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Tower Semiconductor (NASDAQ: TSEM)

TSEM: Tower Semiconductor Raises 2028 Target Model Due to Japanese Expansion

Using EV to 2028 Sales of 8.5xs, we believe TSEM could be worth $278 per share.

Current Price (8/3/2025)	$234.32
Valuation	**$278.00**

OUTLOOK

Tower is a pure-play analog semiconductor wafer foundry that manufactures SiGe, Silicon Photonics, MEMS, RF, embedded flash-based memory, analog/mixed-signal, and CMOS image-sensor devices in the US, Israel, Japan and Italy. It is serving markets in mobile such as RF High Position analog, as well as in CMOS image sensors, and power management. The company's new Silicon Photonics products are seeing strong demand in optical transceivers used in AI data centers. The company is flush with $1.5 billion in cash (or $13.12 per share), and is increasing capacity as fast as possible to meet demand.

SUMMARY DATA

52-Week High	**316.85**
52-Week Low	**44.67**
One-Year Return (%)	**359.6**
Beta	**0.9**
Average Daily Volume (sh)	**1,912,271**
Shares Outstanding (mil)	**112.6**
Market Capitalization ($mil)	**$26,349**
Short Interest Ratio (days)	**1.0**
Institutional Ownership (%)	**71**
Insider Ownership (%)	**1**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**0.0**
Earnings Per Share (%)	**10.3**
Dividend (%)	**0**
P/E using TTM EPS	**81.8**
P/E using 2026 Estimate	**61.7**
P/E using 2027 Estimate	**39.1**

Risk Level	**High**
Type of Stock	**Large Growth**
Industry	**Elec Comp-Semis**

ZACKS ESTIMATES

Revenue
(In millions of US$)

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2024	$327 A	$351 A	$371 A	$387 A	$1,436 A
2025	$358 A	$372 A	$396 A	$440 A	$1,566 A
2026	$414 A	$460 A	$520 E	$575 E	$1,969 E
2027					$2,600 E

Earnings per Share
(non-GAAP)

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2024	$0.46 A	$0.53 A	$0.57 A	$0.59 A	$2.15 A
2025	$0.45 A	$0.50 A	$0.55 A	$0.78 A	$2.29 A
2026	$0.65 A	$0.88 A	$1.03 E	$1.24 E	$3.80 E
2027					$6.00 E

WHAT'S NEW

Tower Semiconductor Continues to Exceed Expectations as it Fills Insatiable Demand

Tower reported another stellar quarter, beating on revenues and earnings and guiding higher than street estimates for Q3, where they have good visibility. Management also raised its expectations for 2028 revenues due to the expansion of its Japanese operations. It is not only adding capacity to its current facilities but plans to build a new fab next to its current one with the financial and regulatory aid of the Japanese government. Japan's excellent workforce is a legacy from the original Panasonic owners, and Tower seeks to build a hub of photonics excellence there. Strategically, it also helps that Japan is a geopolitically neutral country from which everyone will buy.

For Q2 2026, Tower guided to revenues of $520 million plus or minus 5%, another company record. This should result in accelerating year-over-year growth and even higher margins. In its July announcement of Japanese expansion, Tower updated its business model and is now targeting a $3.6 billion revenue run rate sometime in 2028 and $1.2 billion of net profit, which would result in approximate EPS of $10.25. Since right now the company can sell as much as it can produce of photonics products, it is doing all it can to increase capacity. Given the plans presented by AI companies for buildout, strong demand should continue for many years to come.

We are raising our 2026 estimates to reflect sales and earnings beat and the guidance. The revenue estimate for 2026 is now $2.0 billion, and for 2027 is $2.6 billion. Estimates for adjusted EPS have been increased to $3.80 for this year and $5.99 for 2027. As of last night's closing price, the company trades at an enterprise value of $25.1 billion, or 9.7x EV to estimated 2027 sales. As a photonics/AI data center play, we see catalysts in: potential increased guidance and continued beat and raises, increased target model, and announcements of new large customers. Right now, the only gating factor is capacity, and the revenue risk is in future pricing. If investors assume $3.6 billion in revenues, with an 8.5x EV to Sales, and $500 million of the cash spent, the stock price would be $278 per share. Since its low at $28.54 on April 4, 2025, the stock is up 721%.

Q2 2026 Revenue Breakdown

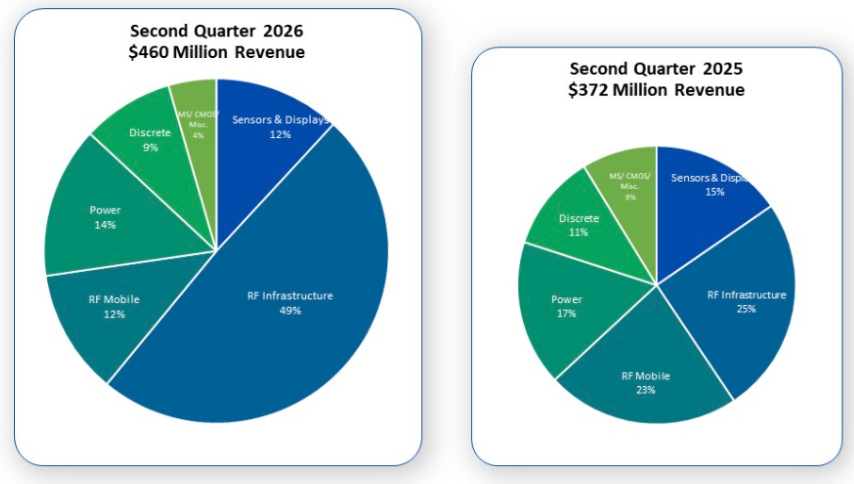
The biggest revenue contribution in the quarter was overwhelmingly RF infrastructure, now almost half of revenues. In Q2, RF Infrastructure grew 142% to $225 million, up from $93 million in Q2 2025. Its percentage contribution to total sales is growing as other sales categories decline or are flat. As it becomes a bigger portion of total revenues, math dictates growth should continue to accelerate as long as capacity can keep up. The company is in the midst of a SiPho production ramp in Fab 2 Migdal Haemek, Fab 3 Newport Beach, Fab 9 San Antonio, and Fab 7 Uozu, Japan, 300mm.

RF mobile was again down year over year and is expected to be so for all of 2026, but the company expects it to return to growth in 2027 as orders ship for 2028 phones. The industry is going through a transition from 200mm to 300mm and should return to growth in 2027.

Table 1. Revenue by Technology

US Dollars in Millions	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Yr-Yr % Change	Yr-Yr $ Change
Total	$358.2	$372.1	$395.7	$440.2	$413.6	$460.1	23.7%	88.0
RF Infrastructure	78.8	93.0	106.8	140.9	157.2	225.4	142.4%	132.4
RF Mobile	68.1	85.6	102.9	105.6	66.2	55.2	-35.5%	-30.4
Power	64.5	63.3	67.3	66.0	70.3	64.4	1.8%	1.2
Sensors and Displays	60.9	55.8	55.4	66.0	62.0	55.2	-1.1%	-0.6
Discrete	57.3	40.9	39.6	39.6	41.4	41.4	1.2%	0.5
MS/CMOS	21.5	29.8	19.8	22.0	16.5	18.4	-38.2%	-11.4

Q2 Year-over-Year Revenue Breakdown by Technology



Source: Tower Semiconductor

Table 2. Fab Capacity Utilization

		Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Fab 1	Migdal Haemek, Israel 6"	65%	75%	85%	70%	65%	NA	NA	NA	NA	NA
Fab 2	Migdal Haemek, Israel 8"	75%	67%	60%	55%	80%	60%	65%	60%	60%	80-85%
Fab 3	Newport Beach, CA 8"	45%	55%	65%	70%	70%	85%	85%	85%	80%	80-85%
	TPSCo factories										
Fab 5	Japan 8"	40%	45%	60%	60%	65%	75%	75%	75%	75%	75%
Fab 7	Uozo Japan 12"	75%	85%	85%	90%	90%	90%	90%	90%	90%	90%
Fab 9	San Antonio, 8"	60%	60%	60%	55%	70%	60%	60%	65%	80%	80-85%
	Quarterly Average Utilization	60%	65%	69%	67%	73%	74%	75%	75%	77%	83%

Q2 2026 Earnings Results

Revenues in Q2 2026 were $460 million versus $372 million in Q2 2025 and were up 24% year over year. This is a quarterly record for the company. The gross margin in Q2 2026 increased to 29.9%, from 21.5% a year earlier. Gross margin dollars were up significantly to $138 million or 72%, as incremental revenues came in at higher margins and lower-margin products had declining sales.

Operating expenses were up $7.3 million year over year, or 18%, less than revenue growth. The operating margin was 19.7% compared to 10.7% last year, and operating income soared to $90 million from $40 million in Q2 2025. Other income was $15.9 million compared to $14.4 million in last year's quarter. The company expects it to typically fluctuate between $8 million and $10 million per quarter.

Pretax profit was $106 million versus $54 million a year ago, almost double. Taxes were $15.6 million in the quarter, or 14.7%, versus the expected 18%, but we expect the 18% tax rate in the coming quarters.

GAAP net income was $91 million versus $47 million last year, while non-GAAP net income was $101 million versus $57 million a year ago, up 76%.

Diluted GAAP EPS was $0.79 per share, compared with $0.41 last year. Adjusted non-GAAP diluted EPS was $0.88, up from $0.50 a year ago, or 74%. The average diluted shares for the quarter were 114.4 million, up from 113.3 million last year.

Balance Sheet

As of June 30, the company had cash and short-term deposits of $1.5 billion, or $13.13 in cash per share. We estimate it is earning between 4.0% and 4.5% on about $800 million of that amount. Prepayments from customers for capacity reservations declined by $70 this quarter. Total debt decreased by $14.2 million to $142 million from the last quarter. Its quick ratio was 4.3x, and it has $1.6 billion in working capital. Operating cash flow, excluding changes in working capital, was $178 million for the quarter. Free cash flow was a negative $8.3 million for the quarter after spending a net $187 million on capex in the quarter.

To support the increasing CIFO and CIGI demand, Tower is executing a $920 million investment plan to extend the capacity and capability of CIGI and CIFO equipment across its 8-inch PEBs in Israel, Newport Beach, and Texas, as well as its 12-inch Fab in Japan. Approximately 50% of this has already been spent, while the remaining 50% is expected to be paid during the next six quarters. This heavy spending could keep the company in negative free cash flow territory for the next year or two.

During the Quarter

On May 13th, Tower announced that it has signed silicon photonics contracts totaling $1.3 billion in 2027 revenue with its largest customers and had received $290 million in prepayments from customers for capacity reservations. This initial commitment is further reinforced by an even larger contractual wafer commitment for 2028, for which additional associated prepayments are due by January 2027. The prepaid capacity reservation is the customer's contractual commitment, with their full demand and Tower shipment forecast being higher. The total 2027 customer demand is further augmented by healthy forecasts from the rich and broad SiPho customer base of over 50 active customers across wide-ranging SiPho-based applications.

On June 15, 2026, IQE plc, the leading global supplier of compound semiconductor wafer products and advanced material solutions, and Tower announced a multi-year agreement for the supply of Indium Phosphide (InP) epiwafers. As Indium Phosphide is in short supply, this is important to Tower reaching its production goals and is a competitive advantage. The agreement provides for a minimum purchase commitment by Tower in the first year, a reciprocal supply commitment from IQE, and minimum volume commitments thereafter. Under a separate agreement, Tower will also provide a broad worldwide and royalty-free license to IQE for porous silicon patents, which have been the subject of an IP dispute between the companies, settling all litigation in the matter.

After The Quarter Ended

Tower Plans to Invest $3B to Expand Capacity in Japan

On July 14, 2026, Tower announced a plan to expand its 300mm Silicon Photonics (SiPho), Silicon Germanium (SiGe), and advanced packaging capabilities in Japan, with support from the Government of Japan. It consists of two tracks of action. Track one adds significant new 300mm Silicon Photonics capacity, with full production readiness expected during the fourth quarter of 2027. It consists of repurposing the Arai facility, formerly Fab 6, for 300mm Silicon Photonics capacity and advanced packaging capabilities and maximizing Fab 7's 300mm output in Uozu. Track two, happening at the same time, is building an additional 300mm manufacturing facility, adjacent to Fab 7. This facility is expected to provide a multi-fold increase in Silicon Photonics and Silicon Germanium capacity. The new facility is expected to be highly accretive beginning in 2029. This is expected to cost Tower $3 billion, net of grants of $1 billion from the Japanese government.

The Target Business Model

Today, the company reiterated its 2028 target business model is now a $3.6 billion revenue rate achieved sometime in 2028, with $1.2 billion net profit, fully spoken for by its customers. Previously, Tower had a target model that shows it reaching a $2.8 billion run rate sometime in 2027.

2028 Target Business Model ($M)

	FY 2025	Feb' 2026 Model		Updated Aug' 2026 Model	Incremental vs. Feb' 2026 Model: $M of Increase	Incremental vs. Feb' 2026 Model: % of Incremental Revenue
Revenue	1,566	2,840	1.3X	3,600	760	
Gross Profit	364	1,120	1.5X	1,630	510	67%
Operating Profit	194	900	1.5X	1,380	480	63%
Net Profit	220	750	1.6X	1,200	450	59%

* Model assumes 85% utilization across all of Tower's foundry capacity.
** Including revenue and margins from the $920M SiGe & SiPho capacity and capability Cap-Ex investments announced prior to Q3'2026 and Japan Track I / Arai related added SiPho Cap-Ex announced on July 14, 2026.

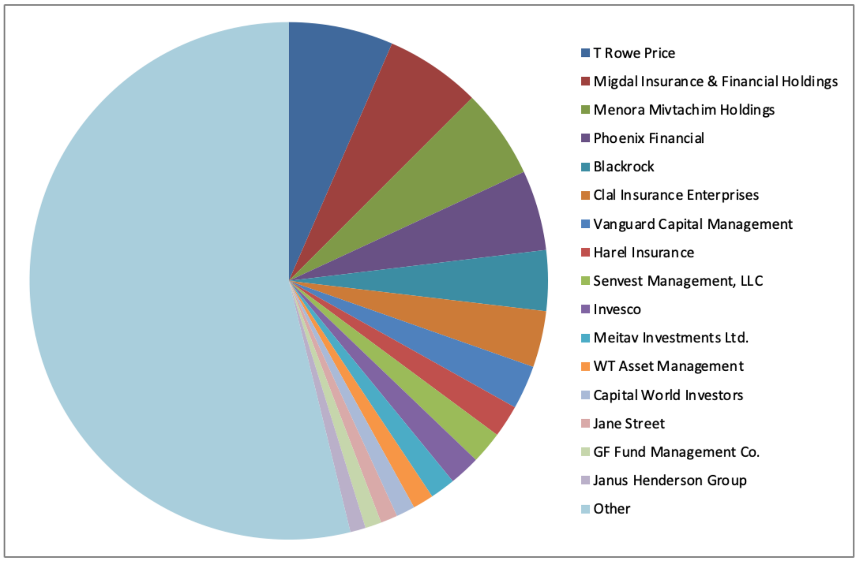
Source: Tower Semiconductor

VALUATION

TSEM trades at an enterprise value of $25.1 billion, or 9.7 EV to estimated sales for 2027, higher than its peers, who trade at an average of 5.8x. However, if we look at the components of that average, we see that Taiwan Semiconductor trades at 8.5xs and is much more mature than Tower. At 8.5xs 2028 revenues of $3.6 billion, TSEM stock would be worth approximately $278 per share.

Foundry Companies	Ticker	EPS 26E	EPS 27E	Price	PE 2026E	PE 2027E	Growth Rate	PE/Growth	Sales 2027E	EV/Sales	EV
Company											
GLOBALFOUNDRIES	GFS	1.90	2.52	49.96	26.3	19.8	32.6%	0.8	8,008	3.3	26,080
SMIC	0981.HK	0.14	0.18	7.97	56.9	44.3	28.6%	2.0	13,730	7.3	100,000
Taiwan Semiconductor	TSM	16.82	21.61	403.09	24.0	18.7	28.5%	0.8	220,000	8.5	1,870,000
United Microelectronics	UMC	0.92	0.88	18.50	20.1	21.0	-4.3% -	4.6	10,510	4.2	43,920
Average					31.8	25.9		-0.2	63,062	5.8	510,000

OWNERSHIP



INCOME STATEMENT

	March Q1 25	June Q2 25	Sept Q3 25	Dec Q4 25	March Q1 26	June Q2 26	Sept Q3 26E	Dec Q4 26E	2024	2025	2026E	2027E
REVENUE	358.2	372.1	395.7	440.2	413.6	460.1	520.0	575.0	1,436.1	1,566.1	1,968.7	2,600.0
Yr-to-yr Gr.	9%	6%	7%	14%	15%	24%	31%	31%	1%	9%	26%	32%
OPERATING EXPENSES												
Cost of goods sold	285.0	292.0	302.6	322.6	302.7	322.3	348.7	372.3	1,096.7	1,202.3	1,346.0	1,630.1
Gross Margin	73.2	80.0	93.0	117.6	111.0	137.8	171.3	202.7	339.4	363.9	622.7	969.9
% of Sales	20.4%	21.5%	23.5%	26.7%	26.8%	29.9%	32.9%	35.2%	23.6%	23.2%	31.6%	37.3%
R&D	20.2	19.4	22.1	24.9	23.5	23.6	24.5	25.0	79.4	86.5	96.6	110.0
M, G&A	20.1	20.7	20.4	21.9	22.9	23.9	25.0	26.6	75.0	83.2	98.4	100.0
One-time charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.3)	0.0	0.0	0.0
Tot Operating Exp.	40.3	40.2	42.5	46.8	46.4	47.5	49.5	51.6	148.1	169.7	195.0	210.0
Operating Income	32.9	39.9	50.6	70.8	64.6	90.3	121.8	151.1	191.3	194.2	427.8	759.9
Yr-to-yr Gr.	-3%	-28%	-9%	53%	96%	126%	141%	113%	-65%	1%	120%	78%
Operating Margin	9.2%	10.7%	12.8%	16.1%	15.6%	19.6%	23.4%	26.3%	13%	12%	22%	29%
Interest & other non-cash financing e	10.6	14.4	10.5	10.7	9.5	15.9	10.0	10.0	26.1	46.2	45.4	32.0
Gain from acqusiition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	43.5	54.3	61.1	81.6	74.1	106.2	131.8	161.1	217.4	240.4	473.2	791.9
Profit margin	12.1%	14.6%	15.4%	18.5%	17.9%	23.1%	25.4%	28.0%	15.1%	14.0%	14.0%	14.0%
Taxes	(3.8)	(8.7)	(7.6)	(1.5)	(6.5)	(15.6)	(23.7)	(29.0)	(10.2)	(21.6)	(74.8)	(142.5)
Tax Rate	8.7%	16.0%	12.5%	1.8%	8.8%	14.7%	18.0%	18.0%	4.7%	9.0%	15.8%	18.0%
Profit before non-controlling	39.7	45.6	53.4	80.1	67.6	90.6	108.1	132.1	207.2	218.8	398.4	649.4
Minority Income	0.4	1.0	0.2	0.1	(2.5)	0.2	0.0	0.0	0.6	1.7	(2.5)	0.0
GAAP Net income	40.1	46.6	53.6	80.1	65.0	90.8	108.1	132.1	207.9	220.5	395.8	649.4
Yr-to-yr Gr.	-10%	-13%	-2%	45%	62%	95%	102%	65%	-60%	6%	80%	64%
Net Margin %	11%	13%	14%	18%	16%	20%	21%	23%	14%	14%	20%	25%
Non-GAAP Net Income	50.5	57.1	62.7	89.5	74.5	100.7	118.0	142.1	241.0	259.9	435.2	689.4
Yr-to-yr Gr.	-3%	-3%	-2%	35%	48%	76%	88%	59%	0%	8%	67%	58%
GAAP primary EPS	$0.36	$0.42	$0.48	$0.71	$0.58	$0.80	$0.96	$1.17	$1.87	$1.97	$3.51	$5.72
Fully diluted GAAP EPS	$0.35	$0.41	$0.47	$0.70	$0.57	$0.79	$0.94	$1.15	$1.85	$1.94	$3.46	$5.65
Adj Non-GAAP EPS-Fully dil.	**$0.45**	**$0.50**	**$0.55**	**$0.78**	**$0.65**	**$0.88**	**$1.03**	**$1.24**	**$2.15**	**$2.29**	**$3.80**	**$5.99**
Yr-to-yr Gr.	-4%	-4%	-3%	33%	46%	74%	87%	58%	-1%	7%	66%	58%
Primary Share Out	111.6	111.8	112.1	112.4	112.6	112.9	112.9	113.0	111.2	112.0	112.8	113.5
Fully Diluted GAAP	113.2	113.3	113.8	114.2	114.3	114.4	114.4	114.9	112.3	113.6	114.5	115.0

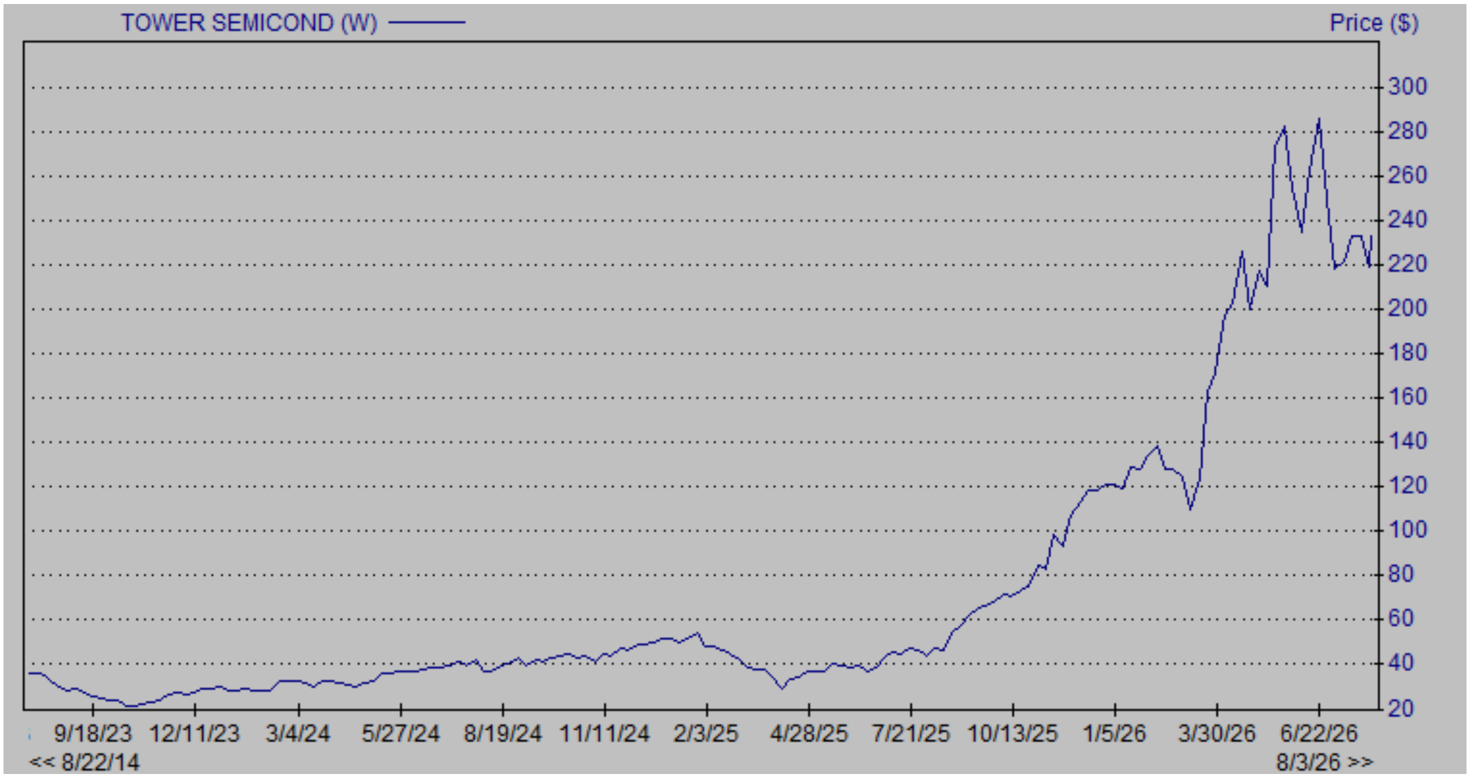
BALANCE SHEET

$ in thousands	June 30, 2026	Mar 31, 2026	Qtr-Qtr % Change	June 30, 2025	Yr-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$231,188**	**$243,309**	-5.0%	**$265,293**	-12.9%
Short term deposits	**1,250,225**	**1,255,239**	-0.4%	**942,310**	32.7%
Trade accounts receivable	202,871	213,840	-5.1%	215,316	-5.8%
Inventories	244,356	254,833	-4.1%	286,747	-14.8%
Other current assets	57,330	61,720	-7.1%	53,652	6.9%
Total current assets	1,985,970	2,028,941	-2.1%	1,763,318	12.6%
PROPERTY AND EQUIPMENT, NET	1,649,600	1,529,281	7.9%	1,402,715	17.6%
Other long-term assets	135,866	142,398	-4.6%	37,377	263.5%
TOTAL ASSETS	3,771,436	3,700,620	1.9%	3,203,410	17.7%
CURRENT LIABILITIES					
Short term debt	**16,921**	**25,108**	-32.6%	**33,079**	-48.8%
Trade accounts payable	122,605	121,049	1.3%	135,686	-9.6%
Deferred revenue	176,038	127,307	38.3%	15,592	1029.0%
Other current liabilities	88,647	86,899	2.0%	83,964	5.6%
Total current liabilities	404,211	360,363	12.2%	268,321	50.6%
LONG-TERM DEBT	**124,775**	**130,748**	-4.6%	**143,018**	-12.8%
LONG-TERM CUSTOMERS' ADVANCES	145,368	215,413	-32.5%	NA	NA
OTHER LONG-TERM LIABILITIES	25,710	19,996	28.6%	17,634	45.8%
Total liabilities	700,064	726,520	-3.6%	428,973	63.2%
SHAREHOLDERS' EQUITY	3,071,372	2,974,100	3.3%	2,774,437	10.7%
TOTAL LIABILITIES AND EQUITY	$3,771,436	$3,700,620	1.9%	$3,203,410	17.7%
Current Ratio	4.9	5.6	-12.7%	6.6	-25.2%
Quick Ratio	4.3	4.9	-12.5%	5.5	-21.7%
Working Capital	1,581,759	1,668,578	-5.2%	1,494,997	5.8%
Debt Percent of Assets	3.8%	4.2%	-10.8%	5.5%	-31.7%
Debt to Equity	0.0	0.1	-12.0%	0.1	-27.3%
Cash and equivalents	1,481,413	1,498,548	-1.1%	1,207,603	22.7%
Cash and equivalents per share	$13.12	$13.31	-1.4%	$10.80	21.5%
Debt	141,696	155,856	-9.1%	176,097	-19.5%
Change in cash	(17,135)	346,638	-104.9%	26,339	-165.1%
Change in debt	(14,160)	(5,662)	150.1%	13,772	-202.8%

CASH FLOW

	Year 2023	Year 2024	3-Mo 3/31/25	3-Mo 6/30/25	3-Mo 9/30/25	3-Mo 12/31/25	Year 2025	3-Mo 3/31/26	3-Mo 6/30/26
CASH FLOWS - OPERATING ACTIVITIES									
Net profit (loss)	$ 519,530	$ 207,222	$ 39,717	$ 45,592	$ 53,446	$ 80,059	$ 218,814	$ 67,565	$ 90,619
Income and non-cash expense items:									
Depreciation and amortization	258,021	266,279	74,228	74,636	76,456	77,792	303,112	82,925	83,574
Effect of fair value measurement on debt	(1,632)	133	0	0	0	0	0	0	0
Other expense (income), net	(7,047)	24,721	558	3,559	(122)	6,532	10,527	3,107	4,130
Changes in assets and liabilities:									
Trade accounts receivable	(3,160)	(60,169)	(6,354)	4,972	1,853	(10,969)	(10,498)	8,566	10,620
Other assets	(9,541)	(33,992)	5,622	(5,002)	6,770	(30,888)	(25,453)	17,521	(724)
Inventories	8,682	4,778	(4,128)	(7,745)	(1,983)	25,656	11,800	769	9,088
Other long-term assets	0	0	0	0	0	(111,018)	(111,018)	6,057	2,921
Trade accounts payable	(8,254)	35,784	(11,114)	8,218	(6,516)	(4,695)	(12,157)	8,722	(11,624)
Deferred revenue	(35,676)	(14,783)	(1,119)	(7,297)	4,223	8,352	(1,832)	30,091	(18,780)
Other current liabilities	(70,163)	22,021	3,718	5,580	2,958	1,573	12,029	(1,840)	3,981
Employee related liabilities	(1,210)	0	0	0	0	0	0	0	0
Deferred tax liability, net	27,011	0	0	0	0	0	0	0	0
Other long-term liabilities	0	(3,312)	(3,893)	86	2,338	(178)	158	1,370	5,694
Increase in customer advances			(3,313)	NA	NA	(2,678)		285,116	(2,534)
Net cash provided by operating activities	**676,561**	**448,682**	**93,922**	**122,599**	**139,423**	**39,538**	**395,482**	**509,969**	**176,965**
CASH FLOWS - INVESTING ACTIVITIES									
Investments in property and equipment, net	**(432,184)**	**(431,653)**	**(111,411)**	**(110,682)**	**(103,490)**	**(110,978)**	**(436,561)**	**(156,368)**	**(186,585)**
Interest bearing deposits, incl designated deposits	(288,663)	31,414	44,470	(28,000)	(20,000)	42,000	38,470	(340,000)	10,000
Net cash provided by (used in) investing activities	(720,847)	(400,239)	(66,941)	(138,682)	(123,490)	(68,978)	(398,091)	(496,368)	(176,585)
CASH FLOWS - FINANCING ACTIVITIES									
Exercise of warrants and options	0	0	0	0	0	0	0	0	0
Debt repayment	(32,346)	(32,455)	(26,874)	5,104	(6,875)	(4,708)	(33,353)	(4,581)	(11,112)
Proceeds from investment in subsidiary	1,932	0	0	0	0	0	0	0	0
Net cash used in financing activities	(30,414)	(32,455)	(26,874)	5,104	(6,875)	(4,708)	(33,353)	(4,581)	(11,112)
Effect of foreign exchange rate change	(5,395)	(4,758)	2,817	1,454	(1,609)	(3,225)	(563)	(1,080)	(1,389)
INCREASE (DECREASE) IN CASH & CASH EQUIV	(80,095)	11,230	2,924	(9,525)	7,449	(37,373)	(36,525)	7,940	(12,121)
CASH & CASH EQTS - BEGINNING OF PERIOD	340,759	260,664	271,894	274,818	265,293	272,742	271,894	235,369	243,309
CASH & CASH EQUIVALENTS - END OF PERIOD	260,664	271,894	274,818	265,293	272,742	235,369	235,369	243,309	231,188
Operating Cash Flow	$ 768,872	$ 498,355	$ 114,503	$ 123,787	$ 129,780	$ 164,383	$ 532,453	$ 153,597	$ 178,323
Free cash flow	$ 336,688	$ 66,702	$ 3,092	$ 13,105	$ 26,290	$ 53,405	$ 95,892	$ (2,771)	$ (8,262)

HISTORICAL STOCK PRICE



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