CONSOLIDATED STATEMENTS OF INCOME

(dollars in millions, except per share amounts)

	Year Ended September 30, (Twelve Months)		Nine Months Ended September 30,		Year Ended December 31, (Twelve Months)
	1997	**1996**	**1996**	**1995**	**1995**
		Unaudited		*Unaudited*	
REVENUES	$26,360	$23,286	$15,859	$13,986	$21,413
Costs	14,898	14,392	9,290	7,843	12,945
GROSS MARGIN	11,462	8,894	6,569	6,143	8,468
Operating expenses					
Selling, general and administrative	5,784	7,290	4,244	4,037	7,083
Research and development	3,023	2,551	1,838	1,672	2,385
Purchased in-process research and development	1,024	–	–	–	–
Total operating expenses	9,831	9,841	6,082	5,709	9,468
Operating income (loss)	1,631	(947)	487	434	(1,000)
Other income–net	141	218	96	42	164
Interest expense	305	293	216	225	302
Income (loss) before income taxes	1,467	(1,022)	367	251	(1,138)
Provision (benefit) for income taxes	926	(229)	143	101	(271)
NET INCOME (LOSS)	$ 541	$ (793)	$ 224	$ 150	$ (867)
Weighted average common shares outstanding (millions)	644.1	578.1	595.9	524.6	524.6
EARNINGS (LOSS) PER COMMON SHARE	$ 0.84	$ (1.37)	$ 0.38	$ 0.28	$ (1.65)
Dividends per common share	$ 0.225	$ 0.15	$ 0.15	$ –	$ –

See Notes to Consolidated Financial Statements.