UNOVA INC
Form 10-Q
August 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 3, 2005

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-13279

UNOVA, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-4647021** (I.R.S. Employer Identification No.)
6001 36th Avenue West **Everett, WA** **www.unova.com** (Address of principal executive offices and internet site)	**98203-1264** (Zip Code)

Registrant s telephone number, including area code: **(425) 265-2400**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ý No o

On July 31, 2005, there were 61,854,401 shares of Common Stock outstanding, exclusive of treasury shares.

UNOVA, INC.

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REPORT ON FORM 10-Q

FOR THE QUARTER ENDED JULY 3, 2005

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNOVA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except per share amounts)

(unaudited)

	Three Months Ended		Six Months Ended	
	July 3, 2005	June 30, 2004	July 3, 2005	June 30, 2004
Revenues:				
Product	$ 181,007	$ 152,991	$ 342,950	$ 315,247
Service	36,452	33,588	71,004	64,337
Total Revenues	217,459	186,579	413,954	379,584
Costs and Expenses:				
Cost of product revenues	101,954	88,610	194,701	173,727
Cost of service revenues	21,084	19,798	41,970	38,008
Selling, general and administrative	75,992	68,316	148,748	133,071
Total Costs and Expenses	199,030	176,724	385,419	344,806
Operating Profit from Continuing Operations	18,429	9,855	28,535	34,778
Interest, net	(1,120)	(3,186)	(3,246)	(6,254)
Foreign currency exchange, net	215	(246)	200	(666)
Earnings from Continuing Operations before Income Taxes	17,524	6,423	25,489	27,858
Provision for Income Taxes	5,669	3,260	8,222	8,969
Earnings from Continuing Operations, Net of Tax	11,855	3,163	17,267	18,889
Earnings (Loss) from Discontinued Operations, Net of Tax	213	2,540	(1,719)	(2,704)
Net Earnings	$ 12,068	$ 5,703	$ 15,548	$ 16,185
Basic Earnings (Loss) per Share				
Continuing Operations	$ 0.19	$ 0.05	$ 0.28	$ 0.31
Discontinued Operations	0.01	0.04	(0.03)	(0.04)
Net Earnings per Share	$ 0.20	$ 0.09	$ 0.25	$ 0.27
Diluted Earnings (Loss) per Share				
Continuing Operations	$ 0.19	$ 0.05	$ 0.28	$ 0.30
Discontinued Operations	0.00	0.04	(0.03)	(0.04)
Net Earnings per Share	$ 0.19	$ 0.09	$ 0.25	$ 0.26
Shares Used in Computing Basic Earnings (Loss) per Share	61,361	60,403	61,228	60,296
	62,768	62,011	62,792	62,069

Shares Used in Computing Diluted Earnings (Loss)
per Share

See accompanying notes to consolidated financial statements.

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UNOVA, INC.

CONSOLIDATED BALANCE SHEETS

(amounts in thousands)

(unaudited)

		July 3, 2005		December 31, 2004
ASSETS				
Current Assets:				
Cash and cash equivalents	$	172,769	$	217,899
Restricted cash				50,000
Accounts receivable, net of allowance for doubtful accounts of $9,226 and $9,771		162,706		157,833
Inventories		102,752		80,854
Net deferred tax assets		61,919		81,769
Assets held for sale		13,518		19,748
Current assets of discontinued operations		58,253		211,116
Other current assets		9,361		8,831
Total Current Assets		581,278		828,050
Property, Plant and Equipment, Net of Accumulated Depreciation of $102,230 and $99,714		30,368		30,375
Intangibles, Net		3,872		4,072
Net Deferred Tax Assets		183,970		134,978
Long-term Assets of Discontinued Operations		19,683		21,238
Other Assets		59,484		53,964
Total Assets	$	878,655	$	1,072,677
LIABILITIES AND SHAREHOLDERS INVESTMENT				
Current Liabilities:				
Accounts payable and accrued expenses	$	178,056	$	160,001
Payroll and related expenses		26,339		30,077
Current portion of long-term debt		8,500		108,500
Current liabilities of discontinued operations		34,787		130,257
Total Current Liabilities		247,682		428,835
Long-term Debt		100,000		100,000
Other Long-term Liabilities		92,682		86,220
Long-term Liabilities of Discontinued Operations		11,943		46,388
Shareholders Investment:				
Common stock		618		611
Additional paid-in capital		716,128		703,416
Accumulated deficit		(291,147)		(306,695)
Accumulated other comprehensive income		749		13,902
Total Shareholders Investment		426,348		411,234
Total Liabilities and Shareholders Investment	$	878,655	$	1,072,677

See accompanying notes to consolidated financial statements.

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UNOVA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	Six Months Ended July 3, 2005	Six Months Ended June 30, 2004
Cash and Cash Equivalents at Beginning of Period	$ 217,899	$ 238,447
Cash Flows from Operating Activities of Continuing Operations:		
Net earnings from continuing operations	17,267	18,889
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	4,992	5,709
Change in prepaid pension costs, net	5,767	5,271
Deferred taxes	9,537	(1,790)
Stock-based compensation and other	587	280
Changes in operating assets and liabilities:		
Accounts receivable	5,137	(8,845)
Inventories	(22,929)	(13,796)
Other current assets	(1,168)	8,151
Accounts payable and accrued expenses	3,951	1,382
Payroll and related expenses	(4,495)	(9,065)
Other long-term liabilities	6,355	(306)
Other operating activities	(2,819)	1,688
Net Cash Provided by Operating Activities of Continuing Operations	22,182	7,568
Cash Flows from Investing Activities of Continuing Operations:		
Capital expenditures	(5,510)	(4,990)
Sale of property, plant and equipment	6,051	4,026
Decrease in restricted cash	50,000	
Other investing activities	190	(404)
Net Cash Provided by (Used in) Investing Activities of Continuing Operations	50,731	(1,368)
Cash Flows from Financing Activities of Continuing Operations:		
Repayment of long-term obligations	(100,000)	
Stock options exercised	7,644	2,774
Other financing activities	1,258	1,409
Net Cash Provided by (Used in) Financing Activities of Continuing Operations	(91,098)	4,183
Net Cash Provided by (Used in) Continuing Operations	(18,185)	10,383
Net Cash Used in Operating Activities of Discontinued Operations	(27,350)	(58,075)
Net Cash Provided by Investing Activities of Discontinued Operations	405	315
Resulting Decrease in Cash and Cash Equivalents	(45,130)	(47,377)
Cash and Cash Equivalents at End of Period	$ 172,769	$ 191,070
Supplemental Disclosure of Cash Flow Information:		
Effect of exchange rates on cash and cash equivalents	$ (5,987)	$ 925
Interest paid	(7,713)	(7,600)
Income taxes paid	(3,222)	(4,307)

See accompanying notes to consolidated financial statements.

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UNOVA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

UNOVA, Inc. and subsidiaries (UNOVA or the Company), through its wholly owned subsidiary Intermec Technologies Corporation (Intermec), is a leader in global supply chain solutions, the development, manufacture and integration of wired and wireless automated data collection, Intellitag® RFID (radio frequency identification), mobile computing systems, bar code printers and label media. Intermec products and services are used by customers to improve productivity, quality and responsiveness of business operations such as supply chain management, warehouse operations, inventory management, field service, in-transit visibility, direct-store delivery, store operations and store management. Intermec products and services are sold globally to a diverse set of customers in markets such as industrial manufacturing, transportation and logistics, retail, consumer goods and government.

The consolidated statement of cash flows for the six months ended July 3, 2005, reflects the reclassification of $50 million in restricted cash during the three months ended March 31, 2005 from financing activities to investing activities.

Effective the fourth quarter of 2004, the Company committed to a plan to sell its Industrial Automation Systems (IAS) businesses, comprising the Cincinnati Lamb division and the Landis Grinding Systems division after the Board of Directors concluded that the IAS businesses are no longer aligned with the Company s long-term strategy. Company management believes that divesting of the IAS businesses will enable the Company to concentrate better on Intermec s core competencies and growth opportunities. The Company has classified the IAS businesses as discontinued operations for accounting purposes in the Company s consolidated financial statements and related notes. The Company completed the sale of the Cincinnati Lamb business during the quarter ended April 3, 2005, and expects to sell the Landis Grinding Systems business within the 2005 fiscal year (see Note 5 to the consolidated financial statements). All prior periods presented have been restated to reflect this classification.

Beginning in 2005, the Company s interim financial periods are based on a thirteen-week internal accounting calendar. The Company does not believe this change has any material impact on comparability of the financial statements. The amounts included in this report are unaudited; however, in the opinion of management, all adjustments necessary for a fair presentation of results of operations, financial position and cash flows for the stated periods have been included. These adjustments are of a normal recurring nature. Certain prior-year amounts have been reclassified to conform to the current year presentation. These consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company s annual report on Form 10-K for the year ended December 31, 2004. The results of operations for the interim periods presented are not necessarily indicative of operating results for the entire year.

2. Stock-Based Compensation

As permitted by Statement of Financial Accounting Standards (SFAS) No. 123, the Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, under which compensation cost is recognized over the vesting period if the fair value is greater than the exercise price (the intrinsic value method) at the grant of stock options. Had compensation cost for these plans been determined consistent with SFAS No. 123, Accounting for Stock-Based Compensation, the Company s net earnings and basic and diluted earnings per share for the three and six months ended July 3, 2005, and June 30, 2004, would have been reduced to the pro forma amounts indicated in the following table (thousands of dollars):

	Three Months Ended		Six Months Ended	
	July 3, 2005	June 30, 2004	July 3, 2005	June 30, 2004
Net earnings as reported	$ 12,068	$ 5,703	$ 15,548	$ 16,185
Add: stock-based compensation expense recorded under the intrinsic value method, net of tax effect	584	340	1,068	513
Less: stock compensation expense computed under the fair value method, net of tax effect	(1,385)	(892)	(2,849)	(1,713)
Pro forma net earnings	$ 11,267	$ 5,151	$ 13,767	$ 14,985
Net earnings per share as reported:				
Basic	$ 0.20	$ 0.09	$ 0.25	$ 0.27
Diluted	$ 0.19	$ 0.09	$ 0.25	$ 0.26
Pro forma net earnings per share:				
Basic	$ 0.18	$ 0.09	$ 0.22	$ 0.25
Diluted	$ 0.18	$ 0.08	$ 0.22	$ 0.24

The above amounts reflect a revision of previously-reported pro-forma stock-based compensation expense for the three months ended April 3, 2005. The effect of this revision was to decrease stock-based compensation expense computed under the fair value method, net of tax effect, by $1,383 for the three months ended April 3, 2005, and increase pro-forma net earnings for that period by the same amount. The effect on both basic and diluted pro-forma earnings per share was an increase of $.02 for the three months ended April 3, 2005.

During the six months ended July 3, 2005, the Company issued 694,171 shares of Common Stock under its stock compensation plans, including 594,608 shares issued upon the exercise of options, 11,366 shares of restricted stock and 88,197 shares issued under the Employee Stock Purchase Plan and Directors Stock Option and Fee Plan. Also during the six months ended July 3, 2005, 123,697 shares of restricted stock vested due to completion of the vesting period.

3. Inventories

Inventories comprise the following (thousands of dollars):

	July 3, 2005	December 31, 2004
Raw materials	$ 61,169	$ 53,714
Work in process	623	304
Finished goods	40,960	26,836
Inventories	$ 102,752	$ 80,854

4. Long-term Debt and Interest, net

As of July 3, 2005 the Company maintains two secured long-term credit facilities: a $100 million revolving credit facility (the Revolving Facility) and a £15 million ($26.7 million) revolving facility and related overdraft facility (collectively, the UK Facility).

Net of outstanding letters of credit and limitations on minimum availability, the Company had borrowing capacity at July 3, 2005, of $30.5 million under the Revolving Facility and £4.4 million ($7.8 million) under the UK Facility. The Company made no borrowings under the Revolving Facility or the UK Facility during the first six months of 2005, and as of July 3, 2005, no borrowings were outstanding under either the Revolving Facility or the UK Facility. As of July 3, 2005, the Company was in compliance with the financial covenants of each of these agreements.

The key terms of the Revolving Facility are as follows:

The Company s obligations under the Revolving Facility are secured by substantially all the U.S. assets of the Company and its U.S. subsidiaries and a pledge of 65% of the stock of certain of its foreign subsidiaries.

Borrowings under the Revolving Facility bear interest at a variable rate equal to (at the Company s option) (i) LIBOR plus an applicable margin ranging from 1.5% to 2.5% based on consolidated leverage, or (ii) the greater of the federal funds rate plus 0.50% or the Bank s prime rate, plus an applicable margin ranging from 0.5% to 1.5% based on consolidated leverage.

If the Company sells subsidiaries within its Industrial Automation Systems segment, the net proceeds, or a portion thereof, as defined in the agreement, must be applied to repay borrowings outstanding under the Revolving Facility.

Until it retired its 6.875% Notes due March 15, 2005, the Company was required to maintain a minimum balance of $50 million as restricted cash. This amount is classified as restricted cash on the Company s consolidated balance sheet as of December 31, 2004. This cash restriction has been removed as of July 3, 2005.

The Revolving Facility places certain restrictions on the ability of the Company and its subsidiaries to consolidate or merge, make acquisitions, create liens, incur additional indebtedness or dispose of assets.

Financial covenants include a Consolidated Leverage test, a Consolidated Interest Coverage test and a Consolidated Net Worth test, each as defined in the agreement.

In March 1998, the Company sold $200.0 million principal amount of senior unsecured debt in an underwritten offering. The debt comprised $100.0 million of 6.875% seven-year notes and $100.0 million of 7.00% ten-year notes. Interest payments are due semi-annually. Including underwriting fees, discounts and other issuance costs, the effective interest rates on the seven-year and ten-year notes are 7.125% and 7.175%, respectively. In March 2005, the Company retired the $100.0 million seven-year notes.

The Company additionally has outstanding as of July 3, 2005, an $8.5 million industrial revenue bond, bearing interest at 4.77%, which is classified as current portion of long-term obligations on the Company s consolidated balance sheet. The Company retired the industrial revenue bond upon its maturity in July 2005.

Interest, net comprises the following (thousands of dollars):

	Three Months Ended		Six Months Ended	
	July 3, 2005	June 30, 2004	July 3, 2005	June 30, 2004
Interest expense	$ 2,471	$ 4,130	$ 6,399	$ 8,139
Interest income	(1,351)	(944)	(3,153)	(1,885)
Interest, net	$ 1,120	$ 3,186	$ 3,246	$ 6,254

The Company also has letter-of-credit reimbursement agreements totaling $41.3 million at July 3, 2005, compared to $53.6 million at December 31, 2004. As of July 3, 2005, $15.6 million of the agreements related to performance on contracts with current customers and vendors, and $24.4 million of the agreements related to customer contracts assumed by the purchaser of the Cincinnati Lamb operations that were sold. The Company is indemnified by the purchaser on the entire $24.4 million of letter-of-credit agreements and is the beneficiary of a backup letter-of-credit in the aggregate amount of $8.6 million issued pursuant to the terms of the sale. The Company believes it is not practicable to estimate fair values of these instruments and considers the risk of non-performance on the contracts to be remote.

5. Discontinued Operations

During the fourth quarter of 2004, the Company committed to a plan to dispose of its IAS businesses, comprising the Cincinnati Lamb and Landis Grinding Systems businesses, after it was determined that the IAS businesses are no longer aligned with the Company s long-term strategy. During the first quarter of 2005, the Company completed the sale of the Cincinnati Lamb business. The Company intends to sell the Landis Grinding Systems business during the 2005 fiscal year. In accordance with SFAS 144, Accounting for Disposal or Impairment of Long-Lived Assets, the IAS businesses are classified as discontinued operations in the Company s consolidated financial statements for all periods presented.

On April 3, 2005, the Company completed the sale of the Cincinnati Lamb business. The consideration received for the Cincinnati Lamb business included (i) $16 million, paid in cash on April 4, 2005, (ii) a $10.0 million long-term secured note receivable with an estimated fair value of $8.4 million and (iii) liabilities related to certain pension and other post-retirement obligations of $39.1 million assumed by the buyer. The Company was also required to deliver to the buyer a guaranteed net working asset balance. Accordingly, during the second quarter of 2005 the Company reimbursed the buyer $12.6 million for accounts payable related to the Cincinnati Lamb business, pursuant to the net working asset adjustment.

In connection with the sale, during the second quarter of 2005 the Company loaned to the buyer $1.5 million. This note receivable, the $10.0 million long-term secured note and an additional $1.0 million of face value were combined into a single $12.5 million long-term note receivable secured by the assets sold, bearing interest at an annual rate of LIBOR plus three percent (6.1% as of July 3, 2005) with interest payable quarterly. Principal payments on the note are due in six semiannual installments beginning April 2007 of $1.5 million, $2.0 million, $2.0 million, $2.5 million, $2.0 million and $2.5 million. As of July 3, 2005, the estimated fair value of the note is $10.2 million, based on the estimated cash flows from the note and a risk-adjusted discount rate equal to LIBOR plus eight percent. The Company s consolidated balance sheet as of July 3, 2005, classifies the $10.2 million long-term note receivable as other assets.

The Company recognized a pre-tax loss on the sale of the Cincinnati Lamb business of $34.7 million during the quarter ended April 3, 2005. During the second quarter of 2005, the Company recognized a $1.2 million pre-tax loss on the sale of the Cincinnati Lamb business. The net assets sold of the Cincinnati Lamb business were recorded at $36.7 million as of the date of the sale and comprised the following (thousands of dollars):

Current Assets:		
Accounts receivable, net	$	125,217
Inventories, net		33,684
Other current assets		5,279
Impairment of current assets		(10,563)
Total current assets		153,617
Current Liabilities:		
Accounts payable and accrued expenses		71,280
Accrued payroll		6,470
Total current liabilities		77,750
Long-term Liabilities		39,127
Net Assets Sold	$	36,740

Long-term liabilities in the above table represent pension and post-retirement obligations assumed by the buyer (see Note 13 to the Consolidated Financial Statements).

The loss on the sale includes an $8.3 million gain related to cumulative translation adjustment and a $12.9 million charge related to the adjustment to recognize minimum pension liability related to Cincinnati Lamb, which previously had been included in the accumulated other comprehensive income component of shareholders investment (OCI). The Company also incurred $5.3 million of transaction-related expense primarily for severance and professional services.

The following table sets forth the components of the loss from discontinued operations, net of tax, for the three and six months ended July 3, 2005, and June 30, 2004 (thousands of dollars):

	Three Months Ended		Six Months Ended	
	July 3, 2005	**June 30, 2004**	**July 3, 2005**	**June 30, 2004**
Product and service revenues	$ 46,354	$ 117,634	$ 160,888	$ 222,299
Operating profit (loss)	1,119	3,052	(4,715)	(2,603)
Loss on sale of Cincinnati Lamb	(1,203)		(35,926)	
Profit (Loss) from discontinued operations before tax	(84)	3,052	(40,641)	(2,603)
Provision (Benefit) for income taxes	(297)	512	(38,922)	101
Profit (Loss) from discontinued operations, net of tax	$ 213	$ 2,540	$ (1,719)	$ (2,704)

Operating loss from discontinued operations for the three and six months ended July 3, 2005, includes an impairment charge of $2.0 million to write-down property, plant and equipment, classified as assets held for sale on the Company s consolidated balance sheets, to its estimated net realizable value.

The tax benefit for the six months ended July 3, 2005, reflects an effective tax rate of 95.8% compared to the U.S. statutory tax rate of 35%. The increase is primarily due to $24.8 million of tax benefits from the disposition of the Cincinnati Lamb business. These benefits, including a tax effected capital loss carryforward in the U.S. in the amount of $12.4 million, resulted from differences between the book basis of assets sold and the related tax basis of the stock and a benefit of $6.9 million from a prior period election to treat a foreign subsidiary as a branch.

The Company ceased permanently reinvesting in Canada, Germany and Korea as a result of the disposition of the Cincinnati Lamb business. The tax on repatriated dividends was substantially offset by foreign tax credits.

The table below sets forth the assets and liabilities of discontinued operations as of July 3, 2005, and December 31, 2004 (thousands of dollars):

	July 3, 2005	**December 31, 2004**
Current assets of discontinued operations:		
Accounts receivable, net	$ 30,760	$ 160,118
Inventories, net	26,526	55,926
Other current assets	967	5,635
Impairment of current assets		(10,563)
Total current assets of discontinued operations	58,253	211,116
Long-term assets of discontinued operations:		
Property, plant and equipment, net	11,806	13,356
Goodwill and other intangibles, net	7,796	7,796
Other Assets	81	86
Total long-term assets of discontinued operations:	19,683	21,238
Current liabilities of discontinued operations:		
Accounts payable and accrued expenses	30,716	117,026
Accrued payroll	4,071	13,231
Total current liabilities of discontinued operations	34,787	130,257
Long-term liabilities of discontinued operations	11,943	46,388
Net assets of discontinued operations	$ 31,206	$ 55,709

The Company s goodwill of $7.8 million relates to its Landis Grinding Systems business and is classified as long-term assets of discontinued operations on the Company s consolidated balance sheets as of July 3, 2005, and December 31, 2004. Long-term liabilities of discontinued operations comprise pension and postretirement obligations.

As of July 3, 2005, accumulated other comprehensive income on the Company s consolidated balance sheet includes a credit balance of $10.2 million related to Landis Grinding Systems cumulative translation adjustments.

6. Provision for Income Taxes

The tax provision for the three and six months ended July 3, 2005, reflects an effective tax rate for continuing operations of 32.4% and 32.3%, respectively, compared to a U.S. statutory provision rate of 35%. The reduction in the effective tax rate is primarily due to favorable foreign currency exchange variances associated with foreign tax contingency accruals.

The tax provision for the three and six months ended June 30, 2004, reflects an effective tax rate for continuing operations of 50.8% and 32.2%, respectively. The increase in the effective tax rate for the three months ended June 30, 2004, is due to adjustments to federal deferred tax assets of $1.1 million.

7. Earnings (Loss) per Share and Shareholders Investment

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding and issuable for the applicable period. Diluted earnings per share is computed using basic weighted average shares plus the dilutive effect of unvested restricted stock and outstanding stock options using the treasury stock method.

	Three Months Ended		Six Months Ended	
	July 3, 2005	**June 30, 2004**	**July 3, 2005**	**June 30, 2004**
Weighted average common shares - Basic	61,360,586	60,403,192	61,228,208	60,295,503
Dilutive effect of unvested restricted stock and stock options	1,407,696	1,608,045	1,563,680	1,773,173
Weighted average shares - Diluted	62,768,282	62,011,237	62,791,888	62,068,676

Company employees and directors held options to purchase 136,920 and 121,710 shares of Company common stock for the three and six months ended July 3, 2005, respectively, and 832,620 and 416,310 shares for the three and six months ended June 30, 2004, respectively, that were antidilutive to the diluted earnings (loss) per share computation. These options could become dilutive in future periods if the average market price of the Company s common stock exceeds the exercise price of the outstanding options and the Company reports net earnings.

8. **Comprehensive Earnings**

The Company s comprehensive earnings comprise the following (thousands of dollars):

	Three Months Ended		Six Months Ended	
	July 3, 2005	**June 30, 2004**	**July 3, 2005**	**June 30, 2004**
Net earnings	$ 12,068	$ 5,703	$ 15,548	$ 16,185
Change in equity due to foreign currency translation adjustments	(8,156)	311	(22,376)	(1,642)
Change in equity due to minimum pension liability adjustment			9,144	
Unrealized gains on cash flow hedges	79	197	79	120