



CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	Jan 2, 2004	Jan 3, 2003	Jan 2, 2004	Jan 3, 2003
Revenue	\$ 135,877	\$ 124,569	\$ 540,903	\$ 466,602
Cost of revenue	69,809	63,002	272,873	232,170
Gross Margin	<u>66,068</u>	<u>61,567</u>	<u>268,030</u>	<u>234,432</u>
Gross Margin (%)	48.6%	49.4%	49.6%	50.2%
Operating expenses:				
Research and development	17,178	15,973	67,641	61,232
Sales and marketing	24,298	23,982	97,870	89,344
General and administrative	10,416	9,150	39,253	40,634
Restructuring charges	286	453	2,019	1,099
Amortization of purchased intangibles	1,922	2,166	7,312	8,300
Total operating expenses	<u>54,100</u>	<u>51,724</u>	<u>214,095</u>	<u>200,609</u>
Operating income	11,968	9,843	53,935	33,823
Non-operating income (expense), net:				
Interest expense, net	(1,025)	(3,155)	(11,473)	(14,051)
Foreign exchange gain / (loss), net	(1,241)	300	(592)	(823)
Other income (expense), net	(8)	(1,505)	118	(1,171)
Expenses for affiliated operations, net	<u>(1,303)</u>	<u>(1,228)</u>	<u>(6,403)</u>	<u>(3,954)</u>
Total non-operating expense, net	<u>(3,577)</u>	<u>(5,588)</u>	<u>(18,350)</u>	<u>(19,999)</u>
Income before income taxes	8,391	4,255	35,585	13,824
Income tax (benefit) provision *	(6,700)	250	(2,900)	3,500
Net income	<u>\$ 15,091</u>	<u>\$ 4,005</u>	<u>\$ 38,485</u>	<u>\$ 10,324</u>
Earnings per share :				
Basic	\$ 0.46	\$ 0.14	\$ 1.22	\$ 0.36
Diluted	\$ 0.43	\$ 0.14	\$ 1.15	\$ 0.36
Shares used in calculating earnings per share :				
Basic	<u>33,152</u>	<u>29,173</u>	<u>31,670</u>	<u>28,573</u>
Diluted	<u>35,414</u>	<u>29,469</u>	<u>33,341</u>	<u>29,052</u>

* Includes \$7.6M of Income tax benefit in fiscal 2003 from adjustments in valuation of deferred tax assets