

Consolidated Statement of Operations (unaudited)

(In thousands except per share amounts)	Six Months Ended			
	June 29, 2002		June 30, 2001	
	Reported (a)	Adjusted (b)	Reported (a)	Adjusted (b)
Revenues	\$ 1,000,439	\$ 1,000,439	\$ 1,115,561	\$ 1,115,561
Costs and Operating Expenses:				
Cost of revenues (c)	546,995	545,444	622,245	608,968
Selling, general, and administrative expenses	274,988	274,988	292,043	292,043
Amortization of intangible assets (including goodwill in 2001)	3,296	3,296	23,622	23,622
Research and development expenses	79,380	79,380	89,071	89,071
Restructuring and other unusual costs, net (d)	23,870	—	34,575	—
	<u>928,529</u>	<u>903,108</u>	<u>1,061,556</u>	<u>1,013,704</u>
Operating Income	71,910	97,331	54,005	101,857
Interest Income	26,979	26,979	33,450	33,450
Interest Expense	(23,695)	(23,695)	(37,976)	(37,976)
Other Income, Net (e)	<u>96,013</u>	<u>8,077</u>	<u>632</u>	<u>2,615</u>
Income from Continuing Operations Before Income Taxes, Minority Interest, Extraordinary Item, and Cumulative Effect of Change in Accounting Principle	171,207	108,692	50,111	99,946
Provision for Income Taxes	(57,667)	(35,162)	(19,668)	(39,020)
Minority Interest Income (Expense)	<u>331</u>	<u>324</u>	<u>799</u>	<u>(29)</u>
Income from Continuing Operations Before Extraordinary Item and Cumulative Effect of Change in Accounting Principle	113,871	73,854	31,242	60,897
Gain (Loss) on Disposal of Discontinued Operations, Net (includes tax benefit of \$13,408 in 2002; net of tax benefit of \$22,741 in 2001)	<u>70,370</u>	<u>—</u>	<u>(50,440)</u>	<u>—</u>
Income (Loss) Before Extraordinary Item and Cumulative Effect of Change in Accounting Principle	184,241	73,854	(19,198)	60,897
Extraordinary Item (net of income tax benefit of \$366)	<u>(680)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Income (Loss) Before Cumulative Effect of Change in Accounting Principle	183,561	73,854	(19,198)	60,897
Cumulative Effect of Change in Accounting Principle (net of income tax benefit and minority interest of \$663)	<u>—</u>	<u>—</u>	<u>(994)</u>	<u>—</u>
Net Income (Loss)	<u>\$ 183,561</u>	<u>\$ 73,854</u>	<u>\$ (20,192)</u>	<u>\$ 60,897</u>
Earnings per Share from Continuing Operations Before Extraordinar- Item and Cumulative Effect of Change in Accounting Principle (f)				
Basic	<u>\$.66</u>	<u>\$.43</u>	<u>\$.17</u>	<u>\$.33</u>
Diluted	<u>\$.63</u>	<u>\$.42</u>	<u>\$.17</u>	<u>\$.33</u>
Earnings (Loss) per Share (g):				
Basic	<u>\$ 1.06</u>	<u>\$.43</u>	<u>\$ (.11)</u>	<u>\$.33</u>
Diluted	<u>\$.98</u>	<u>\$.42</u>	<u>\$ (.11)</u>	<u>\$.33</u>
Diluted Cash Operating Earnings per Share (h)		<u>\$.44</u>		<u>\$.44</u>
Weighted Average Shares:				
Basic	<u>172,686</u>	<u>172,686</u>	<u>182,242</u>	<u>182,242</u>
Diluted	<u>195,464</u>	<u>176,119</u>	<u>186,117</u>	<u>186,594</u>

(a) Reported results were determined in accordance with generally accepted accounting principles.

(b) Adjusted results exclude inventory charges (note c), restructuring and unusual costs/income (note d), certain other income/expense (note e), the cumulative effect of change in accounting principle, results of discontinued operations, and extraordinary item.

(c) Reported results in 2002 include charges of \$1,159,000 for the abandonment of product lines and \$392,000 of charges for the sale of inventories revalued at the date of acquisition. Reported results in 2001 include charges of \$13,277,000 for inventory writedowns, principally for the abandonment of product lines.

(d) Reported results in 2002 include restructuring and unusual items consisting principally of charges for abandoned equipment leases at Spectra-Physics, severance, abandoned facility and other expenses of real estate consolidation, cancellation penalties on capital equipment purchases, impairment of abandoned assets, and legal/advisory fees associated with the company's reorganization. These items are net of gains on the sale of businesses. Reported results in 2001 include restructuring and unusual costs consisting principally of severance, abandoned facility and other expenses of real estate consolidation, charges for asset impairment and lease obligations on abandoned assets, in-process research and development at an acquired business, and investment banking, legal, and consulting fees and employee-retention costs associated with the company's reorganization.

(e) Reported results in 2002 include \$87,936,000 of gains from the sale of shares of FLIR Systems, Inc. Reported results in 2001 include \$1,983,000 of impairment of an available-for-sale security that was a preacquisition asset of an acquired business.

(f) Reported and adjusted earnings per share in 2001 on a pro forma basis to reflect adoption of SFAS No. 142 were as follows: reported basic \$.27, reported diluted \$.27; adjusted basic \$.43, adjusted diluted \$.43.

(g) Reported and adjusted earnings (loss) per share in 2001 on a pro forma basis to reflect adoption of SFAS No. 142 were as follows: reported basic \$(.01), reported diluted \$(.01); adjusted basic \$.43, adjusted diluted \$.43.

(h) Excludes items from (b), amortization of acquisition-related intangible assets and, in 2001, amortization of goodwill. The excluded amortization aggregated \$2,761,000 and \$20,929,000 in 2002 and 2001, respectively, net of tax and minority interest and decreased due to the adoption of SFAS No. 142, effective in 2002. Excludes interest expense of \$3,373,000 and \$136,000, net of tax, in 2002 and 2001, respectively, and includes an additional 7,596,000 shares in 2002, for the assumed conversion of convertible debentures.

Segment Data (i)(j)

(In thousands except percentage amounts)

	Six Months Ended	
	June 29, 2002	June 30, 2001
Life and Laboratory Sciences		
Revenues	\$ 543,095	\$ 545,523
Operating Income	89,234	71,995
Operating Income Margin	16.4%	13.2%
Cash Operating Income Margin	16.8%	15.7%
Measurement and Control		
Revenues	\$ 293,399	\$ 362,746
Operating Income	29,743	34,117
Operating Income Margin	10.1%	9.4%
Cash Operating Income Margin	10.3%	11.3%
Optical Technologies		
Revenues	\$ 168,547	\$ 213,629
Operating Income	218	15,896
Operating Income Margin	0.1%	7.4%
Cash Operating Income Margin	0.5%	8.8%
Consolidated (including corporate costs)		
Revenues	\$ 1,000,439	\$ 1,115,561
Operating Income	97,331	101,857
Operating Income Margin	9.7%	9.1%
Cash Operating Income Margin	10.1%	11.2%

(i) Operating income and operating income margins as stated exclude items in notes (c) and (d). Cash operating income margins as stated exclude these items, amortization of acquisition-related intangible assets and, in 2001, amortization of goodwill.

(j) Operating income and operating income margin in 2001 include goodwill amortization as follows: Life and Laboratory Sciences \$11,671,000, Measurement and Control \$6,102,000, Optical Technologies \$2,267,000, Consolidated \$20,125,000. Results in 2002 do not include goodwill amortization due to the adoption of SFAS No. 142, effective in 2002.