

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Balance Sheets

AS OF JULY 2, 2006 AND JULY 3, 2005

(in thousands)

ASSETS	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 95,091	\$ 161,573
Receivables, Less Reserves of \$4,851 and \$5,461, Respectively	273,502	360,786
Inventories:		
Finished Products and Parts	364,711	283,405
Work in Process	188,358	174,648
Raw Materials	8,946	11,612
Total Inventories	<u>562,015</u>	<u>469,665</u>
Deferred Income Tax Asset	58,024	92,251
Prepaid Expenses and Other Current Assets	43,020	34,930
Total Current Assets	<u>1,031,652</u>	<u>1,119,205</u>
GOODWILL	251,885	253,663
OTHER INTANGIBLE ASSETS, Net	94,596	96,445
INVESTMENTS	48,917	49,783
PREPAID PENSION	75,789	-
DEFERRED LOAN COSTS, Net	4,308	6,016
OTHER LONG-TERM ASSETS, Net	6,765	26,601
PLANT AND EQUIPMENT:		
Land and Land Improvements	17,956	20,554
Buildings	130,044	172,093
Machinery and Equipment	830,537	791,792
Construction in Progress	29,627	21,205
	<u>1,008,164</u>	<u>1,005,644</u>
Less - Accumulated Depreciation	577,876	558,389
Total Plant and Equipment, Net	<u>430,288</u>	<u>447,255</u>
	<u>\$ 1,944,200</u>	<u>\$ 1,998,968</u>

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

AS OF JULY 2, 2006 AND JULY 3, 2005

(in thousands, except per share data)

LIABILITIES AND SHAREHOLDERS' INVESTMENT	<u>2006</u>	<u>2005</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 161,291	\$ 155,973
Short-term Debt	3,474	443
Accrued Liabilities:		
Wages and Salaries	32,743	42,715
Warranty	53,233	59,625
Accrued Postretirement Health Care Obligation	26,000	26,000
Other	66,405	67,912
Total Accrued Liabilities	<u>178,381</u>	<u>196,252</u>
Total Current Liabilities	<u>343,146</u>	<u>352,668</u>
DEFERRED INCOME TAX LIABILITY	102,862	113,794
ACCRUED PENSION COST	25,587	47,944
ACCRUED EMPLOYEE BENEFITS	16,267	15,125
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION	84,136	77,607
LONG-TERM DEBT	383,324	486,321
OTHER LONG-TERM LIABILITIES	1,672	16,323
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' INVESTMENT:		
Common Stock –		
Authorized 120,000 Shares \$.01 Par Value,		
Issued 57,854 Shares	579	579
Additional Paid-In Capital	67,325	55,793
Retained Earnings	1,086,397	1,029,329
Accumulated Other Comprehensive Income (Loss)	4,960	(48,331)
Unearned Compensation on Restricted Stock	(2,199)	(1,985)
Treasury Stock at cost,		
6,654 Shares in 2006 and 6,114 Shares in 2005	<u>(169,856)</u>	<u>(146,199)</u>
Total Shareholders' Investment	<u>987,206</u>	<u>889,186</u>
	<u>\$ 1,944,200</u>	<u>\$ 1,998,968</u>

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

Consolidated Statements of Earnings

FOR THE FISCAL YEARS ENDED JULY 2, 2006, JULY 3, 2005 AND JUNE 27, 2004

(in thousands, except per share data)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
NET SALES	\$ 2,542,171	\$ 2,654,875	\$ 1,947,364
COST OF GOODS SOLD	<u>2,050,487</u>	<u>2,149,984</u>	<u>1,507,492</u>
Gross Profit	491,684	504,891	439,872
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>315,718</u>	<u>314,123</u>	<u>205,663</u>
Income from Operations	175,966	190,768	234,209
INTEREST EXPENSE	(42,091)	(36,883)	(37,665)
OTHER INCOME, Net	<u>18,491</u>	<u>20,430</u>	<u>8,460</u>
Income Before Provision for Income Taxes	152,366	174,315	205,004
PROVISION FOR INCOME TAXES	<u>50,020</u>	<u>57,548</u>	<u>68,890</u>
Income Before Extraordinary Item	102,346	116,767	136,114
EXTRAORDINARY GAIN - NEGATIVE GOODWILL	-	19,800	-
NET INCOME	<u>\$ 102,346</u>	<u>\$ 136,567</u>	<u>\$ 136,114</u>
EARNINGS PER SHARE DATA*			
Weighted Average Shares Outstanding	51,479	51,472	45,286
Income Before Extraordinary Item	\$ 1.99	\$ 2.27	\$ 3.01
Extraordinary Gain	-	.38	-
Basic Earnings Per Share	<u>\$ 1.99</u>	<u>\$ 2.65</u>	<u>\$ 3.01</u>
Diluted Average Shares Outstanding	51,594	51,954	50,680
Income Before Extraordinary Item	\$ 1.98	\$ 2.25	\$ 2.77
Extraordinary Gain	-	.38	-
Diluted Earnings Per Share	<u>\$ 1.98</u>	<u>\$ 2.63</u>	<u>\$ 2.77</u>

* Share data adjusted for effect of 2-for-1 stock split effective October 29, 2004.

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

Consolidated Statements of Shareholders' Investment

FOR THE FISCAL YEARS ENDED JULY 2, 2006, JULY 3, 2005 AND JUNE 27, 2004

(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, 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 Adjust- ment, net of tax of \$788	-	-	-	1,233	-	-	1,233
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 140,876</u>
Cash Dividends Paid (\$0.66* per share)	-	-	(30,408)	-	-	-	
Stock Option Activity, net of tax	-	7,667	-	-	-	41,194	
Restricted Stock	-	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)	
Comprehensive Income:							
Net Income	-	-	136,567	-	-	-	\$ 136,567
Foreign Currency Translation Adjustments	-	-	-	881	-	-	881
Unrealized Gain on Derivatives	-	-	-	419	-	-	419
Minimum Pension Liability Adjust- ment, net of tax of \$(34,306)	-	-	-	(53,659)	-	-	(53,659)
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 84,208</u>
Cash Dividends Paid (\$0.68* per share)	-	-	(35,004)	-	-	-	
Stock Option Activity, net of tax	-	6,990	-	-	-	14,752	
Restricted Stock	-	316	-	-	(1,006)	688	
Amortization of Unearned Compensation	-	-	-	-	511	-	
Stock Split	290	(290)	-	-	-	-	
Deferred Stock	-	3	-	-	-	-	
Shares Issued to Directors	-	117	-	-	-	16	
BALANCES, JULY 3, 2005	\$ 579	\$ 55,793	\$ 1,029,329	\$ (48,331)	\$(1,985)	\$ (146,199)	
Comprehensive Income:							
Net Income	-	-	102,346	-	-	-	\$ 102,346
Foreign Currency Translation Adjustments	-	-	-	1,785	-	-	1,785
Unrealized Loss on Derivatives	-	-	-	(1,255)	-	-	(1,255)
Minimum Pension Liability Adjust- ment, net of tax of \$(33,733)	-	-	-	52,761	-	-	52,761
Total Comprehensive Income	-	-	-	-	-	-	<u>\$ 155,637</u>
Cash Dividends Paid (\$0.88 per share)	-	-	(45,278)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(34,919)	
Stock Option Activity, net of tax	-	10,455	-	-	-	10,254	
Restricted Stock	-	431	-	-	(1,490)	925	
Amortization of Unearned Compensation	-	-	-	-	1,276	-	
Deferred Stock	-	605	-	-	-	-	
Shares Issued to Directors	-	41	-	-	-	83	
BALANCES, JULY 2, 2006	\$ 579	\$ 67,325	\$ 1,086,397	\$ 4,960	\$(2,199)	\$ (169,856)	

* Share data adjusted for effect of 2-for-1 stock split effective October 29, 2004.

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

Consolidated Statements of Cash Flows

FOR THE FISCAL YEARS ENDED JULY 2, 2006, JULY 3, 2005 AND JUNE 27, 2004

(in thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 102,346	\$ 136,567	\$ 136,114
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Extraordinary Gain	-	(19,800)	-
Depreciation and Amortization	77,234	72,793	66,608
Earnings of Unconsolidated Affiliates, Net of Dividends	459	678	(3,484)
(Gain) Loss on Disposition of Plant and Equipment	(11,139)	2,418	7,390
Stock Compensation Expense	9,999	1,268	291
Provision for Deferred Income Taxes	(10,438)	(3,896)	12,800
Change in Operating Assets and Liabilities, Net of Effects of Acquisition:			
Decrease (Increase) in Receivables	87,284	(26,892)	(28,588)
(Increase) Decrease in Inventories	(92,350)	12,784	(128,594)
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(12,302)	2,650	2,017
(Decrease) Increase in Accounts Payable, Accrued Liabilities and Income Taxes	(7,695)	(27,673)	4,696
Change in Accrued/Prepaid Pension	10,847	(1,050)	(6,070)
Other, Net	363	(1,289)	(13,024)
Net Cash Provided by Operating Activities	<u>154,608</u>	<u>148,558</u>	<u>50,156</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to Plant and Equipment	(69,518)	(86,075)	(52,962)
Proceeds Received on Disposition of Plant and Equipment	11,518	1,940	720
Proceeds Received on Sale of Certain Assets of a Subsidiary	-	4,050	-
Refund of Cash Paid for Acquisition	6,347	-	5,686
Cash Paid for Acquisitions, Net of Cash Acquired	-	(355,094)	-
Other, Net	(3,400)	(1,500)	-
Net Cash Used by Investing Activities	<u>(55,053)</u>	<u>(436,679)</u>	<u>(46,556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Borrowings (Repayments) on Loans and Notes Payable	3,031	(2,684)	187
Net (Repayments) Borrowings on Long-Term Debt	(103,826)	125,000	(22)
Issuance Cost of Debt	-	(925)	(1,789)
Cash Dividends Paid	(45,278)	(35,065)	(30,408)
Stock Option Exercise Proceeds and Tax Benefits	12,457	20,139	45,314
Treasury Stock Purchases	(34,919)	-	-
Net Cash (Used by) Provided by Financing Activities	<u>(168,535)</u>	<u>106,465</u>	<u>13,282</u>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	2,498	835	697
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(66,482)	(180,821)	17,579
CASH AND CASH EQUIVALENTS:			
Beginning of Year	161,573	342,394	324,815
End of Year	<u>\$ 95,091</u>	<u>\$ 161,573</u>	<u>\$ 342,394</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	<u>\$ 40,503</u>	<u>\$ 36,357</u>	<u>\$ 38,884</u>
Income Taxes Paid	<u>\$ 75,347</u>	<u>\$ 66,410</u>	<u>\$ 53,253</u>

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