

Consolidated Statements of Operations

(In thousands, except per share amounts)	Quarter Ended		Year Ended	
	May 31, 2003	May 25, 2002	May 31, 2003	May 25, 2002
Net sales	\$ 202,321	\$ 202,243	\$ 791,048	\$ 810,300
Cost of sales	<u>95,672</u>	<u>104,236</u>	<u>385,305</u>	<u>409,676</u>
Gross profit	106,649	98,007	405,743	400,624
Research and development expenses	26,477	24,592	101,137	112,389
Selling, general and administrative expenses	67,325	55,950	247,605	220,784
Equity in business ventures' loss	-	863	2,893	3,971
Gain on sale of Video and Networking Division	-	(818)	-	(818)
Business realignment costs	7,553	10,102	34,551	24,820
Acquisition related costs	894	-	3,521	-
Loss on sale of assets	<u>696</u>	<u>1,320</u>	<u>108</u>	<u>5,808</u>
Operating income	3,704	5,998	15,928	33,670
Non-operating income, net	<u>2,553</u>	<u>4,284</u>	<u>17,377</u>	<u>17,955</u>
Earnings before taxes	6,257	10,282	33,305	51,625
Income tax (benefit) expense	<u>2,002</u>	<u>3,599</u>	<u>(1,843)</u>	<u>18,069</u>
Net earnings from continuing operations	4,255	6,683	35,148	33,556
Discontinued operations:				
Gain (loss) on sale of VideoTele.com (less applicable income tax benefit of \$70, \$0, \$344 and \$0)	(130)	-	(639)	-
Loss from operations of VideoTele.com (less applicable income tax benefit of \$0, \$670, \$1,413 and \$1,007)	-	(1,245)	(2,624)	(1,869)
Loss on sale of optical parametric test business (less applicable income tax benefit of \$938, \$0, \$9,222 and \$0)	(1,743)	-	(17,127)	-
Loss from operations of optical parametric test business (less applicable income tax benefit of \$364, \$111, \$1,376 and \$111)	(676)	(206)	(2,556)	(206)
Income (loss) from operations of Gage (less applicable income tax (expense) benefit of (\$38), \$253, \$508 and \$554)	71	(469)	(943)	(1,029)
Impairment of net assets of Gage (less applicable income tax benefit of \$1,174, \$0, \$1,174 and \$0)	(2,180)	-	(2,180)	-
Gain on sale of Color Printing and Imaging division (less applicable income tax expense of \$1,750, \$700, \$8,750 and \$1,204)	<u>3,250</u>	<u>1,300</u>	<u>16,250</u>	<u>2,237</u>
Net earnings	<u>\$ 2,847</u>	<u>\$ 6,063</u>	<u>\$ 25,329</u>	<u>\$ 32,689</u>
Earnings per share from continuing operations - basic	\$ 0.05	\$ 0.07	\$ 0.40	\$ 0.37
Earnings per share from continuing operations - diluted	\$ 0.05	\$ 0.07	\$ 0.40	\$ 0.36
Loss per share from discontinued operations - basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.11)	\$ (0.01)
Earnings per share - basic	\$ 0.03	\$ 0.07	\$ 0.29	\$ 0.36
Earnings per share - diluted	\$ 0.03	\$ 0.07	\$ 0.29	\$ 0.35
Weighted average shares outstanding - basic	84,886	90,869	87,105	91,439
Weighted average shares outstanding - diluted	85,251	91,779	87,367	92,263

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Consolidated Balance Sheets

(In thousands)	<u>May 31, 2003</u>	<u>May 25, 2002</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 190,387	\$ 260,773
Short-term marketable investments	106,369	193,644
Trade accounts receivable, net	100,334	94,309
Inventories	92,868	114,524
Assets of discontinued operations	7,938	49,674
Other current assets	<u>90,408</u>	<u>69,552</u>
Total current assets	588,304	782,476
Property, plant and equipment, net	127,985	130,567
Long-term marketable investments	415,606	301,104
Deferred tax assets, net	144,134	64,522
Other long-term assets	<u>115,273</u>	<u>105,520</u>
Total assets	<u>\$ 1,391,302</u>	<u>\$ 1,384,189</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 101,753	\$ 155,036
Accrued compensation	58,193	56,940
Current portion of long-term debt	56,584	41,765
Deferred revenue	19,551	16,808
Liabilities of discontinued operations	<u>651</u>	<u>3,119</u>
Total current liabilities	236,732	273,668
Long-term debt	55,002	57,300
Other long-term liabilities	320,342	126,027
Shareholders' equity:		
Common stock	223,233	231,035
Retained earnings	707,191	774,282
Accumulated other comprehensive loss	<u>(151,198)</u>	<u>(78,123)</u>
Total shareholders' equity	<u>779,226</u>	<u>927,194</u>
Total liabilities and shareholders' equity	<u>\$ 1,391,302</u>	<u>\$ 1,384,189</u>
Shares outstanding	84,844	90,509

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Selected Additional Financial Data

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended		% Growth	Year Ended	
		May 31, 2003	May 25, 2002		May 31, 2003	May 25, 2002
Product Orders and Sales Data:						
Orders	16%	\$ 204,500	\$ 176,500	9%	\$ 750,300	\$ 687,400
U.S.	(3%)	83,400	86,100	(0%)	301,200	302,100
International	34%	121,100	90,400	17%	449,100	385,300
Net Sales	0%	\$ 202,321	\$ 202,243	(2%)	\$ 791,048	\$ 810,300
U.S.	(21%)	78,003	98,737	(15%)	332,710	393,010
International	20%	124,318	103,506	10%	458,338	417,290

Effect of Business Realignment and One-Time Items:

Net earnings from continuing operations	\$	4,255	\$	6,683	\$	35,148	\$	33,556
Business realignment costs		7,553		10,102		34,551		24,820
Acquisition related costs		894		-		3,521		-
Gain on sale of Video and Networking Division		-		(818)		-		(818)
Tax effect of above items		(2,703)		(3,249)		(12,183)		(8,401)
Reversal of tax reserve		-		-		(12,500)		-
Net income excluding business realignment and one-time items	\$	9,999	\$	12,718	\$	48,537	\$	49,157
Diluted earnings per share excluding business realignment and one-time items	\$	0.12	\$	0.14	\$	0.56	\$	0.53

Income Statement Items as a Percentage of Net Sales:

Cost of sales	47%	51%	49%	51%
Research and development expenses	13%	12%	13%	14%
Selling, general and administrative expenses	33%	28%	31%	27%
Equity in business ventures' loss	0%	0%	1%	0%
Business realignment costs	4%	5%	4%	3%
Loss on sale of assets	1%	1%	0%	1%
Operating income	2%	3%	2%	4%

Capital Expenditures and Depreciation:

Capital expenditures	\$	5,582	\$	3,427	\$	17,153	\$	14,539
Depreciation and amortization expense	\$	7,566	\$	9,149	\$	33,672	\$	39,597

	Year Ended May 31, 2003	Year Ended May 25, 2002
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Balance Sheet:

Cash and Marketable Investments:		
Cash and cash equivalents	\$ 190,387	\$ 260,773
Short-term marketable investments	106,369	193,644
Long-term marketable investments	415,606	301,104
Cash and Marketable Investments	\$ 712,362	\$ 755,521
Accounts receivable as a percentage of net sales	12.3%	14.0%
Days sales outstanding	47.0	42.4
Average days sales outstanding	45.6	50.8
Inventory as a percentage of net sales	13.1%	16.0%
Inventory turns	3.7	3.2

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