

Consolidated Statements of Operations

| (In thousands, except per share amounts) | Quarter Ended | | Three Quarters Ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | February 24, <u>2007</u> | February 25, <u>2006</u> | February 24, <u>2007</u> | February 25, <u>2006</u> |
| Net sales | \$ 265,756 | \$ 262,105 | \$ 806,658 | \$ 750,561 |
| Cost of sales | <u>108,674</u> | <u>103,003</u> | <u>326,930</u> | <u>303,277</u> |
| Gross profit | 157,082 | 159,102 | 479,728 | 447,284 |
| Research and development expenses | 49,422 | 44,566 | 149,303 | 133,844 |
| Selling, general and administrative expenses | 83,715 | 76,347 | 247,752 | 218,015 |
| Business realignment costs | 430 | 3,182 | 2,799 | 7,543 |
| Acquisition related costs and amortization | 3,223 | 1,418 | 6,063 | 6,949 |
| Loss (gain) on disposition of assets, net | <u>(40)</u> | <u>54</u> | <u>481</u> | <u>81</u> |
| Operating income | 20,332 | 33,535 | 73,330 | 80,852 |
| Interest income | 3,970 | 3,381 | 12,903 | 9,361 |
| Interest expense | (185) | (96) | (367) | (339) |
| Other non-operating expense, net | <u>(1,574)</u> | <u>(933)</u> | <u>(4,182)</u> | <u>(3,912)</u> |
| Earnings before taxes | 22,543 | 35,887 | 81,684 | 85,962 |
| Income tax expense | <u>3,021</u> | <u>10,949</u> | <u>22,452</u> | <u>26,978</u> |
| Net earnings from continuing operations | 19,522 | 24,938 | 59,232 | 58,984 |
| Gain from discontinued operations, net of income taxes | <u>3,229</u> | <u>1,575</u> | <u>3,232</u> | <u>1,510</u> |
| Net earnings | <u>\$ 22,751</u> | <u>\$ 26,513</u> | <u>\$ 62,464</u> | <u>\$ 60,494</u> |
| Earnings per share: | | | | |
| Continuing operations - basic | \$ 0.24 | \$ 0.30 | \$ 0.73 | \$ 0.71 |
| Continuing operations - diluted | \$ 0.24 | \$ 0.30 | \$ 0.72 | \$ 0.70 |
| Discontinued operations - basic | \$ 0.04 | \$ 0.02 | \$ 0.04 | \$ 0.02 |
| Discontinued operations - diluted | \$ 0.04 | \$ 0.02 | \$ 0.04 | \$ 0.02 |
| Net earnings - basic | \$ 0.29 | \$ 0.32 | \$ 0.77 | \$ 0.73 |
| Net earnings - diluted | \$ 0.28 | \$ 0.32 | \$ 0.76 | \$ 0.72 |
| Weighted average shares outstanding: | | | | |
| Basic | 79,795 | 82,174 | 81,108 | 83,203 |
| Diluted | 81,301 | 83,319 | 82,720 | 84,065 |
| Cash dividend declared per share | \$ 0.06 | \$ 0.06 | \$ 0.18 | \$ 0.18 |

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Consolidated Balance Sheets

| (In thousands) | <u>February 24, 2007</u> | <u>May 27, 2006</u> |
|---|--------------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 124,379 | \$ 215,587 |
| Short-term marketable investments | 61,632 | 121,346 |
| Trade accounts receivable, net | 173,179 | 174,599 |
| Inventories | 167,461 | 156,351 |
| Other current assets | 80,198 | 69,002 |
| Total current assets | <u>606,849</u> | <u>736,885</u> |
| Property, plant and equipment, net | 129,663 | 127,510 |
| Long-term marketable investments | 159,597 | 103,839 |
| Goodwill, net | 325,409 | 307,189 |
| Pension asset | 231,397 | 239,128 |
| Other long-term assets | 110,732 | 119,539 |
| Total assets | <u>\$ 1,563,647</u> | <u>\$ 1,634,090</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 146,512 | \$ 133,323 |
| Accrued compensation | 60,037 | 71,718 |
| Deferred revenue | 93,612 | 66,677 |
| Total current liabilities | <u>300,161</u> | <u>271,718</u> |
| Deferred income taxes | 49,063 | 65,935 |
| Other long-term liabilities | 110,043 | 108,868 |
| Shareholders' equity: | | |
| Common stock | 533,542 | 540,718 |
| Retained earnings | 546,383 | 620,465 |
| Accumulated other comprehensive income | 24,455 | 26,386 |
| Total shareholders' equity | <u>1,104,380</u> | <u>1,187,569</u> |
| Total liabilities and shareholders' equity | <u>\$ 1,563,647</u> | <u>\$ 1,634,090</u> |
| Shares outstanding | 79,303 | 83,719 |

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Selected Additional Financial Data

| (In thousands, except per share amounts) | Quarter Ended | | | Three Quarters Ended | | |
|---|---------------|---------------------------------------|---------------------------------------|----------------------|-------------------------------|-------------------|
| | % Growth | February 24, 2007 | February 25, 2006 | % Growth | February 24, 2007 | February 25, 2006 |
| Orders Data: | | | | | | |
| Orders | (2%) | \$ 297,454 | \$ 303,680 | 6% | \$ 855,046 | \$ 806,105 |
| U.S. | 7% | 106,517 | 99,961 | 13% | 319,590 | 281,815 |
| International | (6%) | 190,937 | 203,719 | 2% | 535,456 | 524,290 |
| Instruments Business | 10% | 231,684 | 209,855 | 15% | 678,059 | 591,110 |
| Communications Business | (30%) | 65,770 | 93,825 | (18%) | 176,987 | 214,995 |
| Sales Data: | | | | | | |
| Net Sales | 1% | \$ 265,756 | \$ 262,105 | 7% | \$ 806,658 | \$ 750,561 |
| U.S. | 8% | 98,024 | 91,002 | 7% | 285,381 | 267,484 |
| International | (2%) | 167,732 | 171,103 | 8% | 521,277 | 483,077 |
| Instruments Business | (0%) | 201,251 | 201,815 | 6% | 604,707 | 571,434 |
| Communications Business | 7% | 64,505 | 60,290 | 13% | 201,951 | 179,127 |
| Reconciliation of GAAP to Non-GAAP Results: | | | | | | |
| Net earnings - GAAP | | \$ 22,751 | \$ 26,513 | | \$ 62,464 | \$ 60,494 |
| Discontinued operations, net of income taxes | | (3,229) | (1,575) | | (3,232) | (1,510) |
| Net earnings from continuing operations | | 19,522 | 24,938 | | 59,232 | 58,984 |
| Business realignment costs | | 430 | 3,182 | | 2,799 | 7,543 |
| Acquisition related costs | | 8,217 | 6,202 | | 21,752 | 21,548 |
| Shared based compensation costs | | 5,972 | - | | 15,849 | - |
| Increase to environmental reserves | | 2,029 | - | | 4,763 | - |
| Tax effect of above items: | | (5,118) | (3,207) | | (15,119) | (9,919) |
| Net earnings - non-GAAP | | \$ 31,052 | \$ 31,115 | | \$ 89,276 | \$ 78,156 |
| Diluted EPS - non-GAAP | | \$ 0.38 | \$ 0.37 | | \$ 1.08 | \$ 0.93 |
| Income Statement Items as a Percentage of Net Sales: | | | | | | |
| Cost of sales | | 41% | 39% | | 41% | 40% |
| Research and development expense | | 19% | 17% | | 19% | 18% |
| Selling, general and administrative expenses | | 32% | 29% | | 31% | 29% |
| Business realignment costs | | 0% | 1% | | 0% | 1% |
| Acquisition related costs and amortization | | 1% | 1% | | 1% | 1% |
| Loss (gain) on disposition of assets, net | | 0% | 0% | | 0% | 0% |
| Operating income | | 8% | 13% | | 9% | 11% |
| Capital Expenditures and Depreciation: | | | | | | |
| Capital expenditures | | \$ 8,222 | \$ 10,816 | | \$ 22,098 | \$ 29,449 |
| Depreciation and amortization expense | | \$ 7,140 | \$ 6,912 | | \$ 21,682 | \$ 20,849 |
| Balance Sheet: | | | | | | |
| | | Quarter Ended February 24, 2007 | Quarter Ended November 25, 2006 | | Year Ended May 27, 2006 | |
| Cash and Marketable Investments: | | | | | | |
| Cash and cash equivalents | \$ | 124,379 | \$ 155,918 | \$ | 215,587 | |
| Short-term marketable investments | | 61,632 | 115,035 | | 121,346 | |
| Long-term marketable investments | | 159,597 | 172,121 | | 103,839 | |
| Cash and Marketable Investments | \$ | 345,608 | \$ 443,074 | \$ | 440,772 | |
| Accounts receivable as a percentage of net sales | | 17.4% | 16.8% | | 15.9% | |
| Days sales outstanding | | 59.3 | 65.4 | | 61.1 | |
| Countback days sales outstanding | | 52.6 | 54.6 | | 46.6 | |
| Inventory as a percentage of net sales | | 15.5% | 15.0% | | 13.8% | |
| Inventory turns | | 2.6 | 2.8 | | 2.9 | |

Discontinued Operations

| (In thousands) | Quarter Ended | | Three Quarters Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | February 24, 2007 | February 25, 2006 | February 24, 2007 | February 25, 2006 |
| Loss on sale of VideoTele.com (less applicable income tax benefit of \$0, \$0, \$1 and \$1) | \$ - | \$ - | \$ (1) | \$ (3) |
| Gain on sale of optical parametric test business (less applicable income tax expense of \$0, \$491, \$9 and \$379) | - | 913 | 16 | 705 |
| Gain (loss) on sale of Gage (less applicable income tax expense of \$0, \$326, \$0 and \$406) | - | 608 | (1) | 756 |
| Gain on sale of CPID (less applicable income tax expense of \$1,739, \$29, \$1,732 and \$28) | <u>3,229</u> | <u>54</u> | <u>3,218</u> | <u>52</u> |
| Gain from discontinued operations, net of tax | <u>\$ 3,229</u> | <u>\$ 1,575</u> | <u>\$ 3,232</u> | <u>\$ 1,510</u> |

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