

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Balance Sheets

AS OF JUNE 27, 2004 AND JUNE 29, 2003

(in thousands)

ASSETS	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 342,394	\$ 324,815
Receivables, Less Reserves of \$1,584 and \$1,780, Respectively	230,510	201,948
Inventories:		
Finished Products and Parts	206,638	128,998
Work in Process	124,483	76,929
Raw Materials	6,610	3,211
Total Inventories	<u>337,731</u>	<u>209,138</u>
Deferred Income Tax Asset	47,623	48,674
Prepaid Expenses and Other Current Assets	23,735	22,572
Total Current Assets	<u>981,993</u>	<u>807,147</u>
GOODWILL	151,991	159,756
INVESTMENTS	49,259	44,175
PREPAID PENSION	81,730	74,005
DEFERRED LOAN COSTS, Net	6,325	8,314
OTHER LONG-TERM ASSETS, Net	9,313	11,012
PLANT AND EQUIPMENT:		
Land and Land Improvements	16,027	15,938
Buildings	163,621	156,823
Machinery and Equipment	674,047	689,100
Construction in Progress	14,292	14,803
	<u>867,987</u>	<u>876,664</u>
Less - Accumulated Depreciation	511,445	505,880
Total Plant and Equipment, Net	<u>356,542</u>	<u>370,784</u>
	<u>\$ 1,637,153</u>	<u>\$ 1,475,193</u>

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

AS OF JUNE 27, 2004 AND JUNE 29, 2003

(in thousands, except per share data)

LIABILITIES AND SHAREHOLDERS' INVESTMENT	<u>2004</u>	<u>2003</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 120,409	\$ 134,441
Domestic Notes Payable	1,220	2,075
Foreign Loans	1,907	865
Accrued Liabilities:		
Wages and Salaries	55,528	44,667
Warranty	43,148	47,590
Accrued Postretirement Health Care Obligation	22,000	17,000
Other	56,349	54,757
Total Accrued Liabilities	<u>177,025</u>	<u>164,014</u>
Total Current Liabilities	<u>300,561</u>	<u>301,395</u>
DEFERRED REVENUE ON SALE OF PLANT AND EQUIPMENT	14,929	15,163
DEFERRED INCOME TAX LIABILITY	70,454	57,917
ACCRUED PENSION COST	20,603	20,368
ACCRUED EMPLOYEE BENEFITS	14,201	13,901
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION	38,248	48,065
LONG-TERM DEBT	360,562	503,397
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' INVESTMENT:		
Common Stock -		
Authorized 60,000 Shares \$.01 Par Value,		
Issued 28,927 Shares	289	289
Additional Paid-In Capital	48,657	35,074
Retained Earnings	927,766	822,060
Accumulated Other Comprehensive Income (Loss)	4,028	(734)
Unearned Compensation on Restricted Stock	(1,490)	(287)
Treasury Stock at cost,		
3,382 Shares in 2004 and 7,142 Shares in 2003	<u>(161,655)</u>	<u>(341,415)</u>
Total Shareholders' Investment	<u>817,595</u>	<u>514,987</u>
	<u>\$ 1,637,153</u>	<u>\$ 1,475,193</u>

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

Consolidated Statements of Earnings

FOR THE FISCAL YEARS ENDED JUNE 27, 2004, JUNE 29, 2003 AND JUNE 30, 2002

(in thousands, except per share data)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
NET SALES	\$ 1,947,364	\$ 1,657,633	\$ 1,529,300
COST OF GOODS SOLD	<u>1,507,492</u>	<u>1,329,554</u>	<u>1,259,336</u>
Gross Profit on Sales	439,872	328,079	269,964
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>205,663</u>	<u>178,157</u>	<u>153,712</u>
Income from Operations	234,209	149,922	116,252
INTEREST EXPENSE	(37,665)	(40,389)	(44,433)
OTHER INCOME, Net	<u>8,460</u>	<u>9,045</u>	<u>8,691</u>
Income Before Provision for Income Taxes	205,004	118,578	80,510
PROVISION FOR INCOME TAXES	<u>68,890</u>	<u>37,940</u>	<u>27,390</u>
NET INCOME	<u>\$ 136,114</u>	<u>\$ 80,638</u>	<u>\$ 53,120</u>
Weighted Average Shares Outstanding	22,643	21,639	21,615
BASIC EARNINGS PER SHARE	<u>\$ 6.01</u>	<u>\$ 3.73</u>	<u>\$ 2.46</u>
Diluted Average Shares Outstanding	25,340	24,480	24,452
DILUTED EARNINGS PER SHARE	<u>\$ 5.53</u>	<u>\$ 3.49</u>	<u>\$ 2.36</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 27, 2004, JUNE 29, 2003 AND JUNE 30, 2002

(in thousands, except per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Com- prehensive Income (Loss)	Unearned Compensation on Restricted Stock	Treasury Stock	Comprehensive Income
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)	
Comprehensive Income:							
Net Income	-	-	136,114	-	-	-	\$ 136,114
Foreign Currency Translation Adjustments	-	-	-	3,042	-	-	3,042
Unrealized Gain on Derivatives	-	-	-	487	-	-	487
Minimum Pension Liability Adjustment, net of tax of \$(788)	-	-	-	1,233	-	-	1,233
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 140,876</u>
Cash Dividends Paid (\$1.32 per share)	-	-	(30,408)	-	-	-	
Exercise of Stock Options	-	7,667	-	-	-	41,194	
Restricted Stock Issued	-	322	-	-	(1,494)	1,171	
Amortization of Unearned Compensation	-	-	-	-	291	-	
Issuance of Treasury Shares	-	5,546	-	-	-	137,270	
Shares Issued to Directors	-	48	-	-	-	125	
BALANCES, JUNE 27, 2004	\$ 289	\$ 48,657	\$ 927,766	\$ 4,028	\$(1,490)	\$ (161,655)	

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 27, 2004, JUNE 29, 2003 AND JUNE 30, 2002

(in thousands)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 136,114	\$ 80,638	\$ 53,120
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	66,898	63,526	65,968
Equity in Earnings of Unconsolidated Affiliates	(7,876)	(5,224)	(6,181)
Loss on Disposition of Plant and Equipment	7,390	3,850	3,192
Provision for Deferred Income Taxes	12,800	24,278	20,286
Change in Operating Assets and Liabilities, Net of Effects of Acquisition:			
Increase in Receivables	(28,588)	(5,958)	(56,684)
(Increase) Decrease in Inventories	(128,594)	(11,932)	121,713
Decrease (Increase) in Prepaid Expenses and Other Current Assets	2,017	(4,663)	(1,519)
Increase in Accounts Payable, Accrued Liabilities and Income Taxes	4,696	44,321	24,979
Increase in Prepaid Pension	(6,070)	(13,566)	(22,812)
Other, Net	(13,023)	(7,875)	(2,245)
Net Cash Provided by Operating Activities	<u>45,764</u>	<u>167,395</u>	<u>199,817</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to Plant and Equipment	(52,962)	(40,154)	(43,928)
Proceeds Received on Disposition of Plant and Equipment	720	3,464	406
Refund of Cash Paid for Acquisition	5,686	-	-
Increase in Investment in China Joint Venture	-	3,531	-
Other, Net	4,392	6,330	5,120
Net Cash Used by Investing Activities	<u>(42,164)</u>	<u>(26,829)</u>	<u>(38,402)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Borrowings (Repayments) on Loans and Notes Payable	187	(14,955)	(1,696)
Repayments on Long-Term Debt	(22)	-	(10,393)
Issuance Cost of Debt	(1,789)	-	-
Cash Dividends Paid	(30,408)	(27,709)	(27,219)
Proceeds from Exercise of Stock Options	45,314	5,490	1,078
Net Cash Provided by (Used by) Financing Activities	<u>13,282</u>	<u>(37,174)</u>	<u>(38,230)</u>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	697	5,478	4,017
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,579	108,870	127,202
CASH AND CASH EQUIVALENTS:			
Beginning of Year	324,815	215,945	88,743
End of Year	<u>\$ 342,394</u>	<u>\$ 324,815</u>	<u>\$ 215,945</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	\$ 38,884	\$ 39,448	\$ 40,488
Income Taxes Paid	<u>\$ 53,253</u>	<u>\$ 20,724</u>	<u>\$ 3,222</u>

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