

Consolidated Statements of Operations

(In thousands, except per share amounts)	Quarter Ended		Four Quarters Ended	
	May 25, <u>2002</u>	May 26, <u>2001</u>	May 25, <u>2002</u>	May 26, <u>2001</u>
Net sales	\$ 208,510	\$ 305,087	\$ 843,329	\$ 1,235,275
Cost of sales	<u>107,803</u>	<u>144,441</u>	<u>426,342</u>	<u>593,779</u>
Gross profit	100,707	160,646	416,987	641,496
Research and development expenses	26,754	39,372	121,283	153,128
Selling, general and administrative expenses	59,078	78,967	232,635	312,968
Equity in business ventures' loss (earnings)	863	(697)	3,971	(1,643)
Gain on sale of the Video and Networking Division	(818)	-	(818)	(1,456)
Non-recurring charges (credits)	12,296	(616)	27,021	(9,972)
Other operating expense (income), net	<u>1,320</u>	<u>(1,455)</u>	<u>5,542</u>	<u>1,771</u>
Operating income	1,214	45,075	27,353	186,700
Non-operating income, net	<u>6,115</u>	<u>8,704</u>	<u>19,496</u>	<u>33,488</u>
Earnings before taxes	7,329	53,779	46,849	220,188
Income tax expense	<u>2,565</u>	<u>18,822</u>	<u>16,397</u>	<u>80,079</u>
Net earnings from continuing operations	4,764	34,957	30,452	140,109
Discontinued operations:				
Gain on sale of Color Printing and Imaging Division (less applicable income tax expense of \$700 and \$1,204, respectively)	<u>1,300</u>	<u>-</u>	<u>2,237</u>	<u>-</u>
Net earnings	<u>\$ 6,064</u>	<u>\$ 34,957</u>	<u>\$ 32,689</u>	<u>\$ 140,109</u>
Earnings per share - basic	\$ 0.07	\$ 0.38	\$ 0.36	\$ 1.48
Earnings per share - diluted	\$ 0.07	\$ 0.37	\$ 0.35	\$ 1.46
Earnings per share from continuing operations - basic	\$ 0.05	\$ 0.38	\$ 0.33	\$ 1.48
Earnings per share from continuing operations - diluted	\$ 0.05	\$ 0.37	\$ 0.33	\$ 1.46
Earnings per share from discontinued operations - basic and diluted	\$ 0.01	\$ -	\$ 0.02	\$ -
Weighted average shares outstanding - basic	90,869	93,116	91,439	94,459
Weighted average shares outstanding - diluted	91,779	94,136	92,263	96,103

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Consolidated Balance Sheets

(In thousands)	<u>May 25, 2002</u>	<u>May 26, 2001</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 262,994	\$ 292,429
Short-term marketable investments	193,644	282,005
Trade accounts receivable, net	100,325	142,977
Inventories	125,086	149,964
Other current assets	55,315	66,269
Total current assets	<u>737,364</u>	<u>933,644</u>
Property, plant and equipment, net	143,251	171,750
Long-term marketable investments	301,104	188,484
Deferred tax assets, net	57,169	3,318
Other long-term assets	128,156	224,901
Total assets	<u>\$ 1,367,044</u>	<u>\$ 1,522,097</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 138,808	\$ 205,038
Accrued compensation	57,562	96,703
Current portion of long-term debt	41,765	-
Deferred revenue	18,103	14,208
Total current liabilities	<u>256,238</u>	<u>315,949</u>
Long-term debt	57,302	127,840
Other long-term liabilities	126,348	64,963
Shareholders' equity:		
Common stock	231,035	225,003
Retained earnings	774,282	778,428
Accumulated other comprehensive income/(loss)	(78,161)	9,914
Total shareholders' equity	<u>927,156</u>	<u>1,013,345</u>
Total liabilities and shareholders' equity	<u>\$ 1,367,044</u>	<u>\$ 1,522,097</u>
Shares outstanding	90,509	92,077

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Selected Additional Financial Data

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended		% Growth	Four Quarters Ended	
		May 25, 2002	May 26, 2001		May 25, 2002	May 26, 2001
Product Orders and Sales Data:						
Orders	(15%)	\$ 180,300	\$ 212,300	(39%)	\$ 706,700	\$ 1,152,700
U.S.	(16%)	89,600	106,100	(46%)	318,600	592,100
International	(15%)	90,700	106,200	(31%)	388,100	560,600
Net Sales	(32%)	\$ 208,510	\$ 305,087	(32%)	\$ 843,329	\$ 1,235,275
U.S.	(39%)	103,335	168,129	(35%)	420,307	651,050
International	(23%)	105,175	136,958	(28%)	423,022	584,225

Effect of Non-recurring Items:

Net income from continuing operations	\$	4,764	\$	34,957	\$	30,452	\$	140,109
Non-recurring charges (credits)		12,296		(616)		27,021		(9,972)
Non-recurring credits included in cost of sales		-		-		-		(827)
Gain on sale of the Video and Networking Division		(818)		-		(818)		(1,456)
Tax effect of non-recurring items		(4,017)		216		(9,171)		4,457
Net income excluding non-recurring items	\$	12,225	\$	34,557	\$	47,484	\$	132,311
Diluted earnings per share excluding non-recurring items	\$	0.13	\$	0.37	\$	0.51	\$	1.38

Income Statement Items as a Percentage of Net Sales:

Cost of sales	52%	47%	51%	48%
Research and development expenses	13%	13%	14%	12%
Selling, general and administrative expenses	28%	26%	28%	25%
Equity in business ventures' loss (earnings)	0%	0%	0%	0%
Gain on sale of the Video and Networking Division	0%	0%	0%	0%
Non-recurring charges (credits)	6%	0%	3%	(1%)
Other operating expense, net	1%	0%	1%	0%
Operating income	1%	15%	3%	15%

Capital Expenditures and Depreciation:

Capital expenditures	\$	4,655	\$	10,688	\$	16,977	\$	33,721
Depreciation expense	\$	9,040	\$	10,485	\$	37,497	\$	40,951

	Year ended May 25, 2002	Year ended May 26, 2001
Balance Sheet:		
Cash and marketable investments:		
Cash and cash equivalents	\$ 262,994	\$ 292,429
Short-term marketable investments	193,644	282,005
Long-term marketable investments	301,104	188,484
Cash and marketable investments	\$ 757,742	\$ 762,918
Accounts receivable as a percentage of net sales	11.9%	11.6%
Days sales outstanding	43.4	42.3
Accounts receivable turnover	52.7	45.2
Inventory as a percentage of net sales	14.8%	12.1%
Inventory turns	3.1	4.5