

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## Consolidated Statements of Earnings

FOR THE FISCAL YEARS ENDED JUNE 29, 2003, JUNE 30, 2002 AND JULY 1, 2001

(in thousands, except per share data)

	<u>2003</u>	<u>2002</u>	<u>2001</u>
NET SALES .....	\$ 1,657,633	\$ 1,529,300	\$ 1,306,638
COST OF GOODS SOLD .....	<u>1,327,207</u>	<u>1,257,339</u>	<u>1,073,383</u>
Gross Profit on Sales .....	<b>330,426</b>	271,961	233,255
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES .....	<u>178,022</u>	<u>153,675</u>	<u>137,684</u>
Income from Operations .....	<b>152,404</b>	118,286	95,571
INTEREST EXPENSE .....	<b>(40,389)</b>	(44,433)	(30,665)
OTHER INCOME, Net .....	<u>6,563</u>	<u>6,657</u>	<u>6,967</u>
Income Before Provision for Income Taxes .....	<b>118,578</b>	80,510	71,873
PROVISION FOR INCOME TAXES .....	<u>37,940</u>	<u>27,390</u>	<u>23,860</u>
NET INCOME .....	<u>\$ 80,638</u>	<u>\$ 53,120</u>	<u>\$ 48,013</u>
Weighted Average Shares Outstanding .....	<b>21,639</b>	21,615	21,598
BASIC EARNINGS PER SHARE .....	<u>\$ 3.73</u>	<u>\$ 2.46</u>	<u>\$ 2.22</u>
Diluted Average Shares Outstanding .....	<b>24,480</b>	24,452	21,966
DILUTED EARNINGS PER SHARE .....	<u>\$ 3.49</u>	<u>\$ 2.36</u>	<u>\$ 2.21</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

# Consolidated Balance Sheets

AS OF JUNE 29, 2003 AND JUNE 30, 2002

(in thousands)

<b>ASSETS</b>	<u>2003</u>	<u>2002</u>
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents . . . . .	\$ 324,815	\$ 215,945
Receivables, Less Reserves of \$1,780 and \$1,703, Respectively . . . . .	201,948	194,873
Inventories:		
Finished Products and Parts . . . . .	128,998	131,432
Work in Process . . . . .	76,929	61,748
Raw Materials . . . . .	3,211	3,059
Total Inventories . . . . .	<u>209,138</u>	<u>196,239</u>
Deferred Income Tax Asset . . . . .	48,674	50,708
Prepaid Expenses and Other Current Assets . . . . .	22,572	17,742
Total Current Assets . . . . .	<u>807,147</u>	<u>675,507</u>
GOODWILL . . . . .	159,756	161,030
INVESTMENTS . . . . .	44,175	46,889
PREPAID PENSION . . . . .	74,005	60,343
DEFERRED LOAN COSTS, Net . . . . .	8,314	10,506
OTHER LONG-TERM ASSETS, Net . . . . .	11,012	7,111
<b>PLANT AND EQUIPMENT:</b>		
Land and Land Improvements . . . . .	15,938	16,356
Buildings . . . . .	156,823	153,043
Machinery and Equipment . . . . .	689,100	691,334
Construction in Progress . . . . .	14,803	18,902
	<u>876,664</u>	<u>879,635</u>
Less - Accumulated Depreciation . . . . .	505,880	484,420
Total Plant and Equipment, Net . . . . .	<u>370,784</u>	<u>395,215</u>
	<u>\$ 1,475,193</u>	<u>\$ 1,356,601</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

AS OF JUNE 29, 2003 AND JUNE 30, 2002

(in thousands, except per share data)

<b>LIABILITIES AND SHAREHOLDERS' INVESTMENT</b>	<u><b>2003</b></u>	<u><b>2002</b></u>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable . . . . .	\$ 134,441	\$ 102,673
Domestic Notes Payable . . . . .	2,075	2,625
Foreign Loans . . . . .	865	15,270
Accrued Liabilities:		
Wages and Salaries . . . . .	44,667	28,408
Warranty . . . . .	47,590	46,346
Accrued Postretirement Health Care Obligation . . . . .	17,000	8,000
Other . . . . .	48,206	48,046
Total Accrued Liabilities . . . . .	<u>157,463</u>	<u>130,800</u>
Income Taxes Payable . . . . .	6,551	12,898
Total Current Liabilities . . . . .	<u>301,395</u>	<u>264,266</u>
DEFERRED REVENUE ON SALE OF PLANT AND EQUIPMENT . . . . .	15,163	15,364
DEFERRED INCOME TAX LIABILITY . . . . .	57,917	36,730
ACCRUED PENSION COST . . . . .	20,368	15,750
ACCRUED EMPLOYEE BENEFITS . . . . .	13,901	13,070
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION . . . . .	48,065	62,753
LONG-TERM DEBT . . . . .	503,397	499,022
COMMITMENTS AND CONTINGENCIES . . . . .		
<b>SHAREHOLDERS' INVESTMENT:</b>		
Common Stock -		
Authorized 60,000 Shares \$.01 Par Value,		
Issued 28,927 Shares . . . . .	289	289
Additional Paid-In Capital . . . . .	35,074	35,459
Retained Earnings . . . . .	822,060	769,131
Accumulated Other Comprehensive Loss . . . . .	(734)	(6,626)
Unearned Compensation on Restricted Stock . . . . .	(287)	(199)
Treasury Stock at cost,		
7,142 Shares in 2003 and 7,288 Shares in 2002 . . . . .	<u>(341,415)</u>	<u>(348,408)</u>
Total Shareholders' Investment . . . . .	<u>514,987</u>	<u>449,646</u>
	<u><b>\$ 1,475,193</b></u>	<u><b>\$ 1,356,601</b></u>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

# Consolidated Statements of Shareholders' Investment

FOR THE FISCAL YEARS ENDED JUNE 29, 2003, JUNE 30, 2002 AND JULY 1, 2001

(in thousands, except per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Com- prehensive Loss	Unearned Compensation on Restricted Stock	Treasury Stock	Comprehensive Income
BALANCES, JULY 2, 2000	\$ 289	\$ 36,478	\$ 721,980	\$ (3,931)	\$ (226)	\$ (345,125)	
Comprehensive Income:							
Net Income	-	-	48,013	-	-	-	\$ 48,013
Foreign Currency Translation Adjustments	-	-	-	(2,530)	-	-	(2,530)
Unrealized Loss on Marketable Securities, net of tax of \$(607)	-	-	-	(947)	-	-	(947)
Unrealized Gain on Derivatives	-	-	-	1,226	-	-	1,226
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 45,762</u>
Cash Dividends Paid (\$1.24 per share)	-	-	(26,763)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(6,118)	
Exercise of Stock Options	-	(368)	-	-	-	643	
Restricted Stock Issued	-	(58)	-	-	(181)	239	
Amortization of Unearned Compensation	-	-	-	-	102	-	
Shares Issued to Directors	-	(9)	-	-	-	38	
BALANCES, JULY 1, 2001	\$ 289	\$ 36,043	\$ 743,230	\$ (6,182)	\$ (305)	\$ (350,323)	
Comprehensive Income:							
Net Income	-	-	53,120	-	-	-	\$ 53,120
Foreign Currency Translation Adjustments	-	-	-	4,017	-	-	4,017
Unrealized Loss on Marketable Securities, net of tax of \$(95)	-	-	-	(148)	-	-	(148)
Unrealized Loss on Derivatives	-	-	-	(4,313)	-	-	(4,313)
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 52,676</u>
Cash Dividends Paid (\$1.26 per share)	-	-	(27,219)	-	-	-	
Exercise of Stock Options	-	(576)	-	-	-	1,877	
Amortization of Unearned Compensation	-	-	-	-	106	-	
Shares Issued to Directors	-	(8)	-	-	-	38	
BALANCES, JUNE 30, 2002	\$ 289	\$ 35,459	\$ 769,131	\$ (6,626)	\$ (199)	\$ (348,408)	
Comprehensive Income:							
Net Income	-	-	80,638	-	-	-	\$ 80,638
Foreign Currency Translation Adjustments	-	-	-	4,454	-	-	4,454
Unrealized Gain on Marketable Securities, net of tax of \$581	-	-	-	901	-	-	901
Unrealized Gain on Derivatives	-	-	-	3,100	-	-	3,100
Minimum Pension Liability Adjustment, net of tax of \$(1,638)	-	-	-	(2,563)	-	-	(2,563)
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 86,530</u>
Cash Dividends Paid (\$1.28 per share)	-	-	(27,709)	-	-	-	
Exercise of Stock Options	-	(234)	-	-	-	5,835	
Restricted Stock Issued	-	(97)	-	-	(238)	335	
Amortization of Unearned Compensation	-	-	-	-	150	-	
Issuance of Treasury Shares	-	(44)	-	-	-	760	
Shares Issued to Directors	-	(10)	-	-	-	63	
BALANCES, JUNE 29, 2003	\$ 289	\$ 35,074	\$ 822,060	\$ (734)	\$ (287)	\$ (341,415)	

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

# Consolidated Statements of Cash Flows

FOR THE FISCAL YEARS ENDED JUNE 29, 2003, JUNE 30, 2002 AND JULY 1, 2001

(in thousands)

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income . . . . .	\$ 80,638	\$ 53,120	\$ 48,013
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization . . . . .	63,526	65,968	59,711
Equity in Earnings of Unconsolidated Affiliates . . . . .	(5,224)	(6,181)	(5,041)
Loss on Disposition of Plant and Equipment . . . . .	3,850	3,192	1,493
Provision for Deferred Income Taxes . . . . .	24,278	20,286	17,973
Change in Operating Assets and Liabilities, Net of Effects of Acquisition:			
(Increase) Decrease in Receivables . . . . .	(5,958)	(56,684)	36,112
(Increase) Decrease in Inventories . . . . .	(11,932)	121,713	(8,782)
(Increase) Decrease in Prepaid Expenses and Other Current Assets . . . . .	(4,663)	(1,519)	156
Increase (Decrease) in Accounts Payable, Accrued Liabilities and Income Taxes . . . . .	44,321	24,979	(46,691)
(Increase) in Prepaid Pension . . . . .	(13,566)	(22,812)	(28,378)
Other, Net . . . . .	(7,875)	(2,245)	(6,598)
Net Cash Provided by Operating Activities . . . . .	<u>167,395</u>	<u>199,817</u>	<u>67,968</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to Plant and Equipment . . . . .	(40,154)	(43,928)	(61,322)
Proceeds Received on Disposition of Plant and Equipment . . . . .	3,464	406	4,152
Cash Paid for Acquisition, Net of Cash Acquired . . . . .	-	-	(267,174)
Increase in Investment in China Joint Venture . . . . .	3,531	-	-
Other, Net . . . . .	6,330	5,120	6,296
Net Cash Used by Investing Activities . . . . .	<u>(26,829)</u>	<u>(38,402)</u>	<u>(318,048)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net Borrowings (Repayments) on Loans and Notes Payable . . . . .	(14,955)	(1,696)	(42,574)
Borrowings (Repayments) on Long-Term Debt . . . . .	-	(10,393)	399,415
Cash Dividends Paid . . . . .	(27,709)	(27,219)	(26,763)
Purchase of Common Stock for Treasury . . . . .	-	-	(6,118)
Proceeds from Exercise of Stock Options . . . . .	5,490	1,078	275
Net Cash (Used by) Provided by Financing Activities . . . . .	<u>(37,174)</u>	<u>(38,230)</u>	<u>324,235</u>
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS . . . . .</b>			
	<b>5,478</b>	<b>4,017</b>	<b>(2,401)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS . . . . .</b>	<b>108,870</b>	<b>127,202</b>	<b>71,754</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of Year . . . . .	215,945	88,743	16,989
End of Year . . . . .	<u>\$ 324,815</u>	<u>\$ 215,945</u>	<u>\$ 88,743</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Interest Paid . . . . .	\$ 38,905	\$ 40,021	\$ 26,339
Income Taxes Paid . . . . .	<u>\$ 20,724</u>	<u>\$ 3,222</u>	<u>\$ 7,831</u>

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