

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## Consolidated Balance Sheets

AS OF JUNE 29, 2008 AND JULY 1, 2007

(in thousands)

| <b>ASSETS</b>   | <b>2008</b>         | <b>Restated<br/>2007</b> |
|---|---------------------|--------------------------|
| <b>CURRENT ASSETS:</b>  |                     |                          |
| Cash and Cash Equivalents . . . . .                                       | \$ 32,468           | \$ 29,469                |
| Receivables, Less Reserves of \$5,607 and \$4,102, Respectively . . . . . | 320,568             | 327,475                  |
| Inventories:  |                     |                          |
| Finished Products and Parts . . . . .                                     | 339,186             | 344,074                  |
| Work in Process . . . . .   | 177,280             | 198,242                  |
| Raw Materials . . . . .   | 13,738              | 7,766                    |
| Total Inventories . . . . .   | <u>530,204</u>      | <u>550,082</u>           |
| Deferred Income Tax Asset . . . . .                                       | 53,496              | 55,520                   |
| Prepaid Expenses and Other Current Assets . . . . .                       | 41,801              | 30,547                   |
| Total Current Assets . . . . .  | <u>978,537</u>      | <u>993,093</u>           |
| GOODWILL . . . . .  | 248,328             | 250,107                  |
| OTHER INTANGIBLE ASSETS, Net . . . . .                                    | 90,687              | 92,556                   |
| INVESTMENTS . . . . .   | 21,956              | 47,326                   |
| PREPAID PENSION . . . . .   | 90,020              | 103,247                  |
| DEFERRED LOAN COSTS, Net . . . . .  | 3,106               | 3,135                    |
| OTHER LONG-TERM ASSETS, Net . . . . .                                     | 8,827               | 6,686                    |
| <b>PLANT AND EQUIPMENT:</b>   |                     |                          |
| Land and Land Improvements . . . . .                                      | 18,826              | 18,039                   |
| Buildings . . . . .   | 139,876             | 142,873                  |
| Machinery and Equipment . . . . .   | 838,085             | 814,037                  |
| Construction in Progress . . . . .  | 16,200              | 31,453                   |
|   | <u>1,012,987</u>    | <u>1,006,402</u>         |
| Less - Accumulated Depreciation . . . . .                                 | 621,154             | 618,084                  |
| Total Plant and Equipment, Net . . . . .                                  | <u>391,833</u>      | <u>388,318</u>           |
|   | <u>\$ 1,833,294</u> | <u>\$ 1,884,468</u>      |

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

AS OF JUNE 29, 2008 AND JULY 1, 2007

(in thousands, except per share data)

| <b>LIABILITIES AND SHAREHOLDERS' INVESTMENT</b>     | <b><u>2008</u></b>  | <b><u>Restated<br/>2007</u></b> |
|---|---------------------|---------------------------------|
| <b>CURRENT LIABILITIES:</b>                         |                     |                                 |
| Accounts Payable .....                              | \$ 170,476          | \$ 187,776                      |
| Short-term Debt .....                               | 3,000               | 3,000                           |
| Current Maturities on Long-term Debt .....          | -                   | 116,139                         |
| Accrued Liabilities:                                |                     |                                 |
| Wages and Salaries .....                            | 40,870              | 27,901                          |
| Warranty .....                                      | 34,913              | 37,353                          |
| Accrued Postretirement Health Care Obligation ..... | 30,621              | 37,504                          |
| Other .....   | 53,722              | 64,397                          |
| Total Accrued Liabilities .....                     | <u>160,126</u>      | <u>167,155</u>                  |
| Total Current Liabilities .....                     | <u>333,602</u>      | <u>474,070</u>                  |
| DEFERRED INCOME TAX LIABILITY .....                 | 47,266              | 37,300                          |
| ACCRUED PENSION COST .....                          | 36,173              | 39,438                          |
| ACCRUED WARRANTY .....                              | 14,635              | 17,213                          |
| ACCRUED EMPLOYEE BENEFITS .....                     | 18,521              | 20,072                          |
| ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION ..... | 161,684             | 186,868                         |
| LONG-TERM DEBT .....                                | 365,555             | 267,909                         |
| OTHER LONG-TERM LIABILITIES .....                   | 18,335              | 3,144                           |
| 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 .....                    | 76,667              | 73,149                          |
| Retained Earnings .....                             | 1,082,553           | 1,107,514                       |
| Accumulated Other Comprehensive Income (Loss) ..... | (110,234)           | (128,951)                       |
| Treasury Stock at Cost,                             |                     |                                 |
| 8,154 Shares in 2008 and 8,222 Shares in 2007 ..... | <u>(212,042)</u>    | <u>(213,837)</u>                |
| Total Shareholders' Investment .....                | <u>837,523</u>      | <u>838,454</u>                  |
|   | <u>\$ 1,833,294</u> | <u>\$ 1,884,468</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 29, 2008, JULY 1, 2007 AND JULY 2, 2006

(in thousands, except per share data)

|  | <u>2008</u>      | Restated<br><u>2007</u> | Restated<br><u>2006</u> |
|--|------------------|-------------------------|-------------------------|
| NET SALES .....  | \$ 2,151,393     | \$ 2,156,833            | \$ 2,539,671            |
| COST OF GOODS SOLD .....   | 1,844,077        | 1,818,547               | 2,044,326               |
| IMPAIRMENT CHARGE .....  | -                | 43,088                  | -                       |
| Gross Profit .....   | <u>307,316</u>   | 295,198                 | 495,345                 |
| ENGINEERING, SELLING, GENERAL AND<br>ADMINISTRATIVE EXPENSES ..... | <u>280,976</u>   | 263,041                 | 313,231                 |
| Income from Operations .....                                       | <u>26,340</u>    | 32,157                  | 182,114                 |
| INTEREST EXPENSE .....   | <u>(38,123)</u>  | (43,691)                | (42,091)                |
| OTHER INCOME, Net .....  | <u>41,392</u>    | 14,836                  | 18,491                  |
| Income Before Provision (Credit) for Income Taxes .....            | <u>29,609</u>    | 3,302                   | 158,514                 |
| PROVISION (CREDIT) FOR INCOME TAXES .....                          | <u>7,009</u>     | (3,399)                 | 52,533                  |
| NET INCOME .....   | <u>\$ 22,600</u> | <u>\$ 6,701</u>         | <u>\$ 105,981</u>       |
| EARNINGS PER SHARE DATA .....                                      |                  |                         |                         |
| Weighted Average Shares Outstanding .....                          | <u>49,549</u>    | 49,715                  | 51,479                  |
| Basic Earnings Per Share .....                                     | <u>\$ 0.46</u>   | <u>\$ 0.13</u>          | <u>\$ 2.06</u>          |
| Diluted Average Shares Outstanding .....                           | <u>49,652</u>    | 49,827                  | 51,594                  |
| Diluted Earnings Per Share .....                                   | <u>\$ 0.46</u>   | <u>\$ 0.13</u>          | <u>\$ 2.05</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, 2008, JULY 1, 2007 AND JULY 2, 2006

(in thousands, except per share data)

|  | Common<br>Stock | Additional<br>Paid-In<br>Capital | Restated<br>Retained<br>Earnings | Restated<br>Accumulated<br>Other Com-<br>prehensive<br>Income (Loss) | Treasury<br>Stock   | Restated<br>Comprehensive<br>Income |
|--|-----------------|----------------------------------|----------------------------------|--|---------------------|-------------------------------------|
| <b>RESTATED BALANCES, JULY 3, 2005</b> . . . . .                               | \$ 579          | \$ 53,808                        | \$ 1,083,980                     | \$ (48,331)  | \$ (146,199)        |                                     |
| <b>Comprehensive Income:</b>   |                 |                                  |                                  |  |                     |                                     |
| Restated Net Income . . . . .  | -               | -                                | 105,981                          | -  | -                   | \$ 105,981                          |
| Foreign Currency Translation Adjustments . . . . .                             | -               | -                                | -                                | 1,785  | -                   | 1,785                               |
| Unrealized Loss on Derivatives . . . . .                                       | -               | -                                | -                                | (1,255)  | -                   | (1,255)                             |
| Minimum Pension Liability Adjustment,<br>net of tax of \$(33,733) . . . . .    | -               | -                                | -                                | 52,761   | -                   | 52,761                              |
| <b>Total Comprehensive Income</b> . . . . .                                    | -               | -                                | -                                | -  | -                   | <u>\$ 159,272</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 . . . . .   | -               | (1,059)                          | -                                | -  | 925                 |                                     |
| Amortization of Unearned Compensation . . . . .                                | -               | 1,276                            | -                                | -  | -                   |                                     |
| Deferred Stock . . . . .   | -               | 605                              | -                                | -  | -                   |                                     |
| Shares Issued to Directors . . . . .   | -               | 41                               | -                                | -  | 83                  |                                     |
| <b>RESTATED BALANCES, JULY 2, 2006</b> . . . . .                               | \$ 579          | \$ 65,126                        | \$ 1,144,683                     | \$ 4,960   | \$ (169,856)        |                                     |
| <b>Comprehensive Income:</b>   |                 |                                  |                                  |  |                     |                                     |
| Restated Net Income . . . . .  | -               | -                                | 6,701                            | -  | -                   | \$ 6,701                            |
| Foreign Currency Translation Adjustments . . . . .                             | -               | -                                | -                                | 4,275  | -                   | 4,275                               |
| Unrealized Loss on Derivatives . . . . .                                       | -               | -                                | -                                | (765)  | -                   | (765)                               |
| Minimum Pension Liability Adjustment,<br>net of tax of \$(1,218) . . . . .     | -               | -                                | -                                | (1,904)  | -                   | (1,904)                             |
| <b>Total Comprehensive Income</b> . . . . .                                    | -               | -                                | -                                | -  | -                   | <u>\$ 8,307</u>                     |
| 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,<br>net of tax of \$(86,643) . . . . .  | -               | -                                | -                                | (135,517)  | -                   |                                     |
| <b>RESTATED BALANCES, JULY 1, 2007</b> . . . . .                               | \$ 579          | \$ 73,149                        | \$ 1,107,514                     | \$ (128,951)   | \$ (213,837)        |                                     |
| <b>Comprehensive Income:</b>   |                 |                                  |                                  |  |                     |                                     |
| <b>Net Income</b> . . . . .  | -               | -                                | 22,600                           | -  | -                   | \$ 22,600                           |
| Foreign Currency Translation Adjustments . . . . .                             | -               | -                                | -                                | 10,846   | -                   | 10,846                              |
| Unrealized Gain on Derivatives . . . . .                                       | -               | -                                | -                                | 5,550  | -                   | 5,550                               |
| Change in Pension and Postretirement Plans,<br>net of tax of \$1,483 . . . . . | -               | -                                | -                                | 2,321  | -                   | 2,321                               |
| <b>Total Comprehensive Income</b> . . . . .                                    | -               | -                                | -                                | -  | -                   | <u>\$ 41,317</u>                    |
| Cash Dividends Paid (\$0.88 per share) . . . . .                               | -               | -                                | (43,560)                         | -  | -                   |                                     |
| Stock Option Activity, net of tax . . . . .                                    | -               | 3,230                            | -                                | -  | 1,065               |                                     |
| Restricted Stock . . . . .   | -               | (974)                            | -                                | -  | 638                 |                                     |
| Amortization of Unearned Compensation . . . . .                                | -               | 1,117                            | -                                | -  | -                   |                                     |
| Deferred Stock . . . . .   | -               | 142                              | -                                | -  | -                   |                                     |
| Shares Issued to Directors . . . . .   | -               | 3                                | -                                | -  | 92                  |                                     |
| Adoption of FIN 48 . . . . .   | -               | -                                | (4,001)                          | -  | -                   |                                     |
| <b>BALANCES, JUNE 29, 2008</b> . . . . .                                       | <u>\$ 579</u>   | <u>\$ 76,667</u>                 | <u>\$ 1,082,553</u>              | <u>\$ (110,234)</u>  | <u>\$ (212,042)</u> |                                     |

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, 2008, JULY 1, 2007 AND JULY 2, 2006

(in thousands)

|  | <u>2008</u>         | Restated<br><u>2007</u> | Restated<br><u>2006</u> |
|--|---------------------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                     |                         |                         |
| Net Income . . . . .   | \$ 22,600           | \$ 6,701                | \$ 105,981              |
| Adjustments to Reconcile Net Income to<br>Net Cash Provided by Operating Activities:               |                     |                         |                         |
| Depreciation and Amortization . . . . .  | 68,886              | 74,314                  | 77,234                  |
| Stock Compensation Expense . . . . .   | 4,563               | 8,484                   | 9,999                   |
| Impairment Charge . . . . .  | -                   | 43,088                  | -                       |
| Earnings (Loss) of Unconsolidated Affiliates, Net of Dividends . . . . .                           | (788)               | 1,576                   | 459                     |
| (Gain) Loss on Disposition of Plant and Equipment . . . . .  | 2,708               | 2,939                   | (11,139)                |
| Gain on Sale of Investment . . . . .   | (36,960)            | -                       | -                       |
| Gain on Curtailment of Employee Benefits . . . . .   | (13,288)            | -                       | -                       |
| (Provision) Credit for Deferred Income Taxes . . . . .   | 10,506              | (17,447)                | (7,925)                 |
| Change in Operating Assets and Liabilities, Net of Effects<br>of Acquisition:                      |                     |                         |                         |
| (Increase) Decrease in Receivables . . . . .   | 6,906               | (53,972)                | 87,284                  |
| (Increase) Decrease in Inventories . . . . .   | 18,390              | 7,132                   | (91,450)                |
| (Increase) Decrease in Prepaid Expenses and Other Current Assets . . . . .                         | 9,954               | 11,558                  | (12,302)                |
| Increase (Decrease) in Accounts Payable, Accrued Liabilities and<br>Income Taxes . . . . .         | (22,157)            | 16,618                  | (4,795)                 |
| Change in Accrued/Prepaid Pension . . . . .  | (2,258)             | (8,391)                 | 899                     |
| Other, Net . . . . .   | (7,773)             | (4,761)                 | 363                     |
| Net Cash Provided by Operating Activities . . . . .  | <u>61,289</u>       | <u>87,839</u>           | <u>154,608</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                     |                         |                         |
| Additions to Plant and Equipment . . . . .   | (65,513)            | (68,000)                | (69,518)                |
| Proceeds Received on Disposition of Plant and Equipment . . . . .                                  | 680                 | 599                     | 11,518                  |
| Proceeds Received on Sale of Investment . . . . .  | 66,011              | -                       | -                       |
| Refund of Cash Paid for Acquisition . . . . .  | -                   | -                       | 6,347                   |
| Other, Net . . . . .   | (503)               | -                       | (3,400)                 |
| Net Cash Provided (Used) by Investing Activities . . . . .   | <u>675</u>          | <u>(67,401)</u>         | <u>(55,053)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                     |                         |                         |
| Net (Repayments) Borrowings on Loans, Notes Payable and<br>Long-Term Debt . . . . .                | (19,062)            | (473)                   | (100,795)               |
| Issuance Cost of Amended Revolver . . . . .  | (1,286)             | -                       | -                       |
| Cash Dividends Paid . . . . .  | (43,560)            | (43,870)                | (45,278)                |
| Stock Option Exercise Proceeds and Tax Benefits . . . . .  | 991                 | 3,694                   | 12,457                  |
| Treasury Stock Purchases . . . . .   | -                   | (48,232)                | (34,919)                |
| Net Cash Used by Financing Activities . . . . .  | <u>(62,917)</u>     | <u>(88,881)</u>         | <u>(168,535)</u>        |
| <b>EFFECT OF FOREIGN CURRENCY EXCHANGE RATE<br/>CHANGES ON CASH AND CASH EQUIVALENTS . . . . .</b> |                     |                         |                         |
|  | <b>3,952</b>        | <b>2,821</b>            | <b>2,498</b>            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .</b>                              | <b><u>2,999</u></b> | <b><u>(65,622)</u></b>  | <b><u>(66,482)</u></b>  |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                     |                         |                         |
| Beginning of Year . . . . .  | 29,469              | 95,091                  | 161,573                 |
| End of Year . . . . .  | <u>\$ 32,468</u>    | <u>\$ 29,469</u>        | <u>\$ 95,091</u>        |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>   |                     |                         |                         |
| Interest Paid . . . . .  | \$ 40,332           | \$ 43,169               | \$ 40,503               |
| Income Taxes Paid . . . . .  | <u>\$ 4,169</u>     | <u>\$ 12,342</u>        | <u>\$ 75,347</u>        |

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