

Consolidated Statements of Operations

(In thousands, except per share amounts)	Quarter Ended		Three Quarters Ended	
	Feb. 23, <u>2002</u>	Feb. 24, <u>2001</u>	Feb. 23, <u>2002</u>	Feb. 24, <u>2001</u>
Net sales	\$ 203,604	\$ 326,854	\$ 634,819	\$ 930,188
Cost of sales	<u>102,482</u>	<u>158,492</u>	<u>318,539</u>	<u>449,338</u>
Gross profit	101,122	168,362	316,280	480,850
Gross margin	49.7%	51.5%	49.8%	51.7%
Research and development expenses	28,986	40,823	94,529	113,756
Selling, general and administrative expenses	55,515	81,235	173,557	234,001
Equity in business ventures' loss (earnings)	1,503	148	3,108	(946)
Gain on sale of the Video and Networking division	-	-	-	(1,456)
Non-recurring charges (credits)	2,353	(9,104)	14,725	(9,356)
Other operating expense, net	<u>391</u>	<u>334</u>	<u>4,222</u>	<u>3,226</u>
Operating income	12,374	54,926	26,139	141,625
Other income, net	<u>3,679</u>	<u>12,794</u>	<u>13,381</u>	<u>24,784</u>
Earnings before taxes	16,053	67,720	39,520	166,409
Income tax expense	<u>5,619</u>	<u>26,716</u>	<u>13,832</u>	<u>61,257</u>
Net earnings from continuing operations	10,434	41,004	25,688	105,152
Discontinued operations:				
Gain on sale of Color Printing and Imaging division (less applicable income tax expense of \$504)	<u>-</u>	<u>-</u>	<u>937</u>	<u>-</u>
Net earnings	<u>\$ 10,434</u>	<u>\$ 41,004</u>	<u>\$ 26,625</u>	<u>\$ 105,152</u>
Earnings per share - basic	\$ 0.11	\$ 0.43	\$ 0.29	\$ 1.11
Earnings per share - diluted	\$ 0.11	\$ 0.43	\$ 0.29	\$ 1.09
Earnings per share from continuing operations - basic	\$ 0.11	\$ 0.43	\$ 0.28	\$ 1.11
Earnings per share from continuing operations - diluted	\$ 0.11	\$ 0.43	\$ 0.28	\$ 1.09
Earnings per share from discontinued operations - basic and diluted	\$ -	\$ -	\$ 0.01	\$ -
Weighted average shares outstanding - basic	91,316	94,695	91,629	94,907
Weighted average shares outstanding - diluted	92,428	96,273	92,419	96,752

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Consolidated Balance Sheets

(In thousands)	<u>Feb. 23, 2002</u>	<u>May 26, 2001</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 273,037	\$ 292,429
Short-term marketable investments	201,264	282,005
Trade accounts receivable, net	98,247	142,977
Inventories	135,367	149,964
Other current assets	64,797	66,269
Total current assets	<u>772,712</u>	<u>933,644</u>
Property, plant and equipment, net	150,147	171,750
Long-term marketable investments	255,021	188,484
Deferred tax assets, net	5,218	3,318
Other long-term assets	217,789	224,901
Total assets	<u>\$ 1,400,887</u>	<u>\$ 1,522,097</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 146,311	\$ 205,038
Accrued compensation	47,788	96,703
Current portion of long-term debt	41,771	-
Deferred revenue	17,490	14,208
Total current liabilities	<u>253,360</u>	<u>315,949</u>
Long-term debt	63,108	127,840
Other long-term liabilities	64,482	64,963
Shareholders' equity:		
Common stock	231,587	225,003
Retained earnings	784,888	778,428
Accumulated other comprehensive income	3,462	9,914
Total shareholders' equity	<u>1,019,937</u>	<u>1,013,345</u>
Total liabilities and shareholders' equity	<u>\$ 1,400,887</u>	<u>\$ 1,522,097</u>
Shares outstanding	91,306	92,077

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Selected Additional Financial Data

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended		% Growth	Three Quarters Ended	
		Feb. 23, 2002	Feb. 24, 2001		Feb. 23, 2002	Feb. 24, 2001
Product Orders and Sales Data:						
Orders	(45%)	\$ 175,100	\$ 316,300	(44%)	\$ 526,400	\$ 940,400
U.S.	(48%)	79,900	155,000	(53%)	229,000	486,000
International	(41%)	95,200	161,300	(35%)	297,400	454,400
Net Sales	(38%)	\$ 203,604	\$ 326,854	(32%)	\$ 634,819	\$ 930,188
U.S.	(41%)	97,293	165,348	(34%)	316,972	482,921
International	(34%)	106,311	161,506	(29%)	317,847	447,267

Effect of Non-recurring Charges (Credits):

Net income from continuing operations	\$	10,434	\$	41,004	\$	25,688	\$	105,152
Non-recurring charges (credits)		2,353		(9,104)		14,725		(9,356)
Non-recurring credits included in cost of sales		-		(23)		-		(827)
Gain on the sale of the Video and Networking division		-		-		-		(1,456)
Tax effect of non-recurring charges		(823)		3,601		(5,154)		4,283
Net income excluding non-recurring charges (credits)	\$	11,964	\$	35,478	\$	35,259	\$	97,796
Diluted earnings per share excluding non-recurring charges (credits)	\$	0.13	\$	0.37	\$	0.38	\$	1.01

Income Statement Items as a Percentage of Net Sales:

Cost of sales	50%	48%	50%	48%
Research and development expenses	14%	12%	15%	12%
Selling, general and administrative expenses	27%	25%	27%	25%
Equity in business ventures' loss (earnings)	1%	0%	0%	0%
Gain on sale of the Video and Networking division	0%	0%	0%	0%
Non-recurring charges (credits)	1%	(3%)	2%	(1%)
Other operating expense, net	0%	0%	1%	0%
Operating income	6%	17%	4%	15%

Capital Expenditures and Depreciation:

Capital expenditures	\$	2,178	\$	8,720	\$	12,322	\$	23,033
Depreciation expense	\$	9,228	\$	10,558	\$	28,457	\$	30,466

	Quarter ended Feb. 23, 2002	Year ended May 26, 2001
Balance Sheet:		
Cash and Marketable Investments:		
Cash and cash equivalents	\$ 273,037	\$ 292,429
Short-term marketable investments	201,264	282,005
Long-term marketable investments	255,021	188,484
Cash and Marketable Investments	\$ 729,322	\$ 762,918
Accounts receivable as a percentage of annualized net sales	12.1%	11.6%
Days sales outstanding	43.9	42.3
Inventory as a percentage of annualized net sales	16.6%	12.1%
Inventory turns	2.9	4.5