

FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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

For the quarterly period ended March 24, 1996

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

For the transition period from to

Commission File Number 1-10542

UNIFI, INC.  
(Exact name of registrant as specified its charter)

New York 11-2165495  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

P.O. Box 19109 - 7201 West Friendly Road 27419  
Greensboro, NC (Zip Code)  
(Address of principal executive offices)

(910) 294-4410  
(Registrant's telephone number, including area code)  
Same  
(Former name, former address and former fiscal year,  
if changed since last report)

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 X No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's class of  
common stock, as of the latest practicable date.

| Class                                   | Outstanding at April 28, 1996 |
|---|-------------------------------|
| Common Stock, par value \$.10 per share | 64,843,987 Shares             |

Part I. Financial Information

UNIFI, INC.

Condensed Consolidated Balance Sheets

|                            | March 24,<br>1996<br>(Unaudited)<br>(Amounts in Thousands) | June 25,<br>1995<br>(Audited) |
|----------------------------|--|-------------------------------|
| ASSETS                     |  |                               |
| Current Assets:            |  |                               |
| Cash and Cash Equivalents  | \$20,025   | \$60,350                      |
| Short-Term Investments     | 57,656   | 85,844                        |
| Accounts Receivable, Net   | 201,849  | 209,432                       |
| Inventories:               |  |                               |
| Raw Materials and Supplies | 54,283   | 58,959                        |
| Work in Process            | 12,665   | 14,296                        |
| Finished Goods             | 61,914   | 66,123                        |

|   |             |             |
|---|-------------|-------------|
| Other Current Assets                          | 3,106       | 8,017       |
| Total Current Assets                          | 411,498     | 503,021     |
| Property, Plant and Equipment (Notes e and f) | 1,001,361   | 910,383     |
| Less: Accumulated Depreciation                | 446,841     | 394,168     |
|   | 554,520     | 516,215     |
| Other Assets (Note g)                         | 47,197      | 21,666      |
| Total Assets                                  | \$1,013,215 | \$1,040,902 |

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### Current Liabilities:

|                           |           |           |
|---------------------------|-----------|-----------|
| Accounts Payable          | \$107,881 | \$100,165 |
| Accrued Expenses          | 55,759    | 54,338    |
| Income Taxes              | 10,910    | 15,161    |
| Total Current Liabilities | 174,550   | 169,664   |
| Long-Term Debt            | 230,000   | 230,000   |
| Deferred Income Taxes     | 36,021    | 37,736    |

##### Shareholders' Equity:

|  |             |             |
|--|-------------|-------------|
| Common Stock                               | 6,485       | 6,714       |
| Capital in Excess of Par Value             | 63,138      | 117,277     |
| Retained Earnings                          | 499,835     | 473,962     |
| Cumulative Translation Adjustment          | 1,428       | 4,415       |
| Unrealized Gains on Certain Investments    | 1,758       | 1,134       |
| Total Shareholders' Equity                 | 572,644     | 603,502     |
| Total Liabilities and Shareholders' Equity | \$1,013,215 | \$1,040,902 |

See Accompanying Notes to Condensed Consolidated Financial Statements.

#### UNIFI, INC.

#### Condensed Consolidated Statements of Income

(Unaudited)

|   | For the Quarters<br>Ended                    |                   | For the Nine Months<br>Ended |                   |
|---|--|-------------------|------------------------------|-------------------|
|   | March 24,<br>1996                            | March 26,<br>1995 | March 24,<br>1996            | March 26,<br>1995 |
|   | (Amounts in Thousands Except Per Share Data) |                   |                              |                   |
| Net Sales                                 | \$375,509                                    | \$403,001         | \$1,164,315                  | \$1,149,492       |
| Costs and Expenses:                       |  |                   |                              |                   |
| Cost of Goods Sold                        | 329,965                                      | 344,699           | 1,024,587                    | 987,741           |
| Selling, General & Administrative Expense | 10,403                                       | 11,055            | 31,908                       | 31,016            |
| Interest Expense                          | 3,841  | 3,983             | 11,278                       | 11,856            |
| Interest Income                           | (1,120)                                      | (2,507)           | (5,738)                      | (7,560)           |
| Other (Income) Expense                    | (544)  | (4,526)           | (2,282)                      | (7,364)           |
| Non-Recurring Charge (Note e)             | --   | --                | 23,826                       | --                |
|   | 342,545                                      | 352,704           | 1,083,579                    | 1,015,689         |
| Income Before Income Taxes                | 32,964                                       | 50,297            | 80,736                       | 133,803           |
| Provision for Income Taxes                | 12,217                                       | 19,247            | 29,104                       | 51,944            |
| Net Income                                | \$20,747                                     | \$31,050          | \$51,632                     | \$81,859          |
| Earnings Per Share: Primary               | \$.32  | \$.45             | \$.78                        | \$1.17            |
| Fully Diluted                             | \$.32  | \$.43             | \$.78                        | \$1.14            |
| Cash Dividends Per Share                  | \$.13  | \$.10             | \$.39                        | \$.30             |

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the Nine Months Ended  
March 24, 1996      March 26, 1995  
(Amounts in Thousands)

|   |           |          |
|---|-----------|----------|
| Cash and Cash Equivalents Provided by     |           |          |
| Operating Activities, Net of Acquisitions | \$144,673 | \$92,716 |

Investing Activities:

|  |           |          |
|--|-----------|----------|
| Capital Expenditures                                   | (100,114) | (64,175) |
| Acquisitions   | (48,444)  | --       |
| Sale of Capital Assets                                 | 1,523     | 2,078    |
| Proceeds from Notes Receivable                         | 785       | 4,983    |
| Proceeds from Sale of Subsidiary and Equity Investment | 10,436    | 13,798   |
| Sale of Short-Term Investments                         | 91,072    | 80,460   |
| Purchase of Short-Term Investments                     | (59,808)  | (64,659) |
| Net Investing Activities                               | (104,550) | (27,515) |

Financing Activities:

|   |          |          |
|---|----------|----------|
| Issuance of Common Stock                | 27       | 410      |
| Cash Dividends Paid                     | (25,758) | (20,867) |
| Purchase and Retirement of Common Stock | (54,395) | (58,748) |
| Net Financing Activities                | (80,126) | (79,205) |

|                                 |       |     |
|---------------------------------|-------|-----|
| Currency Translation Adjustment | (322) | 282 |
|---------------------------------|-------|-----|

|                             |          |          |
|-----------------------------|----------|----------|
| Increase (Decrease) in Cash | (40,325) | (13,722) |
|-----------------------------|----------|----------|

|                                       |        |        |
|---------------------------------------|--------|--------|
| Cash and Cash Equivalents - Beginning | 60,350 | 80,653 |
|---------------------------------------|--------|--------|

|                                    |          |          |
|------------------------------------|----------|----------|
| Cash and Cash Equivalents - Ending | \$20,025 | \$66,931 |
|------------------------------------|----------|----------|

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.

Notes to Condensed Consolidated Financial Statements

(a) Basis of Presentation

The information furnished is unaudited and reflects all adjustments which are, in the opinion of Management, necessary to present fairly the financial position at March 24, 1996 and the results of operations and cash flows for the periods ended March 24, 1996 and March 26, 1995. Such adjustments consisted of normal recurring items for all periods presented and, for the current year-to-date, the non-recurring charge described in Note (e). Interim results are not necessarily indicative of results for a full year. It is suggested that the condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

(b) Income Taxes

Deferred income taxes have been provided for the temporary differences between financial statement carrying amounts and tax basis of existing assets and liabilities.

The difference between the statutory federal income tax rate and the effective tax rate is primarily due to results of foreign subsidiaries which are taxed at rates below those of U.S. operations. The current periods' pre-tax income from the Company's foreign operations represented a higher percentage of the Company's consolidated results than the corresponding periods of the prior year and the current periods effective tax rates for foreign operations were lower than prior year periods. Additionally, the Company's effective tax rate for U.S. operations is lower in the current periods due to the realization of increased tax credits. These factors contributed to the decline in the effective tax rates for the consolidated Company.

(c) Per Share Information

Earnings per common and common equivalent share are computed on the basis of the weighted average number of common shares outstanding, plus to the extent applicable, common stock equivalents.

The effect of the convertible subordinated notes was antidilutive for the quarter and nine months ended March 24, 1996. Accordingly, fully diluted earnings per share for these periods has been reported consistent with the primary earnings per share results.

Computation of average shares outstanding (in 000's):

|                               | Quarters Ended |                | Nine Months Ended |                |
|-------------------------------|----------------|----------------|-------------------|----------------|
|                               | March 24, 1996 | March 26, 1995 | March 24, 1996    | March 26, 1995 |
| Average Shares                |                |                |                   |                |
| Outstanding                   | 65,068         | 68,127         | 66,020            | 69,427         |
| Add: Dilutive Options         | 436            | 572            | 454               | 528            |
| Primary Average Shares        | 65,504         | 68,699         | 66,474            | 69,955         |
| Incremental Shares Arising    |                |                |                   |                |
| from Full Dilution Assumption |                | 7,771          |                   | 7,760          |
| Average Shares Assuming       |                |                |                   |                |
| Full Dilution                 |                | 76,470         |                   | 77,715         |

Computation of net income for per share data (in 000's):

|                          | Quarters Ended |                | Nine Months Ended |                |
|--------------------------|----------------|----------------|-------------------|----------------|
|                          | March 24, 1996 | March 26, 1995 | March 24, 1996    | March 26, 1995 |
| Net Income - Primary     | \$20,747       | \$31,050       | \$51,632          | \$81,859       |
| Add: Convertible         |                |                |                   |                |
| Subordinated             |                |                |                   |                |
| Interest Net of Tax      |                | 2,147          |                   | 6,442          |
| Net Income Assuming Full |                |                |                   |                |
| Dilution                 |                | \$33,197       |                   | \$88,301       |

(d) Common Stock

On April 18, 1996 the Company's Board of Directors declared a cash dividend of 13 cents per share payable on May 10, 1996 to shareholders of record on May 3, 1996.

(e) Non-Recurring Charge

As disclosed in the Company's 10-K for the year ended June 25, 1995 the Company announced on September 18, 1995 restructuring plans to further reduce the Company's cost structure and improve productivity through the consolidation of certain manufacturing operations and the disposition of underutilized assets. The restructuring plan focused on the consolidation of production facilities acquired via mergers during the preceding four years and reflects the Company's continued efforts to streamline operations. As part of the restructuring action, the Company closed its spun cotton manufacturing facilities in Edenton and Mount Pleasant, North

Carolina on November 17, 1995 with the majority of the manufacturing production being transferred to other facilities. Approximately 275 jobs, primarily wage-level positions, were affected.

The estimated cost of restructuring resulted in a first quarter fiscal 1996 non-recurring charge to earnings of \$23.8 million or an after-tax charge to earnings of \$14.9 million (\$.22 per share). The significant components of the non-recurring charge included \$2.4 million of severance and other employee-related costs from the termination of employees and a \$21.4 million write-down to estimated fair value less the cost of disposal of underutilized assets and consolidated facilities to be disposed. Costs associated with the relocation of equipment or personnel are being expensed as incurred.

In connection with the plan of restructuring and corporate consolidation, the Company has incurred as of March 24, 1996 severance and other employee-related costs of \$1.7 million. Additionally, the Company has charged against the reserve costs associated with the plant closures of \$0.5 million and losses incurred from the disposal of assets of \$5.0 million. The Company anticipates that all significant aspects of the consolidation plan will be accomplished by September 1996. However, the ultimate disposal of equipment and facilities may take longer due to current market conditions and the physical locations of the properties. The balance sheet at March 24, 1996, reflects primarily in property, plant and equipment, the net book value of the remaining assets to be disposed amounting to approximately \$20.5 million for which net recoveries of \$4.6 million are expected.

#### (f) Accounting for Long-Lived Assets

In March 1995, the FASB issued Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, (SFAS 121), which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company adopted SFAS 121 in the first quarter of 1996. There was no cumulative effect on the financial statements from the initial adoption of SFAS 121; however, the accounting principles described in this statement were utilized in estimating the non-recurring charge discussed in Note (e).

#### (g) Nylon Machinery Purchase

The acquisition of the Norlina Division of Glen Raven Mills, Inc., announced on October 2, 1995, was consummated on November 17, 1995. The acquisition, which is not deemed significant to the Company's consolidated net assets or the results of operations, has been accounted for as a purchase and accordingly, the net assets and operations have been included in the Company's consolidated financial statements beginning on the date the acquisition was consummated. The purchase price was allocated to the net assets acquired with the excess of cost over fair value of the net assets acquired being approximately \$37.2 million. The excess of cost over fair value of net assets acquired is being amortized on a straight-line basis over 15 years.

#### (h) Subsequent Event

As disclosed in the Company's Form 8-K filed April 26, 1996, the Company announced on March 20, 1996 its intention of redeeming the \$230 million of 6% convertible Subordinated Notes due 2002 unless otherwise converted in accordance with the debt agreement prior to the close of business on April 12, 1996. On April 22, 1996 the unconverted balance of the notes was redeemed at 103.33% of the principal amount with accrued interest through the date of the redemption. The remaining notes, totaling \$51,000, were converted into shares of Unifi Common Stock on the basis of 33.7 shares of common stock for each \$1,000 principal amount of notes (with cash paid in lieu of any fractional shares). The redemption was funded by a \$400

million five-year revolving credit facility led by NationsBank, N.A. dated April 15, 1996. \$239.0 million of the credit facility has been used to fund the above-referenced redemption with the balance of the credit facility to be used for future capital expenditures, stock repurchases,

acquisitions and general corporate purposes. The redemption resulted in an extraordinary after tax charge that will be recognized in the Company's fiscal fourth quarter of approximately \$6.0 million, or \$.09 per share.

#### Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is Management's discussion and analysis of certain significant factors that have affected the Company's operations and material changes in financial condition during the periods included in the accompanying Condensed Consolidated Financial Statements.

##### Results of Operations

Consolidated net sales decreased 6.8% to \$375.5 million in the third quarter of fiscal 1996 and for the nine month period, net sales reflect a slight increase of 1.3% to \$1,164.3 million. The decrease in net sales for the quarter is the result of an 11.8% decline in unit volume offset partially by a 5.7% increase in per unit sales price. For the year-to-date, a 7.2% increase in per unit sales price offset a 5.5% decline in unit volume to yield a slight increase in net sales. The decreases in unit volume continue to reflect an overall weakness in retail sales. To counteract the volume declines and higher per unit raw material and manufacturing costs, the sales prices, based on overall product mix, were increased as indicated above.

Net sales for our domestic operations declined 9.6% for the quarter as the overall weakness in retail sales translated into reduced unit demand across all our yarn products. Increased per unit sales prices, based on overall product mix, partially offset the effect of the reduced unit demand for the domestic operations. Net sales for our domestic operations for the year to date reflect a 1.4% decline as high average per unit sales prices were not sufficient to completely offset the decline in unit demand.

Our Irish operations have experienced volume increases of 27.0% and 33.3% for the quarter and year-to-date periods, respectively, when compared to the corresponding periods of the prior year. Average selling prices, based on overall product mix have increased for both periods in the current year to partially offset the effects of higher raw material costs. The increased volume results from the addition of 20 new polyester texturing machines.

Cost of goods sold as a percentage of net sales for the quarter increased from 85.5% last year to 87.9% this year. For the respective year-to-date periods, cost of goods sold as a percentage of net sales has increased from 85.9% to 88.0%. The increase in cost of sales as a percentage of net sales is attributable to the increase in average selling prices only partially offsetting the effects of reduced unit volume and increases in per unit raw material, packaging, and manufacturing costs.

Selling, general and administrative expenses as a percentage of net sales increased from 2.7% in the prior year quarter to 2.8% in the current quarter. Our year-to-date results as a percentage of net sales have remained stable at 2.7%. Selling, general and administrative expenses decreased \$0.7 million in the current quarter to \$10.4 million and increased \$0.9 million to \$31.9 million for the nine months year-to-date. These increases primarily reflect our ongoing efforts to enhance our information systems to improve the operating performance throughout the Company and the level of service to our customers.

Interest expense decreased \$.1 million to \$3.8 million in the current quarter and \$.6 million to \$11.3 million for the year-to-date period. Interest income has decreased from \$2.5 million in last year's third quarter to \$1.1 million in the current quarter. For the nine month period, interest income has decreased from \$7.6 million to \$5.7 million in the current period. The

decline in interest income for the quarter and year-to-date periods reflect lower levels of invested funds.

Other income, net decreased \$4.0 million to \$0.5 million in the current quarter and \$5.1 million to \$2.3 million for the year-to-date period. The decline in the current quarter and year-to-date is primarily due to the recognition of gains on the sale of equity investments in the prior year quarter and year-to-date periods of \$2.7 million and \$5.8 million, respectively.

As disclosed in Note (e) in this Form 10-Q, the Company recorded in its quarter ended September 24, 1995 a non-recurring charge of \$23.8 million, or an after-tax charge to earnings of \$14.9 million (\$.22 per share). The significant components of the non-recurring charge include \$2.4 million of severance and other employee-related costs and a \$21.4 million write-down to estimated fair value less the cost of disposal for underutilized assets. This charge resulted from the plan to restructure and further reduce the Company's cost structure and improve productivity through the consolidation of certain manufacturing facilities and the disposition of underutilized assets. As part of the restructuring plan the Company has closed effective November 17, 1995 the spun yarn manufacturing facilities in Edenton and Mount Pleasant, North Carolina.

The effective tax rate has decreased from 38.3% to 37.1% in the current quarter and has decreased from 38.8% to 36.0% for the year-to-date period. The lower rates in the current periods are primarily due to the pretax earnings of foreign subsidiaries, which are taxed at rates lower than U.S. rates, representing a larger contribution of total consolidated pre-tax income. Additionally, the Company will realize the benefit of certain increased tax credits during fiscal 1996.

As a result of the above, the Company realized during the current quarter net income of \$20.7 million, or \$.32 per primary share compared to \$31.1 million, or \$.45 per primary share during the corresponding quarter of the prior year. Net income and primary earnings per share for the current nine month year-to-date period amounted to \$51.6 million, or \$.78 per share compared to corresponding totals in the prior year-to-date period of \$81.9 million, or \$1.17 per share. Before the effects of the non-recurring charge to earnings during the current nine month year-to-date, the Company had income of \$66.5 million or \$1.02 per share.

#### Liquidity and Capital Resources

We ended the current quarter with working capital of \$236.9 million which included cash and short-term investments of \$77.7 million. Cash and short-term investments have decreased \$68.5 million since June 25, 1995 resulting primarily from the utilization of existing cash to fund the costs of acquisitions, capital expansions and the purchase and retirement of Company common stock.

Our primary source of cash and cash equivalents continues to be generated from operating activities. Cash generated from operations increased to \$144.7 million for the nine month period ended March 24, 1996 compared to \$92.7 million for the corresponding period of the prior year. This improvement was achieved despite a decrease in net income through the improved management of working capital and adjustments for non-cash items

including depreciation and amortization, which increased \$4.7 million during the current nine month year-to-date period, and the non-recurring charge of \$23.8 million of which \$21.8 million represents non-cash items through March 1996.

The Company utilized \$104.6 million and \$80.1 million for net investing and financing activities, respectively, during the nine months ended March 24, 1996. These net investing and financing activities were primarily comprised of \$42.5 million generated from the net purchase and collection of investments offset by \$148.6 million used for capacity expansions, upgrades and acquisitions, \$25.8 million for the payment of the Company's cash

dividends and \$54.4 million for the purchase and retirement of Company common stock.

On October 21, 1993, the Board of Directors authorized Management to repurchase up to 15 million shares of Unifi's common stock from time to time at such prices as Management feels advisable and in the best interest of the Company. Approximately 5.8 million shares have been repurchased as of March 24, 1996, pursuant to this Board authorization.

At March 24, 1996, the Company has committed approximately \$61.7 million for the purchase and upgrade of equipment and facilities, which is scheduled to be expended during the remainder of fiscal year 1996 and fiscal years 1997 and 1998. A significant component of these committed funds as well as a major component of year-to-date capital expenditures is the continuing construction of a highly automated, state-of-the-art texturing facility in Yadkinville, North Carolina. We have reached the initial phases of production in this texturing facility which is scheduled for completion in December 1996.

On April 18, 1996 the Board of Directors approved Unifi's entrance into polyester fiber production in the United States. The facility, to be located in Yadkinville, North Carolina will be capable of producing approximately 150 million pounds of polyester fiber or one-third of the Company's annual domestic need. Expected start-up is in 1998. This new production capacity will support continued growth opportunities in textured polyester and will increase the Company's long-term competitiveness. The cost of the equipment and the facilities is currently being negotiated and is not included in the \$61.7 million commitment identified in the preceding paragraph.

As disclosed in the Company's Form 8-K filed April 26, 1996, the Company announced on March 20, 1996 its intention of redeeming the \$230 million of 6% convertible Subordinated Notes due 2002 unless otherwise converted in accordance with the debt agreement prior to the close of business on April 12, 1996. On April 22, 1996 the unconverted balance of the notes was redeemed at 103.33% of the principal amount with accrued interest through the date of the redemption. The remaining notes, totaling \$51,000, were converted into shares of Unifi Common Stock on the basis of 33.7 shares of common stock for each \$1,000 principal amount of notes (with cash paid in lieu of any fractional shares). The redemption was funded by a \$400 million five-year revolving credit facility led by NationsBank, N.A. dated April 15, 1996. \$239.0 million of the credit facility has been used to fund the above-referenced redemption with the balance of the credit facility to be used for future capital expenditures, stock repurchases, acquisitions and general corporate purposes. The redemption resulted in an extraordinary after tax charge that will be recognized in the Company's fiscal fourth quarter of approximately \$6.0 million, or \$.09 per share.

Management believes the current financial position of the Company in connection with its operations and its access to debt and equity markets are sufficient to meet anticipated capital expenditure, strategic acquisition, working capital and other financial needs.

## Part II. Other Information

UNIFI, INC.

### Item 5. Other Information

Effective midnight, December 31, 1995, Mr. William J. Armfield, IV resigned as a member of the Company's Board of Directors and effective January 18, 1996, Mr. Timotheus R. Pohl resigned as a member of the Company's Board of Directors. Neither Mr. Armfield nor Mr. Pohl resigned as a Director of the Company because of disagreements with the Company on any matters relating to the Company's operations, policies or practices. Successor directors have not been elected.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(27) Financial Data Schedule

- (b) No reports on Form 8-K have been filed during the quarter ended March 24, 1996.

UNIFI, INC.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIFI, INC.

Date: May 7, 1996

WILLIS C. MOORE, III  
Willis C. Moore, III  
Vice President and Chief  
Financial Officer (Mr. Moore is  
the Principal Financial and  
Accounting Officer and has been  
duly authorized to sign on behalf  
of the Registrant.)

<ARTICLE> 5

<LEGEND>

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
COMPANY'S QUARTERLY REPORT FOR THE NINE MONTH PERIOD ENDED MARCH 24, 1996  
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

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|                              |       |             |
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<F1>OTHER STOCKHOLDERS'EQUITY OF \$566,159 IS COMPRISED OF CAPITAL IN EXCESS OF  
PAR VALUE OF \$63,138, RETAINED EARNINGS OF \$499,835, CUMULATIVE  
TRANSLATION ADJUSTMENT OF \$1,428 AND UNREALIZED GAINS ON CERTAIN  
INVESTMENTS OF \$1,758.

</FN>