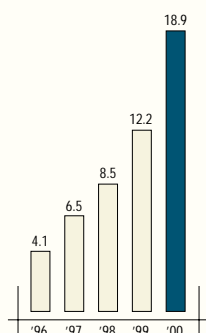
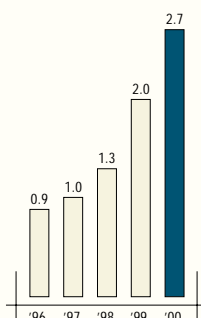


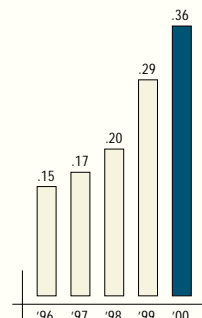
FINANCIAL HIGHLIGHTS ⁽¹⁾



NET SALES
(Dollars in billions)



NET INCOME
(Dollars in billions)



DILUTED NET INCOME PER SHARE
(In dollars)

CONSOLIDATED STATEMENTS OF OPERATIONS DATA ⁽¹⁾

(In millions, except per-share amounts)

Years Ended	July 29, 2000	July 31, 1999	July 25, 1998
Net sales	\$18,928	\$12,173	\$8,489
Income before provision for income taxes	\$ 4,343	\$ 3,203	\$2,271
Net income	\$ 2,668^(a)	\$ 2,023 ^(b)	\$1,331 ^(c)
Net income per common share—diluted*	\$ 0.36^(a)	\$ 0.29 ^(b)	\$ 0.20 ^(c)
Shares used in per-common share calculation—diluted*	7,438	7,062	6,658

* Reflects the two-for-one stock split effective March 2000.

^(a) Net income and net income per common share include in-process research and development expenses of \$1.37 billion, amortization of goodwill and purchased intangible assets of \$291 million, acquisition-related costs of \$62 million, payroll tax on stock option exercises of \$51 million, and net gains realized on minority investments of \$531 million. Pro forma net income and diluted net income per common share, excluding these items net of tax of \$0, were \$3.91 billion and \$0.53, respectively.

^(b) Net income and net income per common share include in-process research and development expenses of \$471 million, amortization of goodwill and purchased intangible assets of \$61 million, and acquisition-related costs of \$16 million. Pro forma net income and diluted net income per common share, excluding these items net of related tax benefits of \$54 million, were \$2.52 billion and \$0.36, respectively.

^(c) Net income and net income per common share include in-process research and development expenses of \$594 million, amortization of goodwill and purchased intangible assets of \$23 million, and net gains realized on minority investments of \$5 million. Pro forma net income and diluted net income per common share, excluding these items net of related tax benefits of \$67 million, were \$1.88 billion and \$0.28, respectively.

CONSOLIDATED BALANCE SHEETS DATA ⁽¹⁾

(In millions)

	July 29, 2000	July 31, 1999	July 25, 1998
Working capital	\$ 5,914	\$ 1,723	\$2,057
Total assets	\$32,870	\$14,893	\$9,043
Shareholders' equity	\$26,497	\$11,811	\$7,197

⁽¹⁾ All historical financial information has been restated to reflect the acquisitions of StratumOne Communications, Inc. and TransMedia Communications, Inc. in the first quarter of fiscal 2000, Cerent Corporation and WebLine Communications Corporation in the second quarter of fiscal 2000, and ArrowPoint Communications, Inc., InfoGear Technology Corporation, and SightPath, Inc. in the fourth quarter of fiscal 2000, which were accounted for as poolings of interests. In addition, the historical financial information has been restated to reflect the acquisition of Fibex Systems, which was completed in the fourth quarter of fiscal 1999 and accounted for as a pooling of interests.