

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Statements of Earnings

FOR THE YEARS ENDED JULY 2, 2000, JUNE 27, 1999, AND JUNE 28, 1998

(in thousands, except per share data)

	<u>2000</u>	<u>1999</u>	<u>1998</u>
NET SALES	\$ 1,590,557	\$ 1,501,726	\$ 1,327,610
COST OF GOODS SOLD	<u>1,251,103</u>	<u>1,196,371</u>	<u>1,072,936</u>
Gross Profit on Sales	339,454	305,355	254,674
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>134,225</u>	<u>125,219</u>	<u>129,986</u>
Income from Operations	205,229	180,136	124,688
INTEREST EXPENSE	(21,267)	(17,024)	(19,352)
GAIN ON DISPOSITION OF FOUNDRY ASSETS	16,545	-	-
OTHER INCOME, Net	<u>16,116</u>	<u>6,659</u>	<u>7,809</u>
Income Before Provision for Income Taxes	216,623	169,771	113,145
PROVISION FOR INCOME TAXES	<u>80,150</u>	<u>63,670</u>	<u>42,500</u>
NET INCOME	<u>\$ 136,473</u>	<u>\$ 106,101</u>	<u>\$ 70,645</u>
Average Shares Outstanding	22,788	23,344	24,666
BASIC EARNINGS PER SHARE	<u>\$ 5.99</u>	<u>\$ 4.55</u>	<u>\$ 2.86</u>
Diluted Average Shares Outstanding	22,842	23,459	24,775
DILUTED EARNINGS PER SHARE	<u>\$ 5.97</u>	<u>\$ 4.52</u>	<u>\$ 2.85</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Balance Sheets

AS OF JULY 2, 2000 AND JUNE 27, 1999

(in thousands)

ASSETS	<u>2000</u>	<u>1999</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 16,989	\$ 60,806
Receivables, Less Reserves of \$1,544 and \$1,516, Respectively	140,097	194,096
Inventories –		
Finished Products and Parts	181,800	72,196
Work in Process	70,908	59,665
Raw Materials	5,066	5,587
Total Inventories	<u>257,774</u>	<u>137,448</u>
Future Income Tax Benefits	39,138	34,383
Prepaid Expenses	17,999	16,119
Total Current Assets	<u>471,997</u>	<u>442,852</u>
INVESTMENTS	50,228	19,024
PREPAID PENSION	5,506	–
DEFERRED INCOME TAX ASSETS	–	2,039
CAPITALIZED SOFTWARE	6,934	7,516
PLANT AND EQUIPMENT:		
Land and Land Improvements	15,087	16,024
Buildings	139,588	151,035
Machinery and Equipment	651,740	651,129
Construction in Progress	32,240	41,660
	<u>838,655</u>	<u>859,848</u>
Less – Accumulated Depreciation	443,075	455,394
Total Plant and Equipment, Net	<u>395,580</u>	<u>404,454</u>
	<u>\$ 930,245</u>	<u>\$ 875,885</u>

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AS OF JULY 2, 2000 AND JUNE 27, 1999

(in thousands)

LIABILITIES AND SHAREHOLDERS' INVESTMENT	<u>2000</u>	<u>1999</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 117,556	\$ 117,757
Domestic Notes Payable	48,809	4,335
Foreign Loans	13,356	13,824
Current Maturities on Long-Term Debt	-	15,000
Accrued Liabilities –		
Wages and Salaries	39,464	38,744
Warranty	46,352	36,978
Other	42,622	43,963
Total Accrued Liabilities	128,438	119,685
Federal and State Income Taxes	4,619	11,901
Total Current Liabilities	312,778	282,502
DEFERRED REVENUE ON SALE OF PLANT AND EQUIPMENT	15,679	15,798
DEFERRED INCOME TAX LIABILITY	4,011	-
ACCRUED PENSION COST	11,428	17,306
ACCRUED EMPLOYEE BENEFITS	12,607	13,185
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION	65,765	67,877
LONG-TERM DEBT	98,512	113,307
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' INVESTMENT:		
Common Stock –		
Authorized 60,000 Shares \$.01 Par Value,		
Issued 28,927 in 2000 and 1999	289	289
Additional Paid-In Capital	36,478	37,657
Retained Earnings	721,980	612,807
Accumulated Other Comprehensive Loss	(3,931)	(1,732)
Unearned Compensation on Restricted Stock	(226)	(235)
Treasury Stock at cost,		
7,181 Shares in 2000 and 5,727 in 1999	(345,125)	(282,876)
Total Shareholders' Investment	409,465	365,910
	<u>\$ 930,245</u>	<u>\$ 875,885</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Investment

FOR THE YEARS ENDED JULY 2, 2000, JUNE 27, 1999, AND JUNE 28, 1998

(in thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Com- prehensive Income (Loss)	Unearned Compensation on Restricted Stock	Treasury Stock	Comprehensive Income
BALANCES, JUNE 29, 1997 ...	\$ 289	\$ 40,533	\$ 490,682	\$ (1,033)	\$ -	\$ (179,374)	
Comprehensive Income -							
Net Income	-	-	70,645	-	-	-	\$ 70,645
Foreign Currency Translation Adjustments	-	-	-	(1,077)	-	-	(1,077)
Total Comprehensive Income ..	-	-	-	-	-	-	<u>\$ 69,568</u>
Cash Dividends Paid (\$1.12 per share)	-	-	(27,522)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(85,943)	
Exercise of Stock Options	-	(2,757)	-	-	-	12,045	
BALANCES, JUNE 28, 1998 ...	\$ 289	\$ 37,776	\$ 533,805	\$ (2,110)	\$ -	\$ (253,272)	
Comprehensive Income -							
Net Income	-	-	106,101	-	-	-	\$ 106,101
Foreign Currency Translation Adjustments	-	-	-	(199)	-	-	(199)
Unrealized Gain on Marketable Securities, net of tax of \$368	-	-	-	577	-	-	577
Total Comprehensive Income ..	-	-	-	-	-	-	<u>\$ 106,479</u>
Cash Dividends Paid (\$1.16 per share)	-	-	(27,099)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(75,141)	
Exercise of Stock Options	-	(13)	-	-	-	45,143	
Restricted Stock Issued	-	(106)	-	-	(288)	394	
Amortization of Unearned Compensation	-	-	-	-	53	-	
BALANCES, JUNE 27, 1999 ..	\$ 289	\$ 37,657	\$ 612,807	\$ (1,732)	\$ (235)	\$ (282,876)	
Comprehensive Income -							
Net Income	-	-	136,473	-	-	-	\$ 136,473
Foreign Currency Translation Adjustments	-	-	-	(1,816)	-	-	(1,816)
Unrealized Loss on Marketable Securities, net of tax of \$241	-	-	-	(383)	-	-	(383)
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 134,274</u>
Cash Dividends Paid (\$1.20 per share)	-	-	(27,300)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(69,083)	
Exercise of Stock Options	-	(1,189)	-	-	-	6,784	
Restricted Stock Issued	-	10	-	-	(60)	50	
Amortization of Unearned Compensation	-	-	-	-	69	-	
BALANCES, JULY 2, 2000 ...	\$ 289	\$ 36,478	\$ 721,980	\$ (3,931)	\$ (226)	\$ (345,125)	

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flow

FOR THE YEARS ENDED JULY 2, 2000, JUNE 27, 1999, AND JUNE 28, 1998

(in thousands)

	<u>2000</u>	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 136,473	\$ 106,101	\$ 70,645
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities –			
Depreciation and Amortization	51,370	49,604	47,716
Equity in Earnings of Unconsolidated Affiliates	(13,333)	(5,275)	(4,446)
(Gain) Loss on Disposition of Plant and Equipment	(14,167)	2,355	1,973
Provision for Deferred Income Taxes	1,542	4,052	7,735
Change in Operating Assets and Liabilities –			
(Increase) Decrease in Receivables	51,837	(58,738)	(6,752)
(Increase) Decrease in Inventories	(121,685)	(29,570)	18,081
(Increase) Decrease in Prepaid Expenses	(2,391)	(3,766)	272
Increase in Accounts Payable, Accrued Liabilities and Income Taxes	1,413	61,697	8,274
Other, Net	(13,577)	(10,748)	(7,676)
Net Cash Provided by Operating Activities	<u>77,482</u>	<u>115,712</u>	<u>135,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to Plant and Equipment	(71,441)	(65,998)	(45,893)
Proceeds Received on Disposition of Plant and Equipment	23,511	1,142	620
Other, Net	5,142	(1,764)	568
Net Cash Used in Investing Activities	<u>(42,788)</u>	<u>(66,620)</u>	<u>(44,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Borrowings (Repayments) on Loans and Notes Payable	44,005	(401)	677
Repayment on 9.21% Senior Notes Due 2001	(30,000)	(15,000)	(15,000)
Cash Dividends Paid	(27,300)	(27,099)	(27,522)
Purchase of Common Stock for Treasury	(69,083)	(75,141)	(85,943)
Proceeds from Exercise of Stock Options	5,561	45,130	9,288
Net Cash Used in Financing Activities	<u>(76,817)</u>	<u>(72,511)</u>	<u>(118,500)</u>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	<u>(1,694)</u>	<u>(302)</u>	<u>(949)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
	<u>(43,817)</u>	<u>(23,721)</u>	<u>(28,332)</u>
CASH AND CASH EQUIVALENTS:			
Beginning of Year	<u>60,806</u>	<u>84,527</u>	<u>112,859</u>
End of Year	<u>\$ 16,989</u>	<u>\$ 60,806</u>	<u>\$ 84,527</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	<u>\$ 21,407</u>	<u>\$ 17,025</u>	<u>\$ 17,989</u>
Income Taxes Paid	<u>\$ 84,535</u>	<u>\$ 54,491</u>	<u>\$ 33,352</u>

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