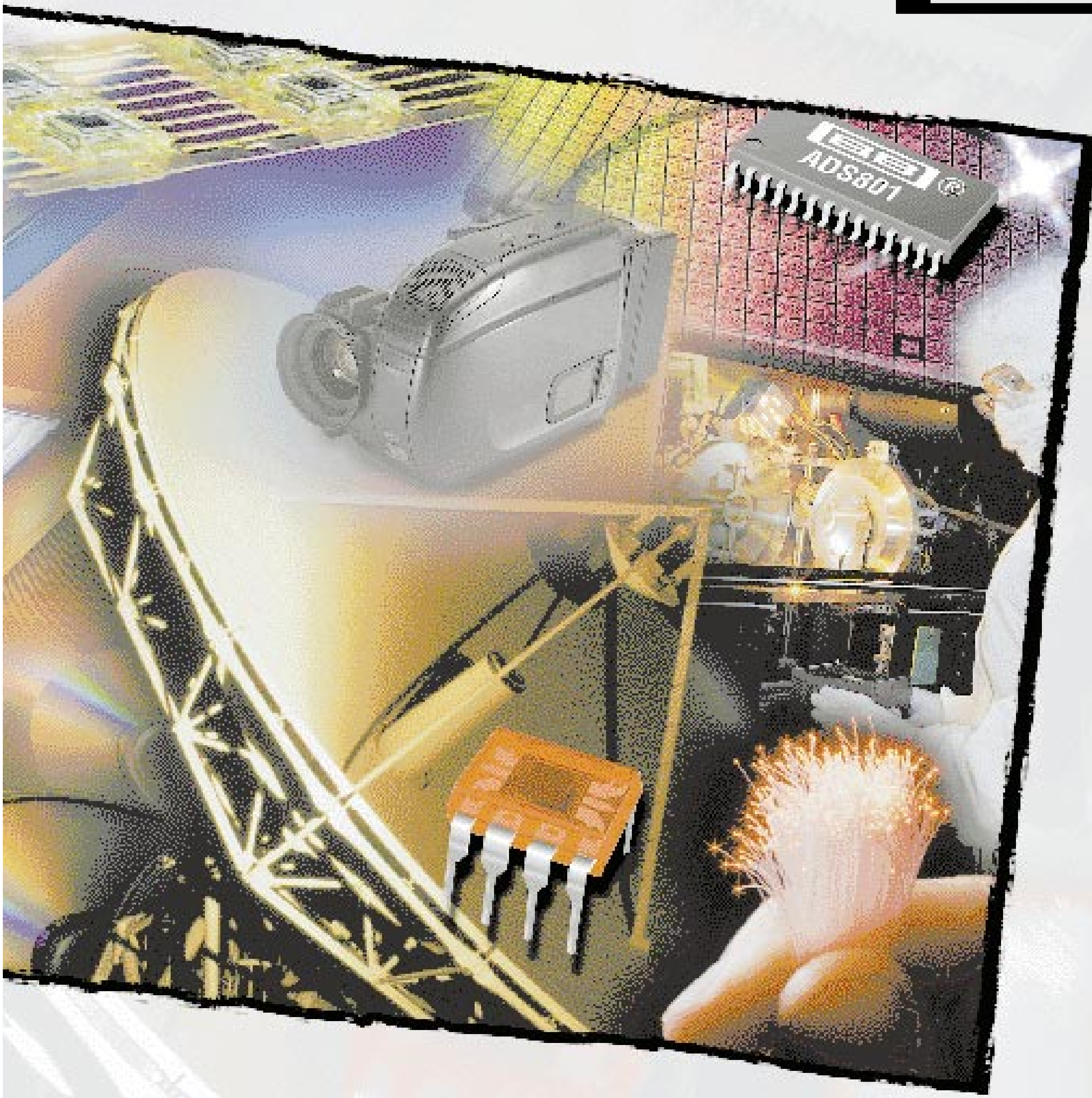
BURR - BROWN®




BURR-BROWN CORPORATION

# 1995 ANNUAL REPORT

# Corporate Profile

Burr-Brown Corporation designs, manufactures, and markets a broad line of high-performance, standard analog and mixed signal integrated circuits used in the processing of electronic signals. Our products are used in a wide range of markets and applications, including industrial and process control, test and measurement, medical and scientific instrumentation, medical imaging, digital audio and video, telecommunications, personal computers, and multimedia.

Our product strategy is to design proprietary circuits that yield maximum functional value in our customers' applications. Many of the products, although produced in standard configurations, are strategically designed, specified, and tested to position them for targeted applications such as audio signal processing or sensor-specific signal conditioning.

Burr-Brown's products include: operational amplifiers, instrumentation amplifiers, programmable gain amplifiers, isolation amplifiers, DC/DC converters, voltage references and regulators, voltage-to-frequency converters, optoelectronic amplifiers, analog-to-digital converters, digital-to-analog converters, and "application specific" standard products. Our products are manufactured using a variety of wafer fabrication processes that include bipolar, complementary bipolar, BiCMOS and CMOS with lithography requirements down to the 0.6 micron level.

We sell our products worldwide through our direct sales force, independent sales representatives, and third-party distributors. Burr-Brown has six direct sales offices in the United States and international sales subsidiaries in France, Germany, Italy, Japan, the Netherlands, Switzerland, and the United Kingdom. Through direct sales and distributors, our products reach over 25,000 OEM customers worldwide. Sales are divided evenly throughout the world, with approximately one-third from the United States market, one-third from Europe, and the remainder from Japan and the South East Asian region.

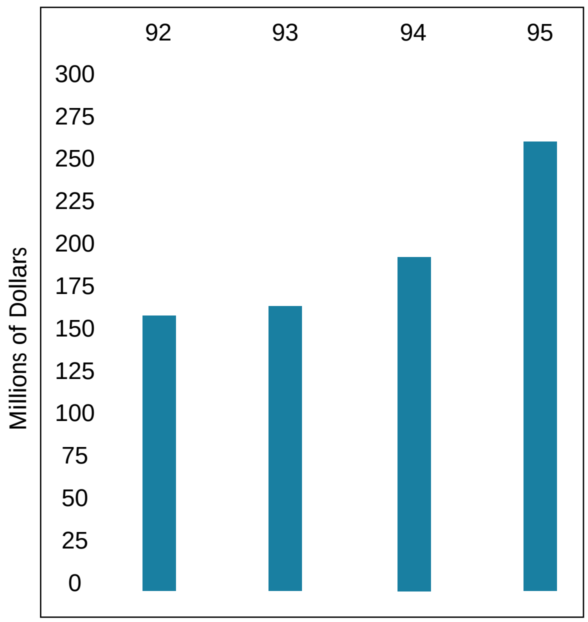
Burr-Brown employs over 1,900 people worldwide with manufacturing and technical facilities in Tucson, Arizona; Atsugi, Japan; and Livingston, Scotland. Located in Tucson, Arizona, corporate headquarters also includes an integrated circuit wafer fab, assembly and test operations. Burr-Brown was incorporated in Arizona in 1956; stock is traded on NASDAQ under the symbol, BBRC.

# Financial Highlights

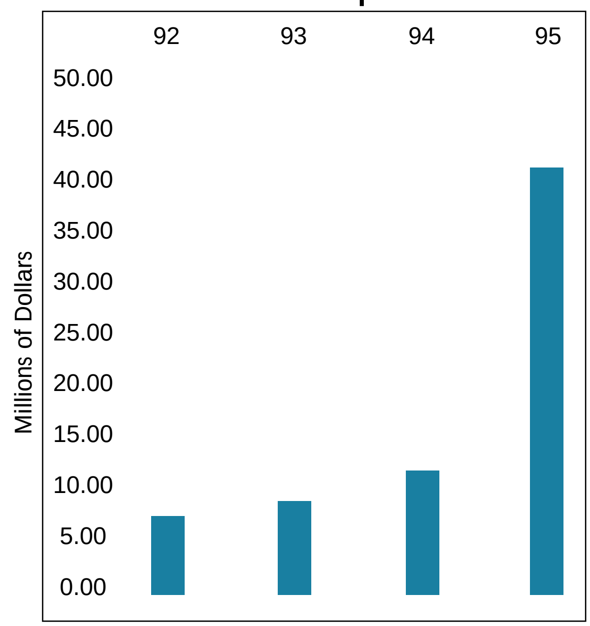
*(In thousands, except per share amounts)*

| | 1995 | 1994 | 1993 | 1992 |
|---|---|---|---|---|
| **Revenue** | **$269,162** | $194,196 | $168,577 | $162,949 |
| **Income From Operations** | **$40,535** | $10,527 | $7,785 | $6,984 |
| **Net Income** | **$29,212** | $6,465 | $2,817 | $998 |
| **Earnings Per Share** | **$1.86** | $0.45 | $0.20 | $0.07 |
| **Return on Equity** | **16%** | 7% | 4% | 1% |

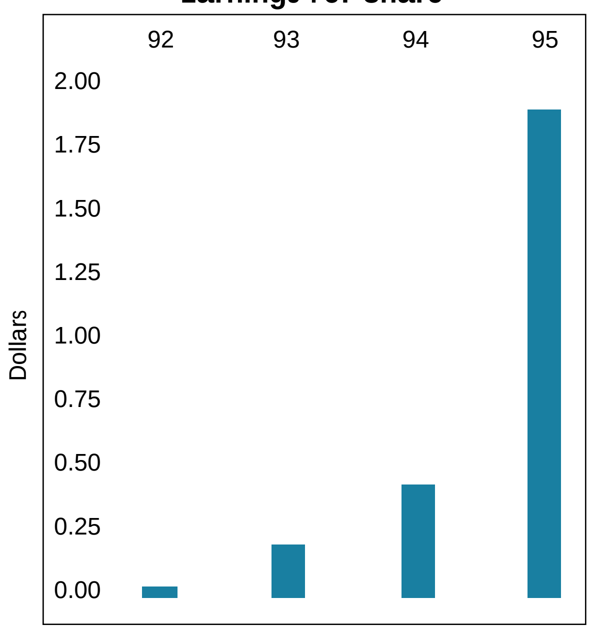
**Revenue**



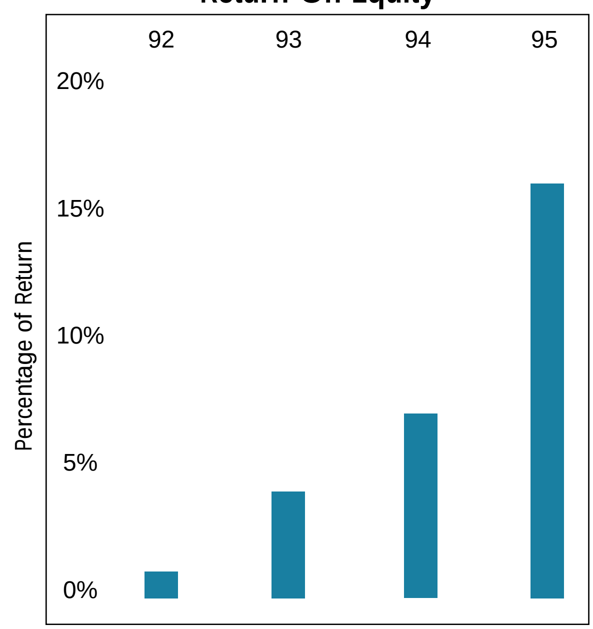

**Income From Operations**




**Earnings Per Share**




**Return On Equity**



# To Our Shareholders

1995 was an excellent year financially and operationally. Financially we achieved record levels of bookings, revenue, and profit. Our bookings of $290.8 million were an increase of $86.6 million or 42.4 percent over the previous year. Net revenue of $269.2 million was 39% higher than the $194.2 million of 1994. Net income of $29.2 million was an increase of $22.7 million or 352% over the previous year. Earnings per share rose 313% to $1.86 versus $.45 the prior year. As a result, the price of our stock, which doubled in 1994, more than doubled again in 1995. We believe the same attractive investment potential will be available to our stockholders as we work to further expand revenue and profits.

Concurrent with these financial results, 1995 marked another year of excellent progress in focusing our core competencies on introducing innovative new products that provide practical solutions to difficult real-world signal processing problems. In addition, we have strengthened our relationships with key customers and have become increasingly more market driven.

## Financial Highlights

As compared to a 39% growth in revenue during 1995, we achieved an increase of 352% in net income. This result was substantially due to our efforts to improve gross margins and to limit growth of sales, marketing, general and administrative (SMG&A) expenses. Gross margin for the year, at $130.9 million, increased by $43 million or 49% over 1994. As a percentage of revenue, annual gross margin improved 3.3 points to 48.6%, with fourth quarter gross margin achieving 49.4%. Our manufacturing cost reduction efforts, coupled with higher capacity utilization, have driven gross margin gains. SMG&A expenses were reduced to 24% of revenue in 1995 from 29% in 1994. In absolute dollars, SMG&A expenses were strictly constrained to grow only 16.3% in 1995 as compared to the 39% growth in revenue. As a result of the improvement in gross margins and overhead expenses, operating income increased to $40.5 million or 15% of sales, up from $10.5 million or 5% of sales for last year.

Return on equity also improved to 16% from 7%, as stockholders' equity grew to $179.1 million in 1995 from $87.6 million in 1994. The 1995 year-end cash position of $86.2 million was an increase of $76.3 million over year-end 1994. Cash flow from operations was $30.9 million versus $19.9 million for the prior year. We also raised $61.2 million through a sale of 1,750,000 shares of Common Stock on September 22, 1995. The proceeds from this sale will enable us to expand manufacturing capacities in response to strong market demand and provide for investment in new technical capabilities.

## Markets and Products

Our core competencies in defining, developing, and manufacturing high performance amplifiers and data converters are ideally suited for serving our customers in industrial and process control, and test and instrumentation markets. Given our traditionally strong relationships with these customers, we have been working closely with them to offer innovative products that reduce costs and improve performance of their end products.

Our commitment to these traditional markets withstanding, we have recently begun offering standard products that address real-time signal processing needs for high volume, fast growth applications in communication, personal computing, digital audio and imaging systems. Such products often bring together challenging requirements for high speed, single power supply, high precision and low power consumption, which only very few semiconductor companies can accomplish and which require the same core competencies acquired through years of experience serving our traditional markets.

Our standard product strategy is further augmented with Application Specific Standard Products (ASSPs), which offer ideal interfaces for high volume applications within these fast growing markets. As a result of these efforts, we are rapidly expanding our customer base in these new markets. For example, communication and personal computing customers now account for 18% of our revenue, as compared to only 6% two years ago. As we increase our presence in new markets, we continue to support a very diversified customer base of over 25,000 customers, which are spread over five key markets of industrial and process control, test and instrumentation, communications, personal computing and multimedia, and digital audio and video.

### Organization

This year, we continued to enhance the operating infrastructure, along with the technical and managerial talent of the Company. Senior personnel with substantial industry experience joined us in key positions including President of Burr-Brown Japan, Corporate Controller, and Vice President of Worldwide Sales. We added engineering talent and reinforced research and development momentum in all our three product development locations — United States, Scotland, and Japan.

In last year's Annual Report, I referred to the implementation of a state-of-the-art information system that, once completed, will lead to lower cost of SMG&A expenses and improvements in product gross margins, and allow for more effective management on a worldwide basis. To this end, we made very good progress as several aspects of the capability were brought on-line in the U.S. and we are currently piloting these capabilities for Burr-Brown's operations worldwide.

### Outlook

It is quite clear to us that usage of analog and mixed-signal ICs will continue to grow in an increasingly wide array of emerging fast growth applications. Such applications range from cellular phones and personal communications systems to notebook and laptop computers, to battery powered instrumentation. Our core competencies in developing high performance analog and mixed-signal ICs ideally position us to capitalize on these rapid growth opportunities. Our product offerings will include both standard linear products which will serve a wide range of market applications and, on a selective basis, products that target specific needs of very high growth applications.

Financially, we plan to continue to expand gross margins with continuing gains in manufacturing efficiency. Further, we plan to improve operating margins, while increasing research and development, by limiting growth in SMG&A expenses.

We are grateful to our very talented and dedicated employees who have made it possible to make such excellent progress in 1995. We also appreciate the opportunity to serve our customers and to thank them for their confidence in Burr-Brown.

As we examine our recent results and in view of the substantially lower price-earning multiple of our stock than of our major competitors, we believe Burr-Brown offers an attractive reward potential to our stockholders. We are committed to realize this potential. Thank you for your continued support.

Syrus P. Madavi
*President and CEO*

# Burr-Brown is Market Driven

For a company to be successful, it must be market driven. This means continually designing products that not only serve its profitable core markets, but also developing innovative products for emerging growth markets. As a result of a successful market driven strategy, we achieved historic levels in sales, growth rate, and profitability in 1995. We significantly outperformed the industry averages and gained market share in every major product category. To achieve this, our focus has been on our traditional markets of Test and Instrumentation, Industrial and Process Control, and in important growth markets such as Digital Audio and Video, Personal Computers and Multimedia, and Communications.

Both Industrial and Process Control (IPC) and Test and Instrumentation (T&I) represent long term, core markets for us. For decades, Burr-Brown's broad range of precision op amps and data converters has been widely used by thousands of OEM customers in all our major geographic markets. We value the solid relationships we hold with these customers and have refocused our product development resources to meet their needs. As an example, we introduced the ADS7833, a 12-bit triple A/D targeted for the fast growing AC motor control market. This development evolved from our close collaboration with a select group of European motor control manufacturers.

Increased new product introductions in our operational, instrumentation, isolation, and power amplifiers along with industrial data converter families have helped us maintain our position as a "preferred" supplier in these markets.

Communications has emerged as a major market force driving analog and mixed signal circuit demand. We have been successful in supporting both broadband and wireless applications. Our initial success in these markets was achieved through design-wins with our high performance standard products—standard configurations of operational and isolation amplifiers and high performance data converters. Having acquired new capabilities in 0.6 micron CMOS processes and high speed converter designs, we combined and channeled these capabilities into standard and application specific products that target many of the fastest growing segments in this market.

In the Digital Audio market, Burr-Brown and Sony were among the pioneering companies that achieved cost breakthroughs in the digital processing of audio signals thus enabling the emergence of consumer CD players in the 1980s. Several product generations later, our ***Sound****PLUS* series of digital-to-analog converters (DACs) are still performance benchmarks in digital sound quality. Our new PCM1717, an 18-bit DAC, combines proprietary design techniques in analog and digital signal processing on a state-of-the-art 0.6 micron CMOS process. This combination establishes a new price/performance ratio that extends our ability to win designs through the entire spectrum of digital audio applications.

Since 1994, we have been aggressively designing new products for digital video applications; these applications are often combined with existing digital audio opportunities. Our OPA640 family and more recently our OPA650 family of ***Sound****PLUS* operational amplifiers were designed with the application needs of digital video customers in mind.

In the Personal Computer (PC) and multimedia markets, as customers seek to upgrade their systems, our reputation in audio technology has made our products attractive in a number of applications such as CD-ROM drives used in both PCs and high end video game machines. We have also been able to adapt our voltage regulator technology to support a family of line terminators that facilitates computer peripheral communication over the Small Computer System Interface (SCSI) bus.

## Industrial & Process Control

The backbone of the world's economies is its manufacturing industries. Built into this industrial infrastructure is a huge range of electronic applications that drive the market commonly described as Industrial and Process Control. Its applications are as diverse as locomotive engine controls on a train in Germany to feedstock flow control in a Mexican refinery to guiding a robot arm on an automobile assembly line in Japan. Revving a motor, gating a valve, positioning a robot, stopping a train, these are typical "real world" control applications that utilize Burr-Brown's core standard products such as instrumentation amplifiers (IAs), isolation amplifiers, and data converters—analog-to-digital converters (ADCs) and digital-to-analog converters (DACs). This year we introduced key new products in all these areas. The INA116, a monolithic IA with a FET-input, was selected by the editors of EDN magazine as one of 13 "innovative semiconductor products of 1995." Its unique low current characteristics make it ideal for sensitive measurements in industrial environments.

Many industrial applications need isolation of voltages and currents across interfaces, often to protect personnel, but just as frequently to isolate sensitive electronics such as sensors or computers from high currents and voltages used to position, operate, or switch heavy equipment. The ISO213, introduced in 1995, continues our line of proprietary products that address this requirement. This "isolated IA" is ideally suited for industrial environments where protection is needed between the process and sensitive electronic instrumentation monitoring the process.

This important market comprised almost 30% of our 1995 sales and grew more than 20% in all major regions. Our products are a part of major IPC systems at industry-leading companies such as Elsag-Bailey, Siemens, ABB, Omron, and Yokogawa. We also support thousands of other OEM customers that manufacture systems or subsystems for this market. Once designed into an application in this industry, our products are likely to remain in the product for the six to twelve year life cycle of the equipment.

## Test & Instrumentation

If the Industrial & Process Control market is the backbone of the world's economies, the Test and Instrumentation market is its nervous system. All the real world phenomena around us need to be sensed, measured, tracked, collected, analyzed, and displayed. Growth in this market is accelerating as industrial expansion, environmental issues, semiconductor production and test, medical research, health care, and other market drivers demand more electronic measuring and monitoring.

This highly diversified market has three main segments: medical, analytical, and test and measurement, all of which find our products relevant to their system needs. Almost a quarter of our sales evolved from design wins in these applications—this was an increase of nearly 30% from a year ago.

We support a significant range of medical applications from large systems down through hand held consumer devices. And, we are a dominant supplier of sensor interface and data conversion ASSPs to the world's leading manufacturers of CAT scanning equipment such as Picker, Siemens and Toshiba. Major system suppliers of Automatic Test Equipment (ATE) such as Advantest, Ando, Asia Electric, LTX and Teradyne are all significant users of our op amp and data conversion products.

Our broad line of standard products in the small signal amplifier, power amplifier and data conversion areas positions us to serve a wide variety of those applications. We recently introduced the industry's first "dual" instrumentation amplifier—INA2128 is a low power general purpose IA that delivers excellent accuracy and is ideally suited for battery operated systems. Other amplifier introductions such as the PGA206/207 extend our product lead in programmable gain amplifiers suited for use in test systems and analytical and scientific instruments.

Complementary products introduced in 1995 include two new 16-bit digital-to-analog converters, the DAC714 and the DAC715. The DAC715 with its microprocessor interface is designed to excel in analytical instruments, function generators, network analyzers, ATE pin electronics, and more. And, with a price 40% lower than competing products, it's well positioned to capture new design-wins.

# Communications

In the first half of this decade, the world witnessed explosive growth in the communications market. A remarkable convergence of market forces will continue to drive exceptional opportunities in applications for this market throughout the 90s and beyond. Favorable shifts in government regulations, rapid hardware advances, the Internet, the fusion of the PC and the telephone, equipment portability, population mobility, emerging economies, and many, many other factors are stimulating a communications revolution.

Burr-Brown has leveraged its standard products into systems with major telecommunication companies—with products designed into switching gear for broadband "wired" applications and base stations for "wireless" cellular applications. We have developed significant supplier relationships with Nokia, Ericcson, Northern Telecom, AT&T, and NEC for example. While at 12% of sales our overall dollar volume in this market is still small, sales grew almost 50% in 1995. And, we are positioned to participate in a number of high growth applications in the future.

Within the overall robust growth in the communications market are emerging applications that have the potential for accelerated growth greater than the market averages. As broadband applications expand, using digital encoding techniques, the demand for analog-to-digital conversion and network interfacing chips is providing excellent opportunities. Today HDSL hardware (High data rate Digital Subscriber Line) as an example, supports high data rate links from telco central office switches to subscribers. Future high speed links will provide subscribers with bandwidth for Internet access, video-on-demand, and real-time interactive services. Burr-Brown's high speed, pipelined converters and delta sigma A/D converters along with specialized high speed operational amplifiers are "application-enabling" products embedded in these applications. We have aligned our product development with recognized industry leaders in this market such as PairGain to maximize our future successes.

In the wireless area, our components are making an impact on the fast growing base station applications; and, as wireless moves to micro-cells, PCS (Personal Communication Systems), and wireless local loop, we expect to maintain a strong presence in these applications as well. Capitalizing on state-of-the-art 0.6 micron CMOS processes coupled with proprietary analog design techniques, we have positioned the recently introduced ADS800 family of pipelined converters at the forefront of design activity in this rapid growth area. Today, our ADS7800 family is in volume production for the current generation of these products.

Other industry segments such as special mobile radio, satellite TV, cable modems, advanced paging, and fiber optics are but a few of the additional market areas where our products have captured design-wins. The new OPA640 and OPA650 series of amplifiers use advanced complementary bipolar processes to achieve performance levels needed for these communications products.

As long as voice communications exist, analog ICs will be required. As this market expansion continues, Burr-Brown will push its design and process technology to stay in synch with the needs of communication systems designers. System design expertise, advanced CMOS processes to 0.3µ, complementary BiCMOS processes, and application specific circuit configurations are all tools we will use to expand our penetration into this exceptional growth market.

## PC & Multimedia

The evolution of the microcomputer continues to produce an extraordinary array of PC and multimedia applications. New generations of CISC and RISC processors reduce the cost of creating quality audio and high resolution video on PCs, workstations, or other microprocessor-based platforms such as video game players. Although the PC and Multimedia markets, at 6%, are a relatively small portion of our sales; our sales growth rate, at 150%, was signifcant. As we continue to tap into the dynamic growth this market offers, we will capitalize on several unique niches that match our capabilities.

With our ***Sound****PLUS* reputation in digital audio, many customers in these markets use "Burr-Brown's sound quality" as a way of differentiating their products' performance. Consequently, this series of digital-to-analog converters has been designed into high volume applications such as CD-ROMs, high-end game players, optical disk drives and "add-in" multimedia sound cards for PCs. By combining a sub-micron CMOS process with advanced DSP techniques and advanced audio design expertise, our new ***Sound****PLUS* products such as the PCM1710, the PCM1715, and the PCM1717 have helped us achieve the very competitive price/performance levels required for these applications.

Major worldwide suppliers of CD-ROM drives such as NEC and Mitsumi have adopted our PCM technology in their current generation of products. And, we are well positioned to capture designs in future product generations as well.

By using our core competencies in operational amplifier and regulator design to produce ASSPs for the Small Computer Systems Interface (SCSI), we now have a strong presence in this market. Our recently introduced REG5608 follows the REG5601 and REG1117 in providing bus termination for computer peripherals complying with SCSI standards. A growing number of hard disk drives, printers, optical disk drives, scanners, tape drives and their associated cabling systems with SCSI compatibility can use our terminators.

We currently support many major suppliers of peripherals and accessories such as HP, Conner, Methode, IBM, Fujitisu, Samsung, as well as other "clone" manufacturers in South East Asia.

## Digital Audio & Video

Any time real-world sounds and images are digitized, an application for analog signal processing and data conversion is created. The rapidly declining cost of digital signal processing continues to generate new applications and to enhance existing ones in digital musical instruments, laser disc players, video CD players, compact disc players, movie, studio and home theater systems, scanners, camcorders, photographic imaging, copiers, professional audio systems, digital cameras and many more.

As one of the early pioneers in digital processing of audio signals, Burr-Brown is a "revered" name in the audio world. Our ***Sound****PLUS* series of digital-to-analog converters (DACs) are used in a wide variety of consumer and professional audio equipment. The newest member of this product group, PCM1717, was introduced in 1995. This 18-bit DAC combines advanced delta sigma design techniques and a 0.6 micron CMOS process to deliver the best price/performance ratio in the industry. Its small PC board "footprint" and single 5 volt power supply make it ideal for many high volume applications such as automotive sound systems, bookshelf CD players, keyboards, MPEG audio, MIDI, set-top-boxes and CD-Interactive and CD-Karaoke systems. Digital Audio is one of our largest markets and in 1995, we secured among our significant design wins many of the marquee names in audio products—Sony, Samsung, Yamaha, Pioneer, Roland, NEC, Alpine, Denon, and Alesis.

Complementing our audio capabilities, we developed a new series of ***Speed****PLUS* operational amplifiers for video signal processing. Using advanced complementary bipolar processing technology, the OPA658, the OPA2658 and the OPA4658 offer single, dual and quad configurations in cost and space saving surface mount packaging. These versatile high speed products are not only used in variety of video applications—digital cameras, copiers, scanners, broadcast equipment and video switching, but also are designed into many communications applications as well. We are also developing ASSP products for camcorders to integrate key analog signal conditioning functions onto the same chips with high speed A/D converters.

By maintaining a market driven strategy, we believe we can outperform the industry averages and gain market share again in 1996.

## *Consolidated Statements of Income*

**Burr-Brown Corporation and Subsidiaries**—*In thousands, except per share amounts*

| Years Ended December 31, | 1995 | 1994 | 1993 |
|---|---|---|---|
| **Net revenue** | **$269,162** | $194,196 | $168,577 |
| % increase in revenue over prior year | **39%** | 15% | 3% |
| **Cost of goods sold** | **138,257** | 106,242 | 86,975 |
| **Gross margin** | **130,905** | 87,954 | 81,602 |
| % of revenue | **49%** | 45% | 48% |
| **Expenses:** | | | |
| **Research and development** | **25,733** | 21,851 | 19,752 |
| % of revenue | **10%** | 11% | 12% |
| **Sales, marketing, general and administrative** | **64,637** | 55,576 | 54,065 |
| % of revenue | **24%** | 29% | 32% |
| **Total operating expenses** | **90,370** | 77,427 | 73,817 |
| % of revenue | **34%** | 40% | 44% |
| **Income from operations** | **40,535** | 10,527 | 7,785 |
| % of revenue | **15%** | 5% | 5% |
| **Interest expense** | **1,131** | 1,725 | 2,338 |
| **Other (income) expense** | **(613)** | 511 | 900 |
| **Income before income taxes** | **40,017** | 8,291 | 4,547 |
| % of revenue | **15%** | 4% | 3% |
| **Provision for income taxes** | **10,805** | 1,826 | 1,730 |
| Effective tax rate | **27%** | 22% | 38% |
| **Net income** | **$ 29,212** | $ 6,465 | $ 2,817 |
| % of revenue | **11%** | 3% | 2% |
| % increase in net income over prior year | **352%** | 129% | 182% |
| **Earnings per common share** | **$ 1.86** | $ 0.45 | $ 0.20 |
| Shares used in per common share calculation | **15,696** | 14,498 | 14,376 |

*See Notes to Consolidated Financial Statements.*

## *Consolidated Statements of Changes in Stockholders' Equity*

**Burr-Brown Corporation and Subsidiaries—***In thousands*

| | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Retained Earnings | Cumulative Translation Adjustment | Treasury Stock Shares | Treasury Stock Amount | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 1993** | 9,656 | $ 97 | $ 25,943 | $ 50,115 | $ 2,050 | 93 | $ (762) | $ 77,443 |
| Net income | | | | 2,817 | | | | 2,817 |
| Foreign currency translation adjustment | | | | | 33 | | | 33 |
| Stock options exercised | 10 | | 70 | | | | | 70 |
| Treasury stock acquired | | | | | | 38 | (302) | (302) |
| Affiliate's stock activity | | | | (510) | | | | (510) |
| **Balance at December 31, 1993** | 9,666 | 97 | 26,013 | 52,422 | 2,083 | 131 | (1,064) | 79,551 |
| Net income | | | | 6,465 | | | | 6,465 |
| Foreign currency translation adjustment | | | | | 1,421 | | | 1,421 |
| Stock options exercised | 48 | | 387 | | | | | 387 |
| Treasury stock acquired | | | | | | 14 | (157) | (157) |
| Affiliate's stock activity | | | | (45) | | | | (45) |
| **Balance at December 31, 1994** | 9,714 | 97 | 26,400 | 58,842 | 3,504 | 145 | (1,221) | 87,622 |
| Net income | | | | **29,212** | | | | **29,212** |
| Foreign currency translation adjustment | | | | | **(342)** | | | **(342)** |
| Stock split at three-for-two | **4,859** | **37** | **(37)** | | | **81** | | **0** |
| Stock options exercised | **213** | **13** | **2,094** | | | | | **2,107** |
| Stock offering | **1,750** | **18** | **61,195** | | | | | **61,213** |
| Treasury stock acquired | | | | | | **26** | **(460)** | **(460)** |
| Affiliate's stock activity | | | **46** | **(253)** | | | | **(207)** |
| **Balance at December 31, 1995** | **16,536** | **$ 165** | **$ 89,698** | **$ 87,801** | **$ 3,162** | **252** | **$ (1,681)** | **$179,145** |

*See Notes to Consolidated Financial Statements.*

## *Consolidated Balance Sheets*

**Burr-Brown Corporation and Subsidiaries—***In thousands*

| December 31, | **1995** | 1994 | 1993 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | **$ 42,477** | $ 9,925 | $ 13,066 |
| Short-term investments | **43,738** | | |
| Trade receivables | **55,713** | 39,642 | 34,822 |
| Inventories | **47,852** | 40,092 | 44,036 |
| Deferred income taxes | **3,273** | 331 | 1,011 |
| Other | **3,190** | 2,182 | 2,091 |
| Total Current Assets | **196,243** | 92,172 | 95,026 |
| **Land, Buildings, and Equipment** | | | |
| Land | **3,393** | 3,396 | 3,378 |
| Buildings and improvements | **23,294** | 21,988 | 20,818 |
| Equipment | **100,812** | 88,584 | 76,853 |
| | **127,499** | 113,968 | 101,049 |
| Less accumulated depreciation | **(76,075)** | (68,072) | (58,622) |
| | **51,424** | 45,896 | 42,427 |
| **Other Assets** | **4,582** | 4,940 | 4,609 |
| | **$252,249** | $143,008 | $142,062 |
| **Liabilities and Stockholders' Equity** | | | |
| **Current Liabilities** | | | |
| Notes payable | **$ 17,904** | $ 16,964 | $ 15,000 |
| Accounts payable | **17,359** | 12,747 | 9,064 |
| Accrued expenses | **8,703** | 7,485 | 9,610 |
| Accrued employee compensation and payroll taxes | **8,929** | 4,834 | 4,284 |
| Deferred profit from distributors | **6,198** | 1,792 | 1,096 |
| Income taxes payable | **6,092** | 1,630 | 3,593 |
| Current portion of long-term debt | **1,150** | 1,097 | 2,923 |
| Total Current Liabilities | **66,335** | 46,549 | 45,570 |
| **Long-Term Debt** | **1,808** | 1,839 | 8,802 |
| **Deferred Gain** | **2,619** | 4,116 | 5,612 |
| **Deferred Income Taxes** | **159** | 1,182 | 1,194 |
| **Other Long-Term Liabilities** | **2,183** | 1,700 | 1,333 |
| **Commitments and Contingencies** | | | |
| **Stockholders' Equity** | | | |
| Preferred stock, $.01 par value–authorized 2,000 shares; none issued or outstanding | | | |
| Common stock, $.01 par value–authorized 40,000 shares; issued and outstanding, including treasury shares: 1995–16,536 shares; 1994–14,571 shares; 1993–14,499 shares | **165** | 97 | 97 |
| Additional paid-in capital | **89,698** | 26,400 | 26,013 |
| Retained earnings | **87,801** | 58,842 | 52,422 |
| Equity adjustment from foreign currency translation | **3,162** | 3,504 | 2,083 |
| Treasury stock; at cost: 1995–252 shares; 1994–218 shares; 1993–197 shares | **(1,681)** | (1,221) | (1,064) |
| | **179,145** | 87,622 | 79,551 |
| | **$252,249** | $143,008 | $142,062 |

*See Notes to Consolidated Financial Statements.*

## *Consolidated Statements of Cash Flows*

**Burr-Brown Corporation and Subsidiaries—***In thousands*

| Years Ended December 31, | **1995** | 1994 | 1993 |
|---|---|---|---|
| **Operating Activities** | | | |
| **Net Income** | **$ 29,212** | $ 6,465 | $ 2,817 |
| **Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:** | | | |
| Depreciation and amortization | **12,712** | 10,615 | 10,072 |
| Amortization of deferred gain | **(1,497)** | (1,496) | (1,497) |
| Provision for inventory reserves | **1,974** | 1,883 | 5,870 |
| Provision (benefit) for deferred income taxes | **(3,983)** | 707 | (457) |
| Increase (decrease) in deferred profit from distributors | **4,406** | 696 | 1,096 |
| Other | **778** | 608 | 793 |
| **Changes in Operating Assets and Liabilities:** | | | |
| (Increase) decrease in trade receivables | **(17,256)** | (2,484) | (3,792) |
| (Increase) decrease in inventories | **(10,197)** | 3,179 | (7,812) |
| (Increase) decrease in other assets | **(561)** | 130 | 836 |
| Increase (decrease) in accounts payable | **5,269** | 2,789 | (129) |
| Increase (decrease) in accrued expenses and other liabilities | **10,072** | (3,169) | 4,986 |
| **Net Cash Provided by Operating Activities** | **30,929** | 19,923 | 12,783 |
| **Investing Activities** | | | |
| Purchases of short-term investments | **(43,738)** | | |
| Purchases of land, buildings, and equipment | **(17,574)** | (12,055) | (7,117) |
| Proceeds from sale of equipment | **191** | 462 | 208 |
| **Net Cash Used In Investing Activities** | **(61,121)** | (11,593) | (6,909) |
| **Financing Activities** | | | |
| Proceeds from short-term and long-term borrowings | **1,374** | 16,366 | 1,919 |
| Principal payments on short-term and long-term borrowings | **(1,681)** | (27,339) | (3,949) |
| Proceeds (payments) for capital stock activity, net | **62,653** | 185 | (293) |
| **Net Cash Provided by (Used In) Financing Activities** | **62,346** | (10,788) | (2,323) |
| Effect of exchange rate changes on cash | **398** | (683) | 25 |
| **Increase (Decrease) in Cash and Cash Equivalents** | **32,552** | (3,141) | 3,576 |
| Cash and cash equivalents at beginning of year | **9,925** | 13,066 | 9,490 |
| **Cash and Cash Equivalents at End of Year** | **$ 42,477** | $ 9,925 | $ 13,066 |

*See Notes to Consolidated Financial Statements.*

# *Notes to Consolidated Financial Statements*

**Burr-Brown Corporation and Subsidiaries—***In thousands, except per share amounts*

*December 31, 1995*

## *Accounting Policies*

**Organization:** Burr-Brown Corporation develops, manufactures and markets electronic components including precision linear, data conversion and mixed signal integrated circuits. These products address applications for both analog and digital signal processing relating to communications, industrial and process control, test and measurement, medical instrumentation, digital audio, multimedia, imaging and personal computer systems. Principal markets for these products are North America (principally the United States), Europe (Germany, the United Kingdom and elsewhere) and Asia (principally Japan). Revenue from these applications in these markets can be volatile and is dependent on general economic conditions.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Principles of Consolidation:** The consolidated financial statements include the accounts of Burr-Brown Corporation and its majority owned subsidiaries (the Company), of which all but two are wholly-owned. Investments in which ownership is at least 20% but not over 50% are accounted for under the equity method. Other investments are accounted for using the cost method. All significant intercompany accounts and transactions are eliminated.

**Inventories:** Inventories are valued at the lower of cost (first-in, first-out basis) or market. The Company maintains a valuation reserve which reflects the Company's estimate of the impact on inventories of potential obsolescence, excess quantities, and declines in market prices.

**Land, Buildings, and Equipment:** Land, buildings, and equipment are stated at cost. Depreciation on buildings and equipment is computed by the straight-line method over the estimated useful lives ranging from three to forty years.

**Deferred Profit from Distributors:** A portion of the Company's revenue is from sales made to domestic distributors under agreements which provide for certain price protection and limited product return privileges. As a result, the Company defers recognition of the gross profit on such sales until the merchandise is sold by the distributors.

**Income Taxes:** Income taxes are determined utilizing the liability method. This method gives consideration to the future tax consequences associated with temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes.

**Foreign Currency Translation:** The financial statements of foreign subsidiaries have been translated in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation. The gains and losses resulting from the change in exchange rates from year to year have been reported separately as a component of stockholders' equity. Transaction gains and losses, which are not significant for all years presented, are reflected in income currently.

**Concentration of Credit Risk:** Financial instruments which could potentially subject the Company to significant concentrations of credit risk consist principally of cash equivalents, short-term investments and trade receivables.

The Company maintains cash and cash equivalents at various financial institutions. These financial institutions are located throughout the world and Company policy is designed to limit exposure to any one institution and takes into account the relative credit standing of these institutions. The Company's short-term investments are primarily purchased through one high credit quality financial institution. These investments are a direct obligation of the U.S. Treasury.

Credit risk with respect to trade receivables is limited due to the large number of entities comprising the Company's customer base and their dispersion across many different industries. Furthermore, management continually monitors and adjusts allowances associated with these receivables.

**Stock Issued to Employees:** Stock options are granted to employees under the Company's Stock Incentive Plan with an exercise price equal to the fair value of the shares at date of grant. The Company accounts for stock option grants in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees, and, accordingly, recognizes no compensation expense for the stock option grants.

**Earnings per Share:** Earnings per share is based on the weighted average number of shares of common stock outstanding during the year, plus incremental common equivalent shares. The treasury stock method is used in computing the incremental common stock equivalents which would result from exercise of outstanding dilutive stock options based upon the average market value of common stock. All references to share and per share amounts have been restated to reflect a three-for-two stock split effective May, 1995.

**Reclassifications:** The 1994 and 1993 financial statements have been reclassified to conform to the 1995 presentation.

## *Cash Equivalents and Short-Term Investments*

The Company classifies highly liquid investments with original maturity of three months or less as cash equivalents. Short-term investments consist of highly liquid investments with original maturities ranging from three months to one year.

On January 1, 1995, the Company adopted FAS 115, Accounting for Certain Investments in Debt and Equity Securities. There was no cumulative effect as a result of adopting FAS 115. Cash equivalents and short-term investments, at December 31, 1995, classified as held-to-maturity, consisted of U.S. Treasury and U.S. government agency securities for which cost, $78,677, approximated market value.

Income received from cash equivalents and short-term investments amounted to $1,160 in 1995.

## *Inventories*

Inventories consist of the following:

| Years Ended December 31, | **1995** | 1994 | 1993 |
|---|---|---|---|
| Finished goods | **$ 16,180** | $ 15,133 | $ 18,108 |
| Work-in-process | **17,830** | 12,789 | 14,342 |
| Raw materials | **13,842** | 12,170 | 11,586 |
| | **$ 47,852** | $ 40,092 | $ 44,036 |

## *Foreign Currency Forward Contracts*

As a result of selling its products in overseas markets, the Company is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of its foreign currency receivables. The Company currently nets the receivables and payables, due from subsidiaries to the Company, creating a natural hedge against foreign currency rate fluctuations. Net receivables are further hedged through the purchase of foreign currency forward contracts. The Company marks to market both the hedges and the underlying transactions at the end of each reporting period. The realized and unrealized gains and losses resulting in the changes in exchange rates are included in income in the period in which the changes occur. Such realized and unrealized gains and losses are not significant for all periods presented.

As of December 31, 1995, the Company had entered into forward contracts to sell Japanese Yen, German Marks and British Pounds. These foreign exchange contracts are with a major commercial U.S. bank. Maturity dates of the forward contracts ranged from January 12, 1996, to February 2, 1996. The outstanding contracts at December 31, 1995, had a contract value of $7,018 and a fair value of $7,164.

## *Notes Payable*

The Company has available short-term credit facilities of approximately $61,950 with $17,904 outstanding at December 31, 1995. There are no compensating balance requirements. Approximately $41,500 of the available short-term credit facilities are in foreign currencies and are used to support the Company's foreign operations. Interest rates are tied to prevailing national base rates and the weighted average rates for 1995, 1994 and 1993 were 3.6%, 4.1% and 5.8%, respectively. These credit facilities are renewable annually at various dates.

## Long-Term Debt

Long-term debt consists of the following:

| December 31, | 1995 | 1994 | 1993 |
|---|---|---|---|
| Capitalized lease arrangements - various terms and interest rates | $ 2,745 | $ 2,003 | $ 974 |
| Secured senior note, repaid in 1994 | | | 8,545 |
| 5.00% - 6.05% yen denominated notes - repaid in 1995 | | 653 | 1,729 |
| Other | 213 | 280 | 477 |
| | 2,958 | 2,936 | 11,725 |
| Less current portion | 1,150 | 1,097 | 2,923 |
| | $ 1,808 | $ 1,839 | $ 8,802 |

The Company has a $15,000 revolving line of credit. The Company may designate a term of interest at LIBOR + 2% of one, two, three or six months. In addition, the Company may borrow with interest accruing at the bank's prime rate or a "bid rate" under this line of credit. This facility is collateralized by certain accounts receivable and inventories. A quarterly commitment fee of 1/4 percent per annum is assessed on the unused portion of the revolving credit line. There are several liquidity, debt, net worth and debt coverage loan covenants as well as certain capital spending restrictions under this facility. The Company is in compliance with these covenants and restrictions as of December 31, 1995. There are no compensating balance requirements. This revolving line of credit is subject to renegotiation and renewal on January 31, 1996.

Under the various long-term debt agreements, the Company is obligated to pay the following principal amounts for each of the next five years:

| | |
|---|---|
| 1996 | $ 1,150 |
| 1997 | $ 976 |
| 1998 | $ 438 |
| 1999 | $ 281 |
| 2000 | $ 100 |

Interest paid on all debt amounted to $947, $1,988 and $2,759 in 1995, 1994, and 1993, respectively.

## Income Taxes

Income before income taxes is comprised as follows:

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Domestic | $ 31,077 | $ 5,063 | $ 1,093 |
| Foreign | 8,940 | 3,228 | 3,454 |
| | $ 40,017 | $ 8,291 | $ 4,547 |

The components of the provision (benefit) for income taxes are as follows:

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| **Current:** | | | |
| U.S. Federal | $ 8,785 | $ (141) | $ 155 |
| Foreign | 3,284 | 1,485 | 1,643 |
| State | 2,701 | (186) | 542 |
| | 14,770 | 1,158 | 2,340 |
| **Deferred:** | | | |
| U.S. Federal | (3,617) | 118 | (121) |
| Foreign | 58 | 169 | (108) |
| State | (406) | 381 | (381) |
| | (3,965) | 668 | (610) |
| | $ 10,805 | $ 1,826 | $ 1,730 |

Actual current tax liabilities are lower than the amounts reflected above by the tax benefit from stock option activity of $841 for 1995. The tax benefit from stock option activity is recorded as a reduction in current income taxes payable and an increase in additional paid-in capital.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets at December 31, 1995, 1994, and 1993, are as follows:

| | **1995** | 1994 | 1993 |
|---|---|---|---|
| **Deferred tax liabilities:** | | | |
| Depreciation | **$ (2,331)** | $ (1,935) | $ (2,352) |
| Other, net | | (435) | (393) |
| Total deferred tax liabilities | **(2,331)** | (2,370) | (2,745) |
| **Deferred tax assets:** | | | |
| Inventory reserves and capitalization | **2,809** | 2,965 | 5,099 |
| Tax credit carryforwards | | 4,612 | 2,753 |
| Sale leaseback | **1,057** | 1,652 | 2,251 |
| Intercompany transactions | **1,816** | 3 | 501 |
| Foreign loss carryforwards | **520** | 664 | 469 |
| Distributor reserves | **2,583** | 719 | 440 |
| Employee benefits reserves | **1,102** | 531 | 477 |
| Other, net | **1,319** | 169 | 400 |
| Total deferred tax assets | **11,206** | 11,315 | 12,390 |
| Valuation allowance | **(5,761)** | (9,796) | (9,828) |
| Net deferred tax assets | **5,445** | 1,519 | 2,562 |
| Net deferred tax assets (liabilities) | **$ 3,114** | $ (851) | $ (183) |

The valuation allowances are recorded to offset deferred tax assets which can only be realized by earning taxable income in future years. Management established the valuation allowances because it cannot be assured that such income will be earned.

A reconciliation of the U.S. federal statutory income tax rate to the effective tax rate follows:

| | Percent of Pretax Income | | |
|---|---|---|---|
| | **1995** | 1994 | 1993 |
| U.S. Federal statutory rate | **35.0%** | 34.0% | 34.0% |
| Foreign taxes in excess of (less than) U.S. federal statutory rate | **(0.8)** | 6.7 | (0.3) |
| Foreign sales corporation | **(1.5)** | | |
| State taxes, net of federal benefit | **3.7** | 2.3 | 3.5 |
| Research and development and minimum tax credit carryforwards | **(10.2)** | | |
| Domestic temporary differences not previously benefited | | (18.6) | |
| Other | **0.8** | (2.4) | 0.8 |
| Effective tax rate | **27.0%** | 22.0% | 38.0% |

Undistributed earnings of foreign subsidiaries were $16,967 at December 31, 1995. No provision for U.S. tax has been made on these undistributed earnings as they are intended to be permanently reinvested. Substantially all tax expense associated with the receipt of such undistributed earnings would be offset by foreign tax credits.

Certain foreign subsidiaries have net operating loss carryforwards totaling $1,003, of which $791 can be carried forward indefinitely with the remainder expiring at various dates beginning in 1997. No financial statement benefit has been recognized for the foreign operating loss carryforwards.

Net income taxes paid amounted to $8,970, $2,968 and $777 in 1995, 1994, and 1993, respectively.

## ***Stockholders' Equity—****Share amounts in thousands*

The Company adopted an Incentive Stock Plan in 1981 which was amended and restated in 1983. Under this plan, options were granted to key employees, subject to certain limitations to purchase an aggregate of 1,407 shares of common stock at not less than the fair market value on the date of the grant. All options under the plan must be exercised within ten years from the date of the grant. This plan expired in 1993 and no further options will be granted under this plan. However, all options outstanding under this plan will continue to have full force and effect in accordance with their terms.

In 1993, the Company adopted the 1993 Stock Incentive Plan. This plan is intended to benefit the Company by providing an incentive to certain key employees, directors and consultants. The aggregate number of shares which may be issued under this plan shall not exceed 1,620 shares, including 720 shares available from the 1981 Plan. These shares have been adjusted to reflect a three-for-two stock split effected in 1995. This plan is administered by a committee of the Board of Directors. The option price per share shall be fixed by the committee, but in no event shall the option price per share be less than the fair market value on the date of the grant. The committee also determines the date on which granted options will become exercisable, although all options under this plan must be exercised within ten years from the date of grant.

In December, 1995, the Company instituted a plan to purchase up to 500 shares of the Company's common stock in the open market. Purchase activity will be ongoing and timed to take advantage of what the Company considers to be a favorable price for its stock. The acquired shares will be used to provide shares for the employee stock option programs.

Summarized transactions under the above stock option plans are as follows:

| | Shares Under Option | Option Price Per Share |
|---|---|---|
| **Balance at January 1, 1993** | 680 | $ 3.00 - $10.67 |
| Granted | 127 | 4.67 - 5.09 |
| Exercised | (15) | 4.67 - 4.67 |
| Canceled | (419) | 3.00 - 8.36 |
| **Balance at December 31, 1993** | 373 | 4.50 - 10.67 |
| Granted | 771 | 4.33 - 5.83 |
| Exercised | (72) | 4.67 - 5.87 |
| Canceled | (75) | 4.67 - 10.50 |
| **Balance at December 31, 1994** | 997 | 4.33 - 10.67 |
| Granted | **300** | **8.50 - 35.00** |
| Exercised | **(215)** | **4.33 - 10.67** |
| Canceled | **(36)** | **4.50 - 8.50** |
| **Balance at December 31, 1995** | **1,046** | **$ 4.33 - $35.00** |

Stock options for 303, 278 and 261 shares were exercisable at December 31, 1995, 1994 and 1993, respectively.

During 1989, the Board of Directors declared a dividend distribution of one common stock purchase right for each outstanding share of common stock. The rights are exercisable only if a person or group acquires 20% or more of the Company's common stock or announces a tender offer which would result in ownership by a person or group of 20% or more of the common stock. At that time, a right plus $0.3167 may be exchanged for one one-hundredth share of common stock of the Company. Upon the acquisition of 40% or more of the Company's common stock (unless at least 80% is acquired in a cash tender offer), the holders of rights (other than the acquirer) will have the right to purchase shares of the Company's common stock at half its market value. In addition, the rights provide that upon the merger or transfer of 50% or more of the assets or earning power of the Company to a person who has acquired at least 20% of the common stock, the holders of rights will have the right to purchase shares of the acquirer's common stock at half its market value.

The rights are subject to mandatory redemption for $0.0067 per right at the discretion of the Company's Board of Directors. All rights expire on August 9, 1999, unless extended or redeemed by the Company and do not have dividend or voting privileges while outstanding.

## *Foreign Operations, Geographic and Segment Data*

The Company operates predominately in one segment, the electronic component industry.

The consolidated financial statements include the accounts of wholly-owned foreign subsidiaries. Transfers of inventories to these foreign subsidiaries are negotiated based on market prices.

The following summary by operational area includes both net revenue from unaffiliated customers and transfers between geographic areas. The Far Eastern region consists of activity primarily from Japan. The United States operations include corporate activity that benefits the Company as a whole.

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| **Net Revenue:** | | | |
| **North American Operations:** | | | |
| Unaffiliated customers | **$ 95,667** | $ 73,927 | $ 61,124 |
| Foreign unaffiliated customers | **17,250** | 13,858 | 11,353 |
| Consolidated subsidiaries | **87,721** | 77,290 | 69,451 |
| | **200,638** | 165,075 | 141,928 |
| **European Operations:** | | | |
| Unaffiliated customers | **64,794** | 48,606 | 43,625 |
| Consolidated subsidiaries | **13,225** | 10,981 | 12,760 |
| | **78,019** | 59,587 | 56,385 |
| **Far Eastern Operations:** | | | |
| Unaffiliated customers | **91,451** | 57,805 | 52,475 |
| Consolidated subsidiaries | **4,037** | 4,160 | 2,919 |
| | **95,488** | 61,965 | 55,394 |
| Eliminations | **(104,983)** | (92,431) | (85,130) |
| | **$269,162** | $194,196 | $168,577 |
| **Income (Loss) Before Income Taxes:** | | | |
| North American Operations | **$ 33,446** | $ 5,015 | $ 2,674 |
| European Operations | **5,428** | 397 | 1,389 |
| Far Eastern Operations | **3,402** | 2,820 | 1,879 |
| Eliminations - primarily United States | **(2,259)** | 59 | (1,395) |
| | **$ 40,017** | $ 8,291 | $ 4,547 |
| **Identifiable Assets:** | | | |
| North American Operations | **$206,405** | $105,028 | $ 99,765 |
| European Operations | **28,790** | 19,300 | 23,306 |
| Far Eastern Operations | **43,642** | 32,538 | 29,398 |
| Eliminations | **(26,588)** | (13,858) | (10,407) |
| | **$252,249** | $143,008 | $142,062 |

## *Commitments and Contingencies*

The Company was involved in four ground water claims. The Company filed a motion for a stipulated dismissal on August 14, 1995, for three of these claims. The court order dismissing Burr-Brown without prejudice was entered in all three cases on September 23, 1995. In the one remaining case, based on investigations to date, management does not believe the Company contributed to the alleged contamination and, therefore, is of the opinion that the disposition of this claim will not result in any material change in the Company's financial condition, results of operations or liquidity.

In October, 1992, the Company sold and leased back $10,000 of production and manufacturing equipment, utilizing the proceeds to repay existing bank debt. A gain of $7,483 generated by the sale transaction was deferred and is being amortized over the five-year lease term. The Company has purchase and lease renewal options at future fair market values under the lease agreements. The leases are classified as operating leases. Rentals under these leases are $2,196 annually and are included in the future commitments table below.

Approximate aggregate future commitments under noncancelable operating leases, primarily for equipment and office facilities, are summarized as follows:

| | |
|---|---|
| 1996 | $ 5,557 |
| 1997 | $ 4,027 |
| 1998 | $ 1,817 |
| 1999 | $ 1,319 |
| 2000 | $ 943 |

Rental expense was $5,352, $6,324 and $6,031 in 1995, 1994 and 1993, respectively.

## *Employee Benefit Plans*

The Company has a defined contribution plan, the Future Investment Trust (FIT). The FIT is a 401(k) salary deferral plan and allows eligible participating U.S. employees to defer up to 15% of their salaries. Employee contributions are matched by the Company at a rate of 25% of the employee's contribution. The Company's contributions vest at 25% per year and become fully vested to the employee after four years of service. Additional voluntary Company contributions may be made to FIT participants' profit sharing accounts.

The Company has a noncontributory defined benefit pension plan which covers all eligible U.S. employees and generally provides benefits to retired employees based on their length of service, age, and a percentage of qualifying compensation during the final years of employment. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. The Company's policy is to contribute amounts sufficient to at least meet the Employee Retirement Income Security Act's minimum funding requirements.

A summary of the components of net periodic pension expense follows:

| | **1995** | | 1994 | | 1993 | |
|---|---|---|---|---|---|---|
| | **U.S. Plans** | **Foreign Plans** | U.S. Plans | Foreign Plans | U.S. Plans | Foreign Plans |
| **Defined benefit pension plans:** | | | | | | |
| Service cost-benefits earned during the period | **$ 392** | **$ 321** | $ 492 | $ 334 | $ 396 | $ 307 |
| Interest cost on projected benefit obligation | **620** | **189** | 608 | 166 | 540 | 141 |
| Net amortization | **1,142** | **4** | (363) | (20) | (54) | (75) |
| Return on plan assets | **(1,732)** | **(49)** | 21 | (43) | (317) | (17) |
| **Net periodic pension expense of defined benefit plans** | **422** | **465** | 758 | 437 | 565 | 356 |
| **Defined contribution plan – Matching FIT** | **626** | | 507 | | 432 | |
| **Total employee benefit expense** | **$ 1,048** | **$ 465** | $1,265 | $ 437 | $ 997 | $ 356 |

Assumptions used in computing pension expense for the defined benefit plans were as follows:

| | U.S. Plans | Foreign Plans |
|---|---|---|
| Weighted-average discount rates | 8.5% | 5.5%-7.5% |
| Rates of increase in compensation levels | 5.0% | 4.5% |
| Expected long-term rate of return on assets | 8.5% | 4.1%-7.0% |

The U.S. Plans' weighted-average discount rate changed from 7.5% used in 1994 and 1993.

The following table sets forth the funded status and amounts recognized in the consolidated balance sheets at December 31, 1995, 1994, and 1993, for the Company's defined benefit pension plans:

| | **1995** | | 1994 | | 1993 | |
|---|---|---|---|---|---|---|
| | **U.S. Plans** | **Foreign Plans** | U.S. Plans | Foreign Plans | U.S. Plans | Foreign Plans |
| Actuarial present value of benefit obligations: | | | | | | |
| Vested benefit obligation | **$ 6,036** | **$ 1,879** | $ 3,773 | $ 1,502 | $ 4,495 | $ 1,092 |
| Accumulated benefit obligation | **$ 7,155** | **$ 2,225** | $ 4,294 | $ 1,863 | $ 5,353 | $ 1,443 |
| Projected benefit obligation for services rendered to date | **$(9,208)** | **$(3,004)** | $(7,773) | $(2,747) | $(7,772) | $(2,265) |
| Plans assets at fair value | **9,826** | **1,486** | 7,059 | 1,406 | 6,696 | 1,056 |
| **Excess (shortfall) of plan assets over (under) projected benefit obligation** | **618** | **(1,518)** | (714) | (1,341) | (1,076) | (1,209) |
| Unrecognized net (loss) gain | **(1,500)** | **28** | (1,248) | 190 | (825) | 433 |
| Unrecognized prior service cost | **1,333** | | 1,550 | | 1,787 | |
| Unrecognized net transition obligation | | **(50)** | | (47) | | (36) |
| **Net pension asset (liability)** | **$ 451** | **$(1,540)** | $ (412) | $(1,198) | $ (114) | $ (812) |

U.S. plan assets consist of investments in equities, bonds and cash equivalents. Foreign plan's assets consist of securities, real estate, loans and cash equivalents.

## Report of Independent Auditors

Board of Directors
Burr-Brown Corporation

We have audited the accompanying consolidated balance sheets of Burr-Brown Corporation and Subsidiaries as of December 31, 1995, 1994 and 1993, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Burr-Brown Corporation and Subsidiaries at December 31, 1995, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Tucson, Arizona
January 22, 1996

## Summarized Quarterly Data (Unaudited)

The following is a summary of quarterly financial data for 1995, 1994 and 1993:

| | Quarter Ended 1995 | | | |
|---|---|---|---|---|
| | **April 1** | **July 1** | **Sept. 30** | **Dec. 31** |
| Net revenue | **$59,547** | **$69,594** | **$70,218** | **$69,803** |
| Gross margin | **28,186** | **33,798** | **34,411** | **34,510** |
| Net income | **4,657** | **6,845** | **8,287** | **9,423** |
| Earnings per share | **.31** | **.45** | **.54** | **.55** |

| | Quarter Ended 1994 | | | |
|---|---|---|---|---|
| | April 2 | July 2 | Oct. 1 | Dec. 31 |
| Net revenue | $47,355 | $47,607 | $49,217 | $50,017 |
| Gross margin | 22,874 | 22,810 | 21,177 | 21,093 |
| Net income | 1,737 | 1,964 | 1,704 | 1,060 |
| Earnings per share | .12 | .14 | .12 | .07 |

| | Quarter Ended 1993 | | | |
|---|---|---|---|---|
| | April 3 | July 3 | Oct. 2 | Dec. 31 |
| Net revenue | $42,280 | $42,486 | $42,935 | $40,876 |
| Gross margin | 20,324 | 20,308 | 20,290 | 20,680 |
| Net income | 572 | 796 | 604 | 845 |
| Earnings per share | .04 | .05 | .04 | .06 |

## *Quarterly Market and Dividend Information*

| | 1995 Close Quotations | | 1994 Close Quotations | |
|---|---|---|---|---|
| | High | Low | High | Low |
| First quarter | $12⅛ | $ 7⅝ | $ 4⅞ | $ 3⅞ |
| Second quarter | 27¼ | 11⅛ | 6⅝ | 4⅛ |
| Third quarter | 40¾ | 25¼ | 7½ | 5⅛ |
| Fourth quarter | 36¾ | 19¼ | 10⅜ | 6⅝ |

The Company's common stock has been traded on the National Market System under the symbol BBRC since March 1984. As of December 31, 1995, there were approximately 4,100 stockholders of record, which include those listed in company records and stockholders who hold their shares in a broker's name. Stock prices have been restated to reflect a three-for-two stock split effective May, 1995.

The Company has never paid any cash dividends on its common stock. It is the present policy of the Board of Directors to retain earnings to finance expansion of the Company's operations, and the Company does not expect to pay dividends in the foreseeable future.

## *Management's Discussion and Analysis of Financial Condition and Results of Operations*

### 1995 Compared to 1994

1995 was a year of unprecedented revenue growth and profitability for the Company. Bookings totaled $290.8 million compared to $204.2 million for the previous year, an increase of 42%. All business units and geographic areas participated in this growth. Growth in the core business, analog and mixed signal integrated circuit products, was the greatest at 53%, bringing the total new orders for the core IC business to $252.8 million. Benefiting greatly from the computing and multimedia sector, Asia exhibited the highest regional growth with a 60% increase over 1994. Bookings for majority-owned subsidiaries, Power Convertibles Corporation and Intelligent Instrumentation Incorporated, were relatively flat year over year. Although 1995 was a very robust growth year for the electronics industry as a whole and for semiconductor companies in particular, the Company believes its growth performance to be at the high end of the range for the analog and mixed signal markets in which it competes most extensively.

Total 1995 revenue of $269.2 million was 39% higher than the $194.2 million of 1994. Revenue growth closely tracked bookings growth on a regional and product line basis. Penetration into third party distribution increased substantially during the year with approximately 35% of 1995 revenue being realized through this channel as compared to 26% in the previous year. To a limited extent, further revenue growth was restricted by certain manufacturing capacity bottlenecks, primarily in the product test area. These have or are being aggressively addressed and the Company believes that sufficient base capacity exists to support increases in manufacturing output of approximately 40% per year for the next two years without a major capacity expansion program. Total 1995 year end backlog, at $62 million, increased 37% or $17 million from that of 1994 year end.

Annual gross margin, at $130.9 million, increased by $43 million or 49% over 1994. As a percentage of revenue, gross margin improved 3.3 percentage points to 48.6% from 45.3% in 1994, with fourth quarter gross margin achieving 49.4%. Manufacturing cost reduction efforts drove margin improvements. Higher output levels increased capacity utilization which resulted in increased operating leverage. Manufacturing yields improved continuously throughout the year. Pricing throughout all product lines remained essentially stable. The impact of foreign currency exchange rate changes, particularly involving the yen, was highly favorable in the first half of 1995 and unfavorable in the second half.

Operating expenses at $90.4 million increased over the prior year by $13 million or 17% as compared to a 39% increase in revenue. As a percentage of revenue, operating expenses were reduced to 34% from 40% in 1994. Sales, marketing, general and administrative (SMG&A) expenses were reduced to 24% in 1995 from 29% in 1994 with fourth quarter SMG&A expenses declining to 23% of revenue. Reducing the ratio of SMG&A expenses to revenue is an ongoing objective of the Company. Part of the 1995 reduction was the result of the consolidation of certain administrative activities in Europe and more extensive use of third party distribution in all regions. Significant additional benefit is planned from further pursuit of these strategies. SMG&A expense growth in all areas was by design strictly constrained, with the most significant increases coming from revenue driven commission and incentive expenses.

Spending on research and development (R&D) increased by approximately $4 million or 18% over the previous year. As a percentage of revenue, R&D

spending decreased to 9.6% from 11.3% in 1994. The Company is committed to increasing its investments in this area and increasing its R&D spending ratio as an essential means of realizing its growth opportunities. Although it has been successful in increasing spending, dramatic revenue growth and high demand for scarce, qualified human resources have combined to limit the rate at which this ratio could be raised. During 1995, the number of new product introductions increased substantially over the prior year, a new technology development group was established and several new wafer fab foundry relationships were developed, which widened the scope of process technology available to the Company.

Revenue growth combined with manufacturing cost reductions and constrained expense increases resulted in new record levels of both profit and profitability being set for the Company in 1995. Income from operations was $40.5 million or 15% of revenue, an increase of 285% over 1994. Net income was $29.2 million or 11% of revenue, an increase of 352% over 1994. The effective tax rate for 1995 was 27% compared to 22% in 1994. The 1995 tax rate was less than the U.S. federal statutory rate of 35% mainly due to the utilization of tax credit carryforwards which were previously reserved. Deferred tax valuation allowances are recorded by the Company to offset deferred tax assets which can only be realized by earning taxable income in future years. Management established the valuation allowances because it cannot be assured that such income will be earned. The valuation allowance decreased by $4 million in 1995 due mainly to the utilization of tax credit carryforwards. There were no changes in 1995 to the assumptions and factors used in determining the valuation allowance. If domestic earnings continue strong in 1996 the deferred tax asset valuation allowance may be significantly reduced and favorably impact the 1996 tax rate. After 1996, it is expected that the effective tax rate will rise to the U.S. statutory rate.

### 1994 Compared to 1993

Order bookings were $204.2 million in 1994 compared to $170.3 million for the previous year, an increase of 20%. Geographically, bookings increased over the prior year at least 18% in all three of the Company's major sales locales, the Americas, Europe and Asia.

1994 revenue of $194.2 million increased 15% when compared to $168.6 million for 1993. This year showed both the Asian and European economies recovering, which positively impacted the Company's revenue for the year. It is estimated that approximately 3% of the yearly increase was due to favorable currency translation caused by the stronger Japanese Yen.

Gross margin was 45% of revenue for 1994 compared to 48% in 1993. The decreased gross margins in the second half of 1994 reflect, in part, the Company's efforts to manage its inventory levels while continuing to increase its net revenue. These inventory management efforts reduced assembly and test manufacture cycle times, which caused an overall reduction in work in process and finished goods inventories. The combined effect of these inventory management practices allowed the Company to increase net revenue over the remainder of 1994 while decreasing manufacturing volumes during these periods. As a result, the Company's fixed manufacturing costs were allocated against a relatively smaller amount of manufactured goods in the third and fourth quarters of 1994, resulting in lower gross margins during those periods.

Operating expenses in 1994 increased 5%, or $3.6 million, compared to 1993. Expenses as a percentage of sales were 40% in 1994 compared to 44% in 1993. This reflects the Company's continuing accomplishments of controlling costs in relation to revenue. While research and development expenses decreased slightly as a percentage of revenue, it had the largest dollar and percentage increase compared to the prior year. The increase in research and development reflects the emphasis management has placed on developing new products and enhancing existing products.

Income from operations for the year was $10.5 million which represents a 35% increase over the year ended 1993. The effective tax rate for 1994 decreased to 22% from 38% in 1993. The decrease was attributable to the effect of a shift in the mix of earnings among the different taxing jurisdictions in which the Company operates.

### Liquidity and Capital Resources

At 1995 year end, the Company's cash, cash equivalents and short-term investments totaled $86.2 million, an increase of $76.3 million over year end 1994. $30.9 million was generated from operations during the year as compared to $19.9 million in the previous year. $61.2 million was raised through a sale of 1,750,000 shares of common stock completed in September, 1995. Proceeds from this sale will be used to meet the requirements of strong market demand and other corporate purposes.

At 1995 year end, total debt was $20.9 million of which $1.8 million was term debt. This represented a $1 million increase over 1994. Most of this debt was held internationally and represented an interest rate arbitrage situation for the Company. In addition to term debt, credit facilities of approximately $62 million with both domestic and international banks were available to the Company of which approximately $18 million or 29% was utilized. As of January 31, 1996, the Company renegotiated its $15 million revolving line of credit, which now expires in 1998. The current ratio improved from 1.98 in 1994 to 2.96 in 1995. The debt to equity ratio also improved year over year from .23 to .12. The Company's balance sheet was considerably strengthened during 1995 and management now believes that it possesses more than sufficient capital resources to meet the anticipated requirements of the next twelve months.

Account receivable grew by 41% from $39.6 million at the end of 1994 to $55.7 million at the end of 1995, the direct result of revenue growth. Days sales outstanding remained essentially constant over this period reflecting a real improvement given the relatively higher revenue growth in the Japanese and European markets which typically have longer collection cycles.

The significant increase in revenue and thus production levels experienced during 1995 caused net inventories to increase by $7.8 million or 19%. Despite reductions in manufacturing cycle time, most of this increase was in establishing appropriate work in process levels to support the higher levels of output required. The ratio of inventory to revenue declined from 21% in 1994 to 18% in 1995 indicating a more efficient use of this resource. Inventory valuation reserves also decreased as a result of increased demand and disposal of obsolete product. Management believes that adequate reserves have been provided for potentially unsalable and excess inventories.

Capital spending totaled $17.6 million for 1995 and was concentrated in relieving manufacturing capacity bottlenecks in wafer fab and product test, upgrading new product development tools and the continuation of an enterprise-wide program to renovate the Company's business information and execution systems. This last initiative will allow for more efficient management of the Company on a worldwide basis, thus supporting the strategy of SMG&A expense reduction. Capital investment plans for 1996 are in excess of $40 million and will fund advanced wafer fab process development, further expansion of manufacturing bottleneck capacity, a strategic upgrading of test capability and further implementation of new worldwide information systems.

The impact of inflation on the Company's financial position and results of operations has not been significant during the three year period ended December 31, 1995.

On February 26, 1996, the Company announced that it had signed an agreement to sell all of its interest in Power Convertibles Corporation (PCC). PCC products include battery chargers used in cellular telephone applications and modular DC to DC converters which are used in a great variety of applications. In 1995, PCC was responsible for about 9.5% of the Company's total revenues and approximately 3% of the profits. The decision to sell PCC is consistent with a continuing strategy to more clearly focus the Company's efforts and resources on the opportunities available in its core analog and mixed signal integrated circuit business.

### Litigation

The Company was involved in four ground water claims. Three toxic tort cases filed in U.S. District Court on September 20, 1991, August 7, 1992, and January 9, 1995, respectively, represented consolidations of individual lawsuits that sought damages for contaminating ground water which was subsequently pumped from public wells and consumed. On September 23, 1995, a court order dismissing Burr-Brown without prejudice was entered in all three federal cases. In the one remaining state court case, based on investigations to date, management does not believe the Company contributed to the alleged contamination and therefore is of the opinion that the disposition of this claim will not result in any material change in the Company's financial condition, results of operations or liquidity.

### Business Outlook

In order to provide our shareholders with better insight to our future plans, directions and objectives, the following forward looking statements are provided.

**Markets:** The Company will continue to emphasize the industrial and process control and test and instrumentation markets in which it holds a leadership position in order to protect and enhance market penetration. In addition, it will endeavor to improve its market position in the relatively larger and faster growth communications, computing and digital audio and digital video / imaging markets.

**Products:** The Company possesses very strong core competencies in the development, manufacture and marketing of high performance analog and mixed signal integrated circuits. It also maintains a strong presence in digital audio applications. It believes that by using these capabilities to address the requirements of its target markets that it can sustain substantial growth over the next five years. To capitalize on these rapid growth opportunities, the Company is seeking to increase its number of product offerings and reduce the time required to bring new products to market. Product offerings will include both standard linear products which will serve a wide range of market applications and, on a selective basis, products which target specific needs of very high growth market segments.

**Gross Margins:** The Company plans for a continually expanding gross margin over the next five years. Product pricing is expected to remain stable and continue to reflect the high value-added content of these products. Increased volume and improved manufacturing efficiency will continue to reduce product costs. Some products targeting very high volume, rapid growth applications will be characterized by relatively lower gross margins but will require lower levels of operating costs in contrast to products serving more traditional markets.

**Operating Expenses:** In order to support acceleration of new product development, the Company will increase its research and development expense both absolutely and relative to revenue. Growth in sales, marketing and general and administrative expenses will be constrained to grow at a rate substantially lower than that of revenue. The result will be continual expansion of operating margins with sales growth while allowing for increased research and development investment as the primary engine of that growth.

**Investments:** The Company believes the growth opportunities inherent in this strategy will require significant additions to manufacturing capacity and technological capabilities over the next five years. This will be met in the form of internal capital investments, development of source of supply arrangements with third party vendors as well as timely and synergistic business acquisitions.

The foregoing plans are subject to a number of risks and uncertainties, including the following: Factors that could materially and adversely affect net sales, gross profit and profitability include the volume and timing of orders, changes in product mix, market acceptance of the Company's and its customers' products, competitive pricing pressures, fluctuations in foreign currency exchange rates, the timing of new product introductions and fluctuations in manufacturing yields. Average selling prices typically decrease over the life of particular products. If the Company is unable to introduce new products with higher average selling prices or reduce manufacturing costs to offset decreases in the prices of its existing products, the Company's operating results will be adversely affected. In addition, the Company is limited in its ability to reduce costs quickly in response to any revenue shortfalls. To meet anticipated future demand and to utilize a broader range of fabrication processes, the Company intends to increase its manufacturing capacity. Given the complexity and expense of designing and constructing a significant expansion of a semiconductor fabrication plant, during the construction of the additions, the Company's manufacturing yields could be materially and adversely impacted. The Company is subject to several risks associated with its international operations, including unexpected changes in regulatory requirements, delays resulting from difficulty in obtaining export licenses for certain technology, foreign exchange fluctuations, tariffs and other barriers and restrictions, and the burdens of complying with a variety of foreign laws. The semiconductor industry is intensely competitive. Many of the Company's competitors have substantially greater financial, technical, marketing, distribution and other resources than the Company. In the event of a downturn in the market for analog circuits, companies that have broader product lines may be in a stronger competitive position than the Company. Other risks potentially affecting future operating results are set forth in the Company's filings with the Securities and Exchange Commission.

## *Five Year Financial Summary*

**Burr-Brown Corporation and Subsidiaries—***In thousands, except per share amounts*

| | 1995 | 1994 | 1993 | 1992 | 1991 |
|---|---|---|---|---|---|
| Net revenue | **$269,162** | $194,196 | $168,577 | $162,949 | $178,626 |
| Revenue by geographic area | | | | | |
| Foreign | **64%** | 62% | 64% | 61% | 64% |
| Domestic | **36%** | 38% | 36% | 39% | 36% |
| Increase (decrease) in revenue over prior years | **39%** | 15% | 3% | (9%) | 1% |
| Gross margin % of revenue | **49%** | 45% | 48% | 47% | 52% |
| Operating expenses % of revenue | **34%** | 40% | 44% | 43% | 55% |
| Operating income (loss) % of revenue | **15%** | 5% | 5% | 4% | (3%) |
| Interest expense % of revenue | **0%** | 1% | 1% | 2% | 2% |
| Other income % of revenue | **0%** | 0% | 1% | 1% | 0% |
| Net income (loss) | **$ 29,212** | $ 6,465 | $ 2,817 | $ 998 | $(10,681) (A) |
| Per share amount (C) | **$ 1.86** | $ 0.45 | $ 0.20 | $ 0.07 | $ (0.74) |
| Income tax rate | **27%** | 22% | 38% | 42% | 13% |
| Return on revenue | **11%** | 3% | 2% | 1% | (6%) |
| Return on average assets | **15%** | 5% | 2% | 1% | (7%) |
| Return on average capital employed | **19%** | 6% | 3% | 1% | (8%) |
| Return on equity | **16%** | 7% | 4% | 1% | (14%) |
| Total capital employed | **$202,349** | $110,055 | $108,495 | $106,618 | $134,795 |
| % of revenue | **75%** | 57% | 64% | 65% | 75% |
| Total equity | **$179,145** | $ 87,622 | $ 79,551 | $ 77,443 | $ 78,171 |
| % of revenue | **67%** | 45% | 47% | 48% | 44% |
| Per share amount (C) | **$ 11.41** | $ 6.04 | $ 5.53 | $ 5.38 | $ 5.43 |
| Long-term debt, less current portion | **$ 1,808** | $ 1,839 | $ 8,802 | $ 11,718 | $ 33,749 |
| Total debt | **$ 20,862** | $ 19,900 | $ 26,725 | $ 27,100 | $ 54,255 |
| % of revenue | **8%** | 10% | 16% | 17% | 30% |
| Debt-to-equity ratio | **0.12** | 0.23 | 0.34 | 0.35 | 0.69 |
| Total assets | **$252,249** | $143,008 | $142,062 | $136,407 | $158,216 |
| % of revenue | **94%** | 73% | 84% | 84% | 89% |
| Working capital | **$129,908** | $ 45,623 | $ 49,456 | $47, 705 | $ 53,464 |
| % of revenue | **48%** | 23% | 29% | 29% | 30% |
| Current ratio | **2.96** | 1.98 | 2.08 | 2.28 | 2.24 |
| Capital expenditures | **$ 17,574** | $ 12,055 | $ 7,117 | $ 5,356 | $ 11,637 |
| Depreciation and amortization | **$ 12,712** | $ 10,615 | $ 10,072 | $ 11,042 | $ 12,799 |
| Land, building and equipment, net | **$ 51,424** | $ 45,896 | $ 42,427 | $ 45,665 | $ 55,188 |
| % of revenue | **19%** | 24% | 25% | 28% | 31% |
| Average number of employees during the year | **1,926** | 1,825 | 1,547 | 1,566 | 1,740 (B) |
| Revenue per employee | **$ 139.75** | $ 106.40 | $ 108.97 | $ 104.05 | $ 102.66 |
| Shares used to compute earnings (loss) per share (C) | **15,696** | 14,498 | 14,376 | 14,390 | 14,390 |

(A) Net loss for 1991 included a restructuring charge of $16,273.

(B) Number of employees at year end after restructuring: 1,649.

(C) Prior years' comparative information was restated to reflect a three-for-two stock split effective May, 1995.

# Corporate Information

## Directors

**Thomas R. Brown, Jr.**
Chairman of the Board
Burr-Brown Corporation

**Syrus P. Madavi**
President and CEO
Burr-Brown Corporation

**Thomas J. Troup**
Vice Chairman of the Board
Burr-Brown Corporation

**Francis J. Aguilar**
Professor Emeritus Business Administration
Harvard Business School

**John S. Anderegg, Jr.**
Chairman of the Board
Dynamics Research Corporation

**Marcelo A. Gumucio**
President, Chairman & CEO
Memorex Telex Corporation

**Bob J. Jenkins**
Corporate Vice President (retired)
Motorola, Incorporated

**James A. Riggs**
Senior Vice President and CFO (retired)
Olin Corporation

## Officers and Corporate Management

**Thomas R. Brown, Jr.**
Chairman of the Board

**Syrus P. Madavi**
President and CEO

**John L. Carter**
Executive Vice President and CFO

**Tilman Kiess**
Vice President

**G. Roger Myers**
Treasurer

**Michael E. Paugh**
Vice President, Quality

**Michael M. Pawlik**
Vice President, Marketing

**Paul R. Prazak***
Vice President, Data Division

**Robert E. Reynolds**
Vice President, Operations

**Jill H. Rice**
Corporate Secretary

**Bryan Rooney***
Vice President, Sales

**R. Mark Stitt**
Vice President, Linear Division

**Toshiyuki Yamasaki**
President, Burr-Brown Japan

*Effective 1996

## Form 10-K

A copy of the Company's current annual report on Form 10-K filed with the Securities and Exchange Commission can be obtained without charge by any stockholder upon request to:

Investor Relations Department
Burr-Brown Corporation, MS-100
P.O. Box 11400
Tucson, AZ 85734-1400
(520) 746-7365

**Transfer Agent**
Harris Trust & Savings Bank
Shareholder Services
311 E. Monroe, 11th Floor
Chicago, IL 60606

**Auditors**
Ernst & Young, LLP
Tucson, AZ

**Common Stock**
NASDAQ National Market System
Ticker Symbol: BBRC

**Corporate Headquarters**
Mailing Address:
P.O. Box 11400, Tucson, AZ 85734-1400
6730 S. Tucson Blvd., Tucson, AZ 85706-1400

Telephone: (520) 746-1111

For more information call: (800) 548-6132

**U.S. Regional Sales Offices**

| | |
|---|---|
| **California:** | **Agoura Hills (818) 991-8544** |
| | **Santa Clara (408) 982-8900** |
| **Illinois:** | **Arlington Heights (708) 437-2877** |
| **Massachusetts:** | **Burlington (617) 229-0300** |
| **New York:** | **Hauppauge (516) 273-5757** |
| **Texas:** | **Dallas (214) 783-4555** |

**International Sales Offices**

| | |
|---|---|
| **France:** | **Le Chesnay (33) 1 39 23 82 82** |
| **Germany:** | **Filderstadt (49) 711 77 04 0** |
| | Bremen (49) 421 25 39 31 |
| | Bonn (49) 2225 91 56 10 |
| | Erlangen (49) 9131 2 40 36 |
| | Frankfurt (49) 6154 8 20 81 |
| | München (49) 89 61 77 37 |
| **Italy:** | **Milan (02) 5801 05 04** |
| **Japan:** | **Kanagawa-Pre. (81) 045 476 7885** |
| | Osaka (81) 06 3053287 |
| | Nagoya (81) 052 775 6761 |
| **Netherlands:** | **'s-Hertogenbosch (31) 73 6121600** |
| **Switzerland:** | **Zurich (41) 1 724 09 28** |
| **United Kingdom:** | **Watford (44) 1923 233837** |