

FINANCIAL HIGHLIGHTS

(Amounts in millions, except per share amounts)	Fiscal Years		
	2002	2001	2000
Sales – as Reported	\$873.1	\$773.6	\$689.7
Sales – Pro Forma	<u>n/a</u>	<u>n/a</u>	<u>\$677.2⁽¹⁾</u>
Net Earnings from Continuing Operations – as Reported	\$ 93.6	\$ 68.0 ⁽²⁾	\$ 53.0
Net Earnings from Continuing Operations – Pro Forma	<u>n/a</u>	<u>\$ 71.3⁽³⁾</u>	<u>\$ 49.2⁽¹⁾</u>
Net Earnings per Diluted Share from Continuing Operations – as Reported ⁽⁴⁾	\$ 1.33	\$ 0.99 ⁽²⁾	\$ 0.82
Net Earnings per Diluted Share from Continuing Operations – Pro Forma ⁽⁴⁾	<u>n/a</u>	<u>\$ 1.04⁽³⁾</u>	<u>\$ 0.76⁽¹⁾</u>
Net Orders	\$973.6	\$858.2	\$762.1
Backlog – as Reported	\$698.2	\$597.8	\$472.6
Backlog – Pro Forma	<u>n/a</u>	<u>n/a</u>	<u>\$513.2⁽¹⁾</u>

⁽¹⁾ FY00 is presented on a pro forma basis (assuming SAB 101 was applied retroactive to prior periods) for comparison purposes.

⁽²⁾ FY01 reported net earnings exclude cumulative effect of accounting changes.

⁽³⁾ FY01 pro forma net earnings exclude the effect of the \$5 million dpiX investment write-off and the cumulative effect of an accounting change (SAB 101).

⁽⁴⁾ FY01 and FY00 have been restated for the two-for-one stock split (effected in the form of a stock dividend) paid on January 15, 2002.

CONSOLIDATED STATEMENT OF EARNINGS

(Amounts in thousands, except per share amounts)	Fiscal Years		
	2002	2001 ⁽¹⁾	2000
Sales	\$873,092	\$773,643	\$689,700
Cost of sales	533,777	486,610	432,603
Gross profit	339,315	287,033	257,097
Operating Expenses:			
Research and development	48,442	43,596	42,083
Selling, general and administrative	146,088	133,981	125,107
Reorganization (income) expense	(192)	(435)	227
Acquisition-related expenses	–	–	1,977
Total operating expenses	194,338	177,142	169,394
Operating earnings	144,977	109,891	87,703
Interest income	5,768	6,281	2,333
Interest expense	(4,486)	(4,132)	(5,161)
Other	–	(5,000) ⁽²⁾	–
Earnings from operations before taxes	146,259	107,040	84,875
Taxes on earnings	52,650	39,070	31,826
Earnings before cumulative effect of changes in accounting principles	93,609	67,970	53,049
Cumulative effect of changes in accounting principles – net of taxes	–	(13,720)	–
Net earnings	\$ 93,609	\$ 54,250	\$ 53,049
Net earnings per share – Basic: ⁽³⁾			
Earnings before cumulative effect of changes in accounting principles	\$ 1.38	\$ 1.03	\$ 0.85
Cumulative effect of changes in accounting principles	–	(0.21)	–
Net earnings per share – Basic	\$ 1.38	\$ 0.82	\$ 0.85
Net earnings per share – Diluted: ⁽³⁾			
Earnings before cumulative effect of changes in accounting principles	\$ 1.33	\$ 0.99	\$ 0.82
Cumulative effect of changes in accounting principles	–	(0.20)	–
Net earnings per share – Diluted	\$ 1.33	\$ 0.79	\$ 0.82
Shares used in the calculation of net earnings per share:			
Weighted average shares outstanding – Basic	67,664	65,877	62,207
Weighted average shares outstanding – Diluted	70,239	68,457	64,863

⁽¹⁾ During fiscal year 2001, the Company adopted Securities and Exchange Commission's Staff Accounting Bulletin No. 1 (SAB 101) "Revenue Recognition in Financial Statements" and Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The cumulative effect of changes in accounting principles reflects the net effect of prior years of the Company's adoption of these accounting changes as of the beginning of fiscal year 2001.

⁽²⁾ During fiscal year 2001, the Company wrote off its \$5 million investment in the dpiX consortium.

⁽³⁾ The results for fiscal year 2001 and 2000 have been restated for the two-for-one stock split (effected in the form of a stock dividend) paid on January 15, 2002.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par values)	Fiscal Year-End	
	2002	2001
Assets		
Current Assets		
Cash and cash equivalents	\$ 160,285	\$ 218,961
Short-term marketable securities	41,035	—
Accounts receivable, net	237,345	227,794
Inventories	123,815	111,777
Other current assets	88,879	60,971
Total current assets	<u>651,359</u>	<u>619,503</u>
Property, plant and equipment	226,324	209,105
Accumulated depreciation and amortization	(144,184)	(133,279)
Net property, plant and equipment	<u>82,140</u>	<u>75,826</u>
Long-term marketable securities	97,529	—
Goodwill	59,996	49,870
Other assets	19,253	14,000
Total assets	<u>\$ 910,277</u>	<u>\$ 759,199</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable	\$ 58	\$ 174
Accounts payable	45,776	44,839
Accrued expenses	199,836	149,424
Product warranty	30,725	23,975
Advance payments from customers	81,688	66,942
Total current liabilities	<u>358,083</u>	<u>285,354</u>
Long-term accrued expenses and other	20,891	20,949
Long-term debt	58,500	58,500
Total liabilities	<u>437,474</u>	<u>364,803</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock		
Authorized 1,000,000 shares, par value \$1 per share, issued and outstanding none	—	—
Common stock ⁽¹⁾		
Authorized 99,000,000 shares, par value \$1 per share, issued and outstanding		
67,790,000 shares at September 27, 2002 and 67,359,000 ⁽¹⁾ shares at September 28, 2001	67,790	67,359
Capital in excess of par value ⁽¹⁾	118,278	92,160
Deferred stock compensation	(3,190)	(4,247)
Accumulated other comprehensive loss	(2,530)	—
Retained earnings	292,455	239,124
Total stockholders' equity	<u>472,803</u>	<u>394,396</u>
Total liabilities and stockholders' equity	<u>\$ 910,277</u>	<u>\$ 759,199</u>

⁽¹⁾ Fiscal year 2001 has been restated for the two-for-one stock split (effected in the form of a stock dividend) paid on January 15, 2002.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Fiscal Years		
	2002	2001	2000
Operating Activities			
Net cash provided by operating activities	<u>\$ 156,037</u>	<u>\$ 118,436</u>	<u>\$ 83,839</u>
Investing Activities			
Purchase of marketable securities	(139,110)	—	—
Purchase of property, plant and equipment	(25,907)	(16,537)	(19,234)
Proceeds from sale of property, plant and equipment	437	52	1,786
Purchase of businesses, net of cash acquired	(14,086)	571	—
Increase in cash surrender value of life insurance	(2,799)	(3,121)	—
Other, net	(385)	228	(4,124)
Net cash used in investing activities	<u>(181,850)</u>	<u>(18,807)</u>	<u>(21,572)</u>
Financing Activities			
Net repayments on short-term obligations	(116)	(442)	(34,971)
Proceeds from common stock issued to employees	23,960	42,487	23,730
Repurchase of common stock	(55,092)	(4,301)	—
Net cash provided by (used in) financing activities	<u>(31,248)</u>	<u>37,744</u>	<u>(11,241)</u>
Effects of exchange rate changes on cash	<u>(1,615)</u>	<u>(1,733)</u>	<u>7,169</u>
Net increase (decrease) in cash and cash equivalents	<u>(58,676)</u>	135,640	58,195
Cash and cash equivalents at beginning of fiscal year	<u>218,961</u>	<u>83,321</u>	<u>25,126</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 160,285</u>	<u>\$ 218,961</u>	<u>\$ 83,321</u>
Detail of Net Cash Provided by Operating Activities:			
Net earnings	<u>\$ 93,609</u>	<u>\$ 54,250</u>	<u>\$ 53,049</u>
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	19,090	19,309	17,794
Allowances for doubtful accounts	1,539	1,697	1,142
Loss from sale of assets	237	739	73
Amortization of intangibles	759	3,573	4,162
Amortization of premium/discount on marketable securities, net	546	—	—
Amortization of deferred stock compensation	1,057	994	—
Deferred taxes	(15,681)	(13,547)	(1,062)
Non-cash stock-based compensation	—	53	190
Cumulative effect of changes in accounting principles	—	13,720	—
Net change in fair value of derivatives and underlying commitments	138	2,658	—
Other	(460)	6,550	514
Changes in assets and liabilities:			
Accounts receivable	(2,179)	2,891	(8,802)
Inventories	(10,172)	(11,447)	(14,158)
Other current assets	(4,592)	2,017	1,811
Accounts payable	(257)	2,829	3,121
Accrued expenses	35,845	(7,260)	12,192
Product warranty	7,154	4,892	2,000
Advance payments from customers	13,997	6,940	5,938
Long-term accrued expenses and other	(1,996)	(2,976)	(2,095)
Tax benefits from employee stock option exercises	17,403	30,554	7,970
Net cash provided by operating activities	<u>\$ 156,037</u>	<u>\$ 118,436</u>	<u>\$ 83,839</u>