	<b>\$9,389</b>	<b>\$8,024</b>	<b>\$7,145</b>	<b>\$8,226</b>	<b>\$10,217</b>	<b>\$9,470</b>	<b>\$9,673</b>	<b>\$10,712</b>
Cost of sales	\$3,985	\$3,945	\$3,907	\$3,857	\$4,198	\$4,221	\$4,466	\$4,486
<b>Gross margin</b>	<b>\$5,404</b>	<b>\$4,079</b>	<b>\$3,238</b>	<b>\$4,369</b>	<b>\$6,019</b>	<b>\$5,249</b>	<b>\$5,207</b>	<b>\$6,226</b>
Research and development	\$1,430	\$1,303	\$1,317	\$1,316	\$1,471	\$1,468	\$1,467	\$1,481
Marketing, general and administrative	\$1,320	\$2,695	\$1,198	\$1,261	\$1,415	\$1,428	\$1,348	\$1,462
Restructuring and asset impairment charges	\$63	\$91	\$74	\$251	\$34	\$96	\$329	\$234
Amortization of acquisition-related intangibles and costs	\$12	\$2	\$2	\$2	\$1	\$2	\$1	\$2
<b>Operating expenses</b>	<b>\$2,825</b>	<b>\$4,091</b>	<b>\$2,591</b>	<b>\$2,830</b>	<b>\$2,921</b>	<b>\$2,994</b>	<b>\$3,145</b>	<b>\$3,179</b>
<b>Operating income (loss)</b>	<b>\$2,579</b>	<b>(\$12)</b>	<b>\$647</b>	<b>\$1,539</b>	<b>\$3,098</b>	<b>\$2,255</b>	<b>\$2,062</b>	<b>\$3,047</b>
Gains (losses) on equity method investments, net	(\$59)	(\$44)	(\$72)	(\$920)	(\$365)	(\$43)	(\$52)	(\$63)
Gains (losses) on other equity investments, net	(\$20)	(\$25)	(\$41)	(\$272)	(\$31)	(\$66)	(\$7)	\$44
Interest and other	\$32	\$31	\$95	\$22	\$131	\$167	\$168	\$233
<b>Income (loss) before taxes</b>	<b>\$2,532</b>	<b>(\$50)</b>	<b>\$629</b>	<b>\$369</b>	<b>\$2,833</b>	<b>\$2,313</b>	<b>\$2,171</b>	<b>\$3,261</b>
Provision for taxes	\$676	\$348	\$0	\$135	\$819	\$712	\$728	\$990
<b>Net income (loss)</b>	<b>\$1,856</b>	<b>(\$398)</b>	<b>\$629</b>	<b>\$234</b>	<b>\$2,014</b>	<b>\$1,601</b>	<b>\$1,443</b>	<b>\$2,271</b>
Basic earnings (loss) per common share	\$0.34	(\$0.07)	\$0.11	\$0.04	\$0.36	\$0.28	\$0.25	\$0.39
Diluted earnings (loss) per common share	\$0.33	(\$0.07)	\$0.11	\$0.04	\$0.35	\$0.28	\$0.25	\$0.38
Weighted average common shares outstanding - basic	5,537	5,595	5,573	5,562	5,603	5,699	5,787	5,841
Weighted average common shares outstanding - diluted	5,616	5,595	5,634	5,623	5,692	5,800	5,879	5,988
Gross margin % of revenue	58%	51%	45%	53%	59%	55%	54%	58%
Research & dev. % of revenue	15%	16%	18%	16%	14%	16%	15%	14%
Mktg. gen. & admin. % of revenue	14%	34%	17%	15%	14%	15%	14%	14%
Income before taxes % of revenue	27%	-1%	9%	4%	28%	24%	22%	30%
Net income % of revenue	20%	-5%	9%	3%	20%	17%	15%	21%
Effective income tax rate	26.7%	-696.0%	0.0%	36.6%	28.9%	30.8%	33.5%	30.4%

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<b>BALANCE SHEET:*</b>								
<b>Current assets:</b>								
Cash and short-term investments	\$9,259	\$9,021	\$7,792	\$8,681	\$8,287	\$8,391	\$10,876	\$12,797
Trading assets - Marketable debt securities	\$3,671	\$2,284	\$2,521	\$2,863	\$3,508	\$3,127	\$2,362	\$2,074
Trading assets - equities offsetting deferred comp.	-	\$319	\$286	\$299	\$409	\$443	\$454	\$492
<b>Total trading assets</b>	<b>\$3,671</b>	<b>\$2,603</b>	<b>\$2,807</b>	<b>\$3,162</b>	<b>\$3,917</b>	<b>\$3,570</b>	<b>\$2,816</b>	<b>\$2,566</b>
Accounts receivable, net	\$2,025	\$1,938	\$2,086	\$1,712	\$2,737	\$2,399	\$2,725	\$2,576
Inventories:								
Raw materials	\$398	\$385	\$380	\$608	\$583	\$580	\$545	\$507
Work in process	\$1,072	\$1,209	\$1,448	\$1,577	\$1,427	\$1,355	\$1,361	\$1,460
Finished goods	\$1,020	\$1,211	\$1,217	\$1,559	\$1,388	\$1,330	\$1,366	\$1,403
<b>Total inventories</b>	<b>\$2,490</b>	<b>\$2,805</b>	<b>\$3,045</b>	<b>\$3,744</b>	<b>\$3,398</b>	<b>\$3,265</b>	<b>\$3,272</b>	<b>\$3,370</b>
Deferred tax assets	\$1,260	\$1,217	\$1,337	\$1,390	\$1,430	\$1,209	\$1,143	\$1,186
Other current assets	\$542	\$883	\$1,075	\$1,182	\$1,654	\$944	\$1,232	\$1,390
<b>Total current assets</b>	<b>\$19,247</b>	<b>\$18,467</b>	<b>\$18,142</b>	<b>\$19,871</b>	<b>\$21,423</b>	<b>\$19,778</b>	<b>\$22,064</b>	<b>\$23,885</b>
Property, plant and equipment, net	\$17,354	\$17,515	\$17,815	\$17,574	\$17,053	\$16,748	\$16,689	\$16,938
Marketable equity securities	\$766	\$513	\$412	\$352	\$401	\$644	\$530	\$987
Other long-term investments	\$3,611	\$3,002	\$2,513	\$2,924	\$3,820	\$4,651	\$4,473	\$4,398
<b>Total long-term investments</b>	<b>\$4,377</b>	<b>\$3,515</b>	<b>\$2,925</b>	<b>\$3,276</b>	<b>\$4,221</b>	<b>\$5,295</b>	<b>\$5,003</b>	<b>\$5,385</b>
Goodwill	\$4,421	\$3,932	\$3,932	\$3,932	\$3,924	\$3,915	\$3,916	\$3,916
Other long-term assets	\$5,597	\$5,632	\$5,640	\$5,819	\$6,118	\$6,674	\$5,730	\$5,540
<b>Total assets</b>	<b>\$50,996</b>	<b>\$49,061</b>	<b>\$48,454</b>	<b>\$50,472</b>	<b>\$52,739</b>	<b>\$52,410</b>	<b>\$53,402</b>	<b>\$55,664</b>
<b>Current liabilities:</b>								
Short-term debt	\$23	\$24	\$31	\$102	\$467	\$175	\$189	\$142
Accounts payable and accrued liabilities	\$7,124	\$6,575	\$5,842	\$7,253	\$8,945	\$7,192	\$7,836	\$7,804
Deferred income on shipments to distributors	\$602	\$480	\$468	\$463	\$656	\$665	\$643	\$625
<b>Total current liabilities</b>	<b>\$7,749</b>	<b>\$7,079</b>	<b>\$6,341</b>	<b>\$7,818</b>	<b>\$10,068</b>	<b>\$8,032</b>	<b>\$8,668</b>	<b>\$8,571</b>
Long-term income taxes payable	\$386	\$556	\$662	\$736	\$782	\$760	\$811	\$785
Deferred tax liabilities	-	-	-	\$46	\$302	\$437	\$436	\$677
Long-term debt	\$2,201	\$1,174	\$1,170	\$1,185	\$1,185	\$1,186	\$1,281	\$1,269
Other long term liabilities	\$1,627	\$1,205	\$1,217	\$1,141	\$1,033	\$1,176	\$1,088	\$1,142
<b>Total stockholders' equity</b>	<b>\$39,033</b>	<b>\$39,047</b>	<b>\$39,064</b>	<b>\$39,546</b>	<b>\$39,369</b>	<b>\$40,819</b>	<b>\$41,118</b>	<b>\$43,220</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$50,996</b>	<b>\$49,061</b>	<b>\$48,454</b>	<b>\$50,472</b>	<b>\$52,739</b>	<b>\$52,410</b>	<b>\$53,402</b>	<b>\$55,664</b>

\* Periods prior to Q1 2009 have been adjusted due to the adoption of new standards that changed the accounting for convertible debt instruments with cash settlement features.

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<b>SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION:</b>								
<b>GEOGRAPHIC revenue:</b>								
Asia-Pacific	\$5,322	\$4,409	\$3,647	\$4,062	\$5,389	\$4,805	\$4,788	\$5,338
	57%	55%	51%	49%	53%	51%	50%	50%
Americas	\$1,822	\$1,698	\$1,510	\$1,555	\$1,887	\$1,985	\$2,016	\$2,098
	19%	21%	21%	19%	19%	21%	21%	19%
Europe	\$1,328	\$1,153	\$1,273	\$1,629	\$1,883	\$1,741	\$1,863	\$2,231
	14%	14%	18%	20%	18%	18%	19%	21%
Japan	\$917	\$764	\$715	\$980	\$1,058	\$939	\$1,006	\$1,045
	10%	10%	10%	12%	10%	10%	10%	10%
Total	\$9,389	\$8,024	\$7,145	\$8,226	\$10,217	\$9,470	\$9,673	\$10,712
<b>CASH INVESTMENTS:</b>								
Cash and short-term investments	\$9,259	\$9,021	\$7,792	\$8,681	\$8,287	\$8,391	\$10,876	\$12,797
Trading assets - Marketable debt securities	\$3,671	\$2,284	\$2,521	\$2,863	\$3,508	\$3,127	\$2,362	\$2,074
	\$12,930	\$11,305	\$10,313	\$11,544	\$11,795	\$11,518	\$13,238	\$14,871
<b>SELECTED CASH FLOW INFORMATION:</b>								
Depreciation	\$1,153	\$1,211	\$1,208	\$1,157	\$1,059	\$1,042	\$1,102	\$1,108
Share-based compensation	\$218	\$258	\$213	\$192	\$197	\$243	\$219	\$204
Amortization of intangibles and other acquisition-related costs	\$82	\$75	\$62	\$62	\$68	\$63	\$63	\$63
Capital spending	(\$944)	(\$981)	(\$1,509)	(\$1,765)	(\$1,374)	(\$1,151)	(\$907)	(\$1,273)
Investments in non-marketable equity instruments	(\$41)	(\$83)	(\$41)	(\$1,127)	(\$120)	(\$231)	(\$213)	(\$180)
Stock repurchase program	(\$1,671)	-	-	-	(\$2,117)	(\$2,500)	(\$2,500)	(\$1,500)
Proceeds from sales of shares to employees, tax benefit & other	\$125	\$1	\$247	\$2	\$277	\$381	\$475	\$844
Dividends paid	(\$771)	(\$784)	(\$779)	(\$778)	(\$783)	(\$800)	(\$739)	(\$658)
Net cash received(used) for divestitures/acquisitions	(\$853)	-	-	\$3	(\$9)	-	\$75	(\$2)
<b>EARNINGS (LOSS) PER COMMON SHARE INFORMATION:</b>								
Weighted average common shares outstanding - basic	5,537	5,595	5,573	5,562	5,603	5,699	5,787	5,841
Dilutive effect of:								
Equity incentive plans	28	-	10	10	38	50	41	96
Convertible debt	51	-	51	51	51	51	51	51
Weighted average common shares outstanding - diluted	5,616	5,595	5,634	5,623	5,692	5,800	5,879	5,988
<b>STOCK BUYBACK:</b>								
<b>BUYBACK ACTIVITY:</b>								
Shares repurchased	88	-	-	-	93	109	122	57
Cumulative shares repurchased (in billions)	3.4	3.3	3.3	3.3	3.3	3.2	3.1	2.9
<b>BUYBACK SUMMARY:</b>								
Dollars authorized for buyback (in billions)	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0
Cumulative buyback dollars after change in program 11/10/05	(19.3)	(17.6)	(17.6)	(17.6)	(17.6)	(15.5)	(13.0)	(10.5)
Remaining dollars authorized for buyback	\$5.7	\$7.4	\$7.4	\$7.4	\$7.4	\$9.5	\$12.0	\$14.5
<b>OTHER INFORMATION:</b>								
Employees (in thousands)	80.8	80.5	82.5	83.9	83.5	81.8	84.6	86.3