

Consolidated Statements of Operations

(In thousands, except per share amounts)	Quarter Ended	
	August 31, <u>2002</u>	August 25, <u>2001</u>
Net sales	\$ 206,304	\$ 216,582
Cost of sales	<u>104,708</u>	<u>108,344</u>
Gross profit	101,596	108,238
Research and development expenses	26,323	34,166
Selling, general and administrative expenses	58,057	57,251
Equity in business ventures' loss	1,453	982
Business realignment costs	9,565	7,928
(Gain) loss on sale of assets	<u>(15)</u>	<u>390</u>
Operating income	6,213	7,521
Non-operating income, net	<u>4,985</u>	<u>3,748</u>
Earnings before taxes	11,198	11,269
Income tax (benefit) expense	<u>(8,581)</u>	<u>3,944</u>
Net earnings from continuing operations	19,779	7,325
Discontinued operations:		
Gain on sale of Color Printing and Imaging division (less applicable income tax expense of \$505)	<u>-</u>	<u>937</u>
Net earnings	<u>\$ 19,779</u>	<u>\$ 8,262</u>
Earnings per share - basic	\$ 0.22	\$ 0.09
Earnings per share - diluted	\$ 0.22	\$ 0.09
Earnings per share from continuing operations - basic	\$ 0.22	\$ 0.08
Earnings per share from continuing operations - diluted	\$ 0.22	\$ 0.08
Earnings per share from discontinued operations - basic and diluted	\$ -	\$ 0.01
Weighted average shares outstanding - basic	89,474	92,040
Weighted average shares outstanding - diluted	89,808	92,815

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Consolidated Balance Sheets

(In thousands)	<u>August 31, 2002</u>	<u>May 25, 2002</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 108,249	\$ 262,994
Short-term marketable investments	196,609	193,644
Trade accounts receivable, net	98,027	100,325
Inventories	113,188	125,086
Other current assets	70,489	65,107
Total current assets	<u>586,562</u>	<u>747,156</u>
Property, plant and equipment, net	137,686	143,251
Long-term marketable investments	380,050	301,104
Deferred tax assets, net	60,455	64,522
Other long-term assets	117,530	128,156
Total assets	<u>\$ 1,282,283</u>	<u>\$ 1,384,189</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 136,955	\$ 155,953
Accrued compensation	50,869	57,562
Current portion of long-term debt	57,314	41,765
Deferred revenue	18,126	18,103
Total current liabilities	<u>263,264</u>	<u>273,383</u>
Long-term debt	-	57,302
Other long-term liabilities	112,301	126,348
Shareholders' equity:		
Common stock	227,333	231,035
Retained earnings	751,379	774,282
Accumulated other comprehensive loss	(71,994)	(78,161)
Total shareholders' equity	<u>906,718</u>	<u>927,156</u>
Total liabilities and shareholders' equity	<u>\$ 1,282,283</u>	<u>\$ 1,384,189</u>
Shares outstanding	88,039	90,509

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**Selected Additional Financial Data**

(Dollars in thousands, except per share amounts)	% Growth	Quarter Ended	
		August 31, 2002	August 25, 2001
<b>Product Orders and Sales Data:</b>			
Orders	18%	\$ 194,900	\$ 164,600
U.S.	35%	84,300	62,600
International	8%	110,600	102,000
Net Sales	(5%)	\$ 206,304	\$ 216,582
U.S.	(20%)	95,501	118,950
International	13%	110,803	97,632

**Effect of Non-recurring Items:**

Net earnings from continuing operations		\$ 19,779	\$ 7,325
Business realignment costs		9,565	7,928
Non-recurring tax benefit		(12,500)	-
Tax effect of non-recurring items		(3,348)	(2,775)
Net income excluding non-recurring items		\$ 13,496	\$ 12,478
Diluted earnings per share excluding non-recurring items		\$ 0.15	\$ 0.13

**Income Statement Items as a Percentage of Net Sales:**

Cost of sales	51%	50%
Research and development expenses	13%	16%
Selling, general and administrative expenses	28%	26%
Equity in business ventures' loss	1%	0%
Business realignment costs	5%	4%
(Gain) loss on sale of assets	0%	0%
Operating income	3%	3%

**Capital Expenditures and Depreciation:**

Capital expenditures	\$ 2,720	\$ 6,780
Depreciation expense	\$ 8,284	\$ 9,695

	Quarter Ended August 31, 2002	Year Ended May 25, 2002
<b>Balance Sheet:</b>		
Cash and Marketable Investments:		
Cash and cash equivalents	\$ 108,249	\$ 262,994
Short-term marketable investments	196,609	193,644
Long-term marketable investments	380,050	301,104
Cash and Marketable Investments	\$ 684,908	\$ 757,742
Accounts receivable as a percentage of annualized net sales	11.9%	11.9%
Days sales outstanding	46.6	43.4
Accounts receivable turnover	47.1	52.7
Inventory as a percentage of annualized net sales	13.7%	14.8%
Inventory turns	3.5	3.1