

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## Consolidated Balance Sheets

AS OF JULY 1, 2007 AND JULY 2, 2006

(in thousands)

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash and Cash Equivalents . . . . .	\$ 29,469	\$ 95,091
Receivables, Less Reserves of \$4,102 and \$4,851, Respectively . . . . .	327,475	273,502
Inventories:		
Finished Products and Parts . . . . .	345,763	364,711
Work in Process . . . . .	199,215	188,358
Raw Materials . . . . .	7,804	8,946
Total Inventories . . . . .	<u>552,782</u>	<u>562,015</u>
Deferred Income Tax Asset . . . . .	55,520	49,960
Prepaid Expenses and Other Current Assets . . . . .	30,547	43,020
Total Current Assets . . . . .	<u>995,793</u>	<u>1,023,588</u>
GOODWILL . . . . .	250,107	251,885
OTHER INTANGIBLE ASSETS, Net . . . . .	92,556	94,596
INVESTMENTS . . . . .	47,326	48,917
PREPAID PENSION . . . . .	103,247	75,789
DEFERRED LOAN COSTS, Net . . . . .	3,135	4,308
OTHER LONG-TERM ASSETS, Net . . . . .	6,686	6,765
PLANT AND EQUIPMENT:		
Land and Land Improvements . . . . .	18,039	17,956
Buildings . . . . .	142,873	130,044
Machinery and Equipment . . . . .	814,037	830,537
Construction in Progress . . . . .	31,453	29,627
	<u>1,006,402</u>	<u>1,008,164</u>
Less - Accumulated Depreciation . . . . .	618,084	577,876
Total Plant and Equipment, Net . . . . .	<u>388,318</u>	<u>430,288</u>
	<u>\$ 1,887,168</u>	<u>\$ 1,936,136</u>

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

**AS OF JULY 1, 2007 AND JULY 2, 2006**

(in thousands, except per share data)

<b>LIABILITIES AND SHAREHOLDERS' INVESTMENT</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable .....	\$ 179,476	\$ 161,291
Short-term Debt .....	3,000	3,474
Current Maturities on Long-term Debt .....	116,139	-
Accrued Liabilities:		
Wages and Salaries .....	27,901	32,743
Warranty .....	37,353	32,555
Accrued Postretirement Health Care Obligation .....	37,504	26,000
Other .....	67,797	66,405
Total Accrued Liabilities .....	<u>170,555</u>	<u>157,703</u>
Total Current Liabilities .....	469,170	322,468
DEFERRED INCOME TAX LIABILITY .....	37,300	94,798
ACCRUED PENSION COST .....	39,438	25,587
ACCRUED WARRANTY .....	17,213	20,678
ACCRUED EMPLOYEE BENEFITS .....	20,072	16,267
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION .....	186,868	84,136
LONG-TERM DEBT .....	267,909	383,324
OTHER LONG-TERM LIABILITIES .....	3,144	1,672
COMMITMENTS AND CONTINGENCIES .....		
<b>SHAREHOLDERS' INVESTMENT:</b>		
Common Stock -		
Authorized 120,000 Shares \$.01 Par Value,		
Issued 57,854 Shares .....	579	579
Additional Paid-In Capital .....	73,149	65,126
Retained Earnings .....	1,042,673	1,086,397
Accumulated Other Comprehensive Income (Loss) .....	(56,510)	4,960
Treasury Stock at cost,		
8,222 Shares in 2007 and 6,654 Shares in 2006 .....	<u>(213,837)</u>	<u>(169,856)</u>
Total Shareholders' Investment .....	<u>846,054</u>	<u>987,206</u>
	<u>\$ 1,887,168</u>	<u>\$ 1,936,136</u>

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# Consolidated Statements of Earnings

FOR THE FISCAL YEARS ENDED JULY 1, 2007, JULY 2, 2006 AND JULY 3, 2005

(in thousands, except per share data)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
NET SALES .....	\$ 2,157,233	\$ 2,542,171	\$ 2,654,875
COST OF GOODS SOLD .....	1,827,013	2,050,487	2,149,984
IMPAIRMENT CHARGE .....	43,088	-	-
Gross Profit .....	<u>287,132</u>	<u>491,684</u>	<u>504,891</u>
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES .....	265,596	315,718	314,123
Income from Operations .....	21,536	175,966	190,768
INTEREST EXPENSE .....	(43,691)	(42,091)	(36,883)
OTHER INCOME, Net .....	14,836	18,491	20,430
Income (Loss) Before Provision (Credit) for Income Taxes ...	(7,319)	152,366	174,315
PROVISION (CREDIT) FOR INCOME TAXES .....	(7,465)	50,020	57,548
Income Before Extraordinary Item .....	146	102,346	116,767
EXTRAORDINARY GAIN - NEGATIVE GOODWILL .....	-	-	19,800
NET INCOME .....	<u>\$ 146</u>	<u>\$ 102,346</u>	<u>\$ 136,567</u>
EARNINGS PER SHARE DATA .....			
Weighted Average Shares Outstanding .....	49,715	51,479	51,472
Income Before Extraordinary Item .....	\$ 0.00	\$ 1.99	\$ 2.27
Extraordinary Gain .....	-	-	.38
Basic Earnings Per Share .....	<u>\$ 0.00</u>	<u>\$ 1.99</u>	<u>\$ 2.65</u>
Diluted Average Shares Outstanding .....	49,827	51,594	51,954
Income Before Extraordinary Item .....	\$ 0.00	\$ 1.98	\$ 2.25
Extraordinary Gain .....	-	-	.38
Diluted Earnings Per Share .....	<u>\$ 0.00</u>	<u>\$ 1.98</u>	<u>\$ 2.63</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 JULY 1, 2007, JULY 2, 2006 AND JULY 3, 2005

(in thousands, except per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Com- prehensive Income (Loss)	Treasury Stock	Comprehensive Income
BALANCES, JUNE 27, 2004	\$ 289	\$ 47,167	\$ 927,766	\$ 4,028	\$ (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 Adjustment, net of tax of \$(34,306)	-	-	-	(53,659)	-	(53,659)
Total Comprehensive Income	-	-	-	-	-	\$ 84,208
Cash Dividends Paid (\$0.68* per share)	-	-	(35,004)	-	-	
Stock Option Activity, net of tax	-	6,990	-	-	14,752	
Restricted Stock	-	(690)	-	-	688	
Amortization of Unearned Compensation	-	511	-	-	-	
Stock Split	290	(290)	-	-	-	
Deferred Stock	-	3	-	-	-	
Shares Issued to Directors	-	117	-	-	16	
BALANCES, JULY 3, 2005	\$ 579	\$ 53,808	\$ 1,029,329	\$ (48,331)	\$ (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 Adjustment, net of tax of \$(33,733)	-	-	-	52,761	-	52,761
Total Comprehensive Income	-	-	-	-	-	\$ 155,637
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	-	(1,059)	-	-	925	
Amortization of Unearned Compensation	-	1,276	-	-	-	
Deferred Stock	-	605	-	-	-	
Shares Issued to Directors	-	41	-	-	83	
BALANCES, JULY 2, 2006	\$ 579	\$ 65,126	\$ 1,086,397	\$ 4,960	\$ (169,856)	
Comprehensive Income:						
Net Income	-	-	146	-	-	\$ 146
Foreign Currency Translation Adjustments	-	-	-	4,275	-	4,275
Unrealized Loss on Derivatives	-	-	-	(765)	-	(765)
Minimum Pension Liability Adjustment, net of tax of \$(1,218)	-	-	-	(1,904)	-	(1,904)
Total Comprehensive Income	-	-	-	-	-	\$ 1,752
Cash Dividends Paid (\$0.88 per share)	-	-	(43,870)	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	(48,232)	
Stock Option Activity, net of tax	-	7,226	-	-	3,725	
Restricted Stock	-	(559)	-	-	436	
Amortization of Unearned Compensation	-	1,023	-	-	-	
Deferred Stock	-	326	-	-	-	
Shares Issued to Directors	-	7	-	-	90	
Adjustment to Initially Apply SFAS 158, net of tax of \$(40,328)	-	-	-	(63,076)	-	
BALANCES, JULY 1, 2007	\$ 579	\$ 73,149	\$ 1,042,673	\$ (56,510)	\$ (213,837)	

\* 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 1, 2007, JULY 2, 2006 AND JULY 3, 2005

(in thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$ 146	\$ 102,346	\$ 136,567
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Extraordinary Gain	-	-	(19,800)
Depreciation and Amortization	74,314	77,234	72,793
Stock Compensation Expense	8,484	9,999	1,268
Impairment Charge	43,088	-	-
Earnings of Unconsolidated Affiliates, Net of Dividends	1,576	459	678
(Gain) Loss on Disposition of Plant and Equipment	2,939	(11,139)	2,418
Provision for Deferred Income Taxes	(21,513)	(10,438)	(3,896)
Change in Operating Assets and Liabilities, Net of Effects of Acquisition:			
(Increase) Decrease in Receivables	(53,972)	87,284	(26,892)
(Increase) Decrease in Inventories	7,732	(92,350)	12,784
(Increase) Decrease in Prepaid Expenses and Other Current Assets	11,558	(12,302)	2,650
Increase (Decrease) in Accounts Payable, Accrued Liabilities and Income Taxes	16,418	(7,695)	(27,734)
Change in Accrued/Prepaid Pension	1,830	10,847	(1,050)
Other, Net	(4,761)	363	(1,289)
Net Cash Provided by Operating Activities	<u>87,839</u>	<u>154,608</u>	<u>148,497</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to Plant and Equipment	(68,000)	(69,518)	(86,075)
Proceeds Received on Disposition of Plant and Equipment	599	11,518	1,940
Proceeds Received on Sale of Certain Assets of a Subsidiary	-	-	4,050
Refund of Cash Paid for Acquisition	-	6,347	-
Cash Paid for Acquisitions, Net of Cash Acquired	-	-	(355,094)
Other, Net	-	(3,400)	(1,500)
Net Cash Used by Investing Activities	<u>(67,401)</u>	<u>(55,053)</u>	<u>(436,679)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net (Repayments) Borrowings on Loans and Notes Payable	(473)	3,031	(2,684)
Net (Repayments) Borrowings on Long-Term Debt	-	(103,826)	125,000
Issuance Cost of Debt	-	-	(925)
Cash Dividends Paid	(43,870)	(45,278)	(35,004)
Stock Option Exercise Proceeds and Tax Benefits	3,694	12,457	20,139
Treasury Stock Purchases	(48,232)	(34,919)	-
Net Cash (Used) Provided by Financing Activities	<u>(88,881)</u>	<u>(168,535)</u>	<u>106,526</u>
<b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(65,622)</u>	<u>(66,482)</u>	<u>(180,821)</u>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of Year	95,091	161,573	342,394
End of Year	<u>\$ 29,469</u>	<u>\$ 95,091</u>	<u>\$ 161,573</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Interest Paid	<u>\$ 43,169</u>	<u>\$ 40,503</u>	<u>\$ 36,357</u>
Income Taxes Paid	<u>\$ 12,342</u>	<u>\$ 75,347</u>	<u>\$ 66,410</u>

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