

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Balance Sheets

AS OF JUNE 27, 1999 AND JUNE 28, 1998

(in thousands)

ASSETS	<u>1999</u>	<u>1998</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 60,806	\$ 84,527
Receivables, Less Reserves of \$1,516 and \$1,537, Respectively	194,096	136,629
Inventories –		
Finished Products and Parts	72,196	58,975
Work in Process	59,665	45,217
Raw Materials	5,587	3,684
Total Inventories	<u>137,448</u>	<u>107,876</u>
Future Income Tax Benefits	34,383	31,287
Prepaid Expenses	32,413	21,727
Total Current Assets	<u>459,146</u>	<u>382,046</u>
MARKETABLE SECURITIES	2,730	–
DEFERRED INCOME TAX ASSETS	2,039	9,555
CAPITALIZED SOFTWARE	7,516	9,881
PLANT AND EQUIPMENT:		
Land and Land Improvements	16,024	15,781
Buildings	151,035	148,868
Machinery and Equipment	651,129	630,043
Construction in Progress	41,660	17,736
	<u>859,848</u>	<u>812,428</u>
Less – Accumulated Depreciation	455,394	420,501
Total Plant and Equipment, Net	<u>404,454</u>	<u>391,927</u>
	<u>\$ 875,885</u>	<u>\$ 793,409</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

AS OF JUNE 27, 1999 AND JUNE 28, 1998

(in thousands)

LIABILITIES AND SHAREHOLDERS' INVESTMENT	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 117,757	\$ 76,915
Domestic Notes Payable	4,335	4,700
Foreign Loans	13,824	14,336
Current Maturities on Long-Term Debt	15,000	15,000
Accrued Liabilities –		
Wages and Salaries	38,744	29,502
Warranty	36,978	29,565
Other	43,963	42,398
Total Accrued Liabilities	119,685	101,465
Federal and State Income Taxes	11,901	10,529
Total Current Liabilities	282,502	222,945
DEFERRED REVENUE ON SALE OF PLANT AND EQUIPMENT	15,798	15,893
ACCRUED PENSION COST	17,306	26,477
ACCRUED EMPLOYEE BENEFITS	13,185	12,571
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION	67,877	70,933
LONG-TERM DEBT	113,307	128,102
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' INVESTMENT:		
Common Stock –		
Authorized 60,000 Shares \$.01 Par Value,		
Issued 28,927 in 1999 and 1998	289	289
Additional Paid-In Capital	37,657	37,776
Retained Earnings	612,807	533,805
Accumulated Other Comprehensive Income	(1,732)	(2,110)
Unearned Compensation on Restricted Stock	(235)	–
Treasury Stock at cost,		
5,727 Shares in 1999 and 5,103 in 1998	(282,876)	(253,272)
Total Shareholders' Investment	365,910	316,488
	\$ 875,885	\$ 793,409

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Earnings

FOR THE YEARS ENDED JUNE 27, 1999, JUNE 28, 1998 AND JUNE 29, 1997

(in thousands, except per share data)

	<u>1999</u>	<u>1998</u>	<u>1997</u>
NET SALES	\$ 1,501,726	\$ 1,327,610	\$ 1,316,413
COST OF GOODS SOLD	1,196,371	<u>1,072,936</u>	<u>1,095,197</u>
Gross Profit on Sales	305,355	254,674	221,216
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	125,219	<u>129,986</u>	<u>117,497</u>
Income from Operations	180,136	124,688	103,719
INTEREST EXPENSE	(17,024)	(19,352)	(9,880)
OTHER INCOME, Net	6,659	<u>7,809</u>	<u>5,466</u>
Income Before Provision for Income Taxes	169,771	113,145	99,305
PROVISION FOR INCOME TAXES	63,670	<u>42,500</u>	<u>37,740</u>
NET INCOME	\$ 106,101	<u>\$ 70,645</u>	<u>\$ 61,565</u>
Average Shares Outstanding	23,344	24,666	28,551
BASIC EARNINGS PER SHARE	\$ 4.55	<u>\$ 2.86</u>	<u>\$ 2.16</u>
Diluted Average Shares Outstanding	23,459	24,775	28,678
DILUTED EARNINGS PER SHARE	\$ 4.52	<u>\$ 2.85</u>	<u>\$ 2.15</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Investment

FOR THE YEARS ENDED JUNE 27, 1999, JUNE 28, 1998 AND JUNE 29, 1997

(in thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehen- sive Income	Unearned Compensation on Restricted Stock	Treasury Stock	Comprehensive Income
BALANCES, JUNE 30, 1996 ...	\$ 289	\$ 40,898	\$ 459,666	\$ (348)	\$ -	\$ -	
Comprehensive Income –							
Net Income	-	-	61,565	-	-	-	\$ 61,565
Foreign Currency Translation Adjustments	-	-	-	(685)	-	-	(685)
Total Comprehensive Income ..	-	-	-	-	-	-	<u>\$ 60,880</u>
Cash Dividends Paid (\$1.09 per share)	-	-	(30,549)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(179,924)	
Exercise of Stock Options	-	(365)	-	-	-	550	
BALANCES, JUNE 29, 1997 ...	\$ 289	\$ 40,533	\$ 490,682	\$ (1,033)	\$ -	\$ (179,374)	
Comprehensive Income –							
Net Income	-	-	70,645	-	-	-	\$ 70,645
Foreign Currency Translation Adjustments	-	-	-	(1,077)	-	-	(1,077)
Total Comprehensive Income ..	-	-	-	-	-	-	<u>\$ 69,568</u>
Cash Dividends Paid (\$1.12 per share)	-	-	(27,522)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(85,943)	
Exercise of Stock Options	-	(2,757)	-	-	-	12,045	
BALANCES, JUNE 28, 1998 ...	\$ 289	\$ 37,776	\$ 533,805	\$ (2,110)	\$ -	\$ (253,272)	
Comprehensive Income –							
Net Income	-	-	106,101	-	-	-	\$ 106,101
Foreign Currency Translation Adjustments	-	-	-	(199)	-	-	(199)
Unrealized Gain on Marketable Securities, net of tax of \$368	-	-	-	577	-	-	577
Total Comprehensive Income ..	-	-	-	-	-	-	<u>\$ 106,479</u>
Cash Dividends Paid (\$1.16 per share)	-	-	(27,099)	-	-	-	
Purchase of Common Stock for Treasury	-	-	-	-	-	(75,141)	
Exercise of Stock Options	-	(13)	-	-	-	45,143	
Restricted Stock Issued	-	(106)	-	-	(288)	394	
Amortization of Unearned Compensation	-	-	-	-	53	-	
BALANCES, JUNE 27, 1999 ...	\$ 289	\$ 37,657	\$ 612,807	\$ (1,732)	\$ (235)	\$ (282,876)	

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flow

FOR THE YEARS ENDED JUNE 27, 1999, JUNE 28, 1998 AND JUNE 29, 1997

(in thousands)

	<u>1999</u>	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 106,101	\$ 70,645	\$ 61,565
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities –			
Depreciation and Amortization	49,604	47,716	43,362
Loss on Disposition of Plant and Equipment	2,355	1,973	1,608
Provision (Credit) for Deferred Income Taxes	4,052	7,735	(16,105)
Change in Operating Assets and Liabilities –			
Increase in Receivables	(58,738)	(6,752)	(10,531)
(Increase) Decrease in Inventories	(29,570)	18,081	11,446
Increase in Prepaid Expenses	(10,805)	(3,606)	(2,396)
Increase in Accounts Payable, Accrued Liabilities and Income Taxes	61,697	8,274	25,378
Other, Net	(10,748)	(7,676)	28,590
Net Cash Provided by Operating Activities	113,948	136,390	142,917
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to Plant and Equipment	(65,998)	(45,893)	(71,262)
Proceeds Received on Sale of Plant and Equipment	1,142	620	4,133
Proceeds Received on Sale of Menomonee Falls, Wisconsin Facility	–	–	15,966
Net Cash Used in Investing Activities	(64,856)	(45,273)	(51,163)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (Repayments) Borrowings on Loans and Notes Payable	(401)	677	(1,563)
Net Borrowings on 7.25% Notes Due 2007	–	–	97,880
Repayment on 9.21% Senior Notes Due 2001	(15,000)	(15,000)	(15,000)
Cash Dividends Paid	(27,099)	(27,522)	(30,549)
Purchase of Common Stock for Treasury	(75,141)	(85,943)	(179,924)
Proceeds from Exercise of Stock Options	45,130	9,288	185
Net Cash Used in Financing Activities	(72,511)	(118,500)	(128,971)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(302)	(949)	(563)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
	(23,721)	(28,332)	(37,780)
CASH AND CASH EQUIVALENTS:			
Beginning of Year	84,527	112,859	150,639
End of Year	\$ 60,806	\$ 84,527	\$ 112,859
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	\$ 17,025	\$ 17,989	\$ 9,298
Income Taxes Paid	\$ 54,491	\$ 33,352	\$ 49,707

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