



## CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31,

(In thousands except per share amounts)

1998                      1997                      1996

Net revenues	\$613,593	\$568,143	\$560,802
Costs and expenses:			
Cost of revenues	230,690	214,337	203,192
Write-off of discontinued product family	--	5,000	--
Research and development	80,456	71,075	64,600
Marketing, general and administrative	128,579	118,670	107,888
Non-recurring charges	--	--	19,366
 Total operating costs and expenses	 439,725	 409,082	 395,046
 Operating income	 173,868	 159,061	 165,756
Interest income and other	20,652	21,258	10,791
Interest expense	(13,924)	(14,561)	(5,645)
 Income before provision for taxes on income and equity in joint venture	 180,596	 165,758	 170,902
Provision for taxes on income	56,728	55,382	69,448
 Income before equity in joint venture	 123,868	 110,376	 101,454
Equity in net income of joint venture	2,719	--	--
 Net income	 \$126,587	 \$110,376	 \$101,454
 Net income per share:			
Basic	\$ 1.72	\$ 1.52	\$ 1.43
 Diluted	 \$ 1.58	 \$ 1.39	 \$ 1.28
 Shares used in per share calculations:			
Basic	73,741	72,816	71,092
 Diluted	 80,010	 79,675	 78,955

See accompanying notes.



## CONSOLIDATED BALANCE SHEETS

(In thousands except per share amounts)	March 31,	
	1998	1997
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$166,861	\$214,903
Short-term investments	194,326	209,944
Accounts receivable, net of allowance for doubtful accounts, pricing adjustments and customer returns of \$8,408 and \$4,734 in 1998 and 1997, respectively	60,912	72,248
Inventories	44,289	62,367
Deferred income taxes	38,694	36,420
Advances for wafer purchases	72,267	--
Other current assets	8,874	4,673
Total current assets	600,224	601,444
Property, plant and equipment, at cost:		
Land	8,361	3,111
Building	27,414	26,840
Machinery and equipment	114,944	114,424
Furniture and fixtures	8,902	9,967
	163,632	144,443
Accumulated depreciation and amortization	(74,346)	(67,863)
Net property, plant and equipment	88,276	86,480
Restricted investments	36,271	36,247
Investment in joint venture	90,872	34,286
Advances for wafer purchases	77,342	60,000
Developed technology and other assets	48,243	28,014
	\$941,238	\$847,693

## LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 20,332	\$ 16,748
Accrued payroll and payroll related liabilities	14,318	13,769
Interest payable	4,399	4,364
Income tax payable	16,692	8,848
Deferred income on shipments to distributors	44,898	36,344
Other accrued liabilities	12,018	14,149
Total current liabilities	124,647	97,243

Long-term debt	240,000	240,000
Deferred tax liabilities	14,406	9,760
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$.01 par value; 2,000 shares authorized; none issued and outstanding	--	--
Common stock, \$.01 par value; 300,000 shares authorized; 74,363 and 73,383 shares issued; 72,913 and 73,342 shares outstanding at March 31, 1998 and 1997, respectively	729	733
Additional paid-in capital	119,070	114,447
Retained earnings	404,468	377,881
Unrealized gain on available-for-sale securities, net of tax	82	83
Treasury stock, at cost	(46,973)	(1,847)
Cumulative translation adjustment	(17,221)	(617)
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Total stockholders' equity	440,174	490,680
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	\$941,238	\$847,693
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See accompanying notes.



## CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)	Years ended March 31,		
	1998	1997	1996
Increase (decrease) in Cash and Cash Equivalents			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 126,587	\$ 110,376	\$ 101,454
Adjustments to reconcile net income to net cash provided by operating activities:			
Write-off of in-process technology	---	---	19,366
Depreciation and amortization	32,709	27,997	22,464
Undistributed earnings of joint venture	(3,747)	(1,336)	---
Changes in assets and liabilities net of effects of NeoCAD acquisition:			
Accounts receivable	11,336	7,280	(34,777)
Inventories, excluding receipts against advances for wafer purchases	7,469	(14,095)	19,375
Deferred income taxes and other	15,644	14,134	(783)
Accounts payable, accrued liabilities and income taxes payable	8,861	(3,193)	7,408
Deferred income on shipments to distributors	19,543	(1,213)	15,755
Total adjustments net of effects of NeoCAD acquisition	91,815	29,574	48,808
Net cash provided by operating activities	218,402	139,950	150,262
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of short-term available-for-sale investments	(337,500)	(247,022)	(292,013)
Proceeds from sale or maturity of short-term available-for-sale investments	352,149	303,604	92,333
Purchases of restricted held-to-maturity investments	(72,281)	(72,227)	(96,141)
Proceeds from maturity of restricted held-to-maturity investments	72,267	72,189	72,555
Advances for wafer purchases	(90,000)	(60,000)	---
Acquisition of NeoCAD, net of cash acquired	---	---	(33,412)
Property, plant and equipment	(29,700)	(26,803)	(60,506)
Investment in joint venture	(67,422)	---	(34,316)
Deposit on building	(28,351)	---	---
Other	---	---	(1,235)
Net cash used in investing activities	(200,838)	(30,259)	(352,735)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net proceeds from issuance of long-term debt	---	---	243,901
Acquisition of treasury stock	(93,795)	(32,028)	---
Principal payments on capital lease obligations	---	(977)	(1,389)
Proceeds from issuance of common stock	27,189	28,324	14,151

Net cash (used)/provided by financing activities	(66,606)	(4,681)	256,663
Net (decrease)/increase in cash and cash equivalents	(49,042)	105,010	54,190
Cash and cash equivalents at beginning of period	215,903	110,893	56,703
Cash and cash equivalents at end of period	\$ 166,861	\$ 215,903	\$ 110,893

**SCHEDULE OF NON-CASH TRANSACTIONS:**

Tax benefit from stock options	\$ 16,099	\$ 16,730	\$ 7,907
Issuance of treasury stock under employee stock plans	38,669	30,181	8,223
Receipts against advances for wafer purchases	391	9,034	32,966

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Interest paid	13,008	13,309	201
Income taxes paid	\$ 39,472	\$ 34,426	\$ 74,688

See accompanying notes.



under employee stock plans	--	--	(38,669)	--	--	38,669	--	--
Tax benefit from exercise of stock options	--	--	16,099	--	--	--	--	16,099
Unrealized gain on available-for-sale securities, net of tax	--	--	--	--	19	--	--	19
Cumulative translation adjustment	--	--	--	--	--	--	(16,604)	(16,604)
Net income	--	--	--	126,587	--	--	--	126,587
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<b>MARCH 31, 1998</b>	72,913	\$729	\$119,070	\$504,468	\$ 102	\$(56,973)	\$(17,221)	\$550,175
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See accompanying notes.