# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

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

**For the quarterly period ended June 30, 2007**

**OR**

¨ **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 1-3246**

# Voyager Learning Company

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **36-3580106** |
| **(State or Other Jurisdiction of** | **(I.R.S.Employer** |
| **Incorporation or Organization)** | **Identification No.)** |
| **1800 Valley View Lane, Suite 400, Dallas, Texas** | **75234-8923** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**Registrant s telephone number, including area code: (214) 932-9500**

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 ¨ No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ Smaller reporting company ¨

The number of shares of the registrant s common stock, $.001 par value, outstanding as of October 31, 2008 was 29,874,145.

Table of Contents

**TABLE OF CONTENTS**

Table of Contents

Voyager Learning Company and Subsidiaries

Condensed Consolidated Statements of Operations

For the Thirteen and Twenty-Six Week Periods

Ended June 30, 2007, and July 1, 2006

(In thousands, except per share data)

(Unaudited)

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | June 30, 2007 | July 1, 2006 | June 30, 2007 | July 1, 2006 |
| **Net sales** | $ 36,330 | $ 37,592 | $ 56,389 | $ 60,301 |
| **Cost of sales** | (15,298) | (16,809) | (26,879) | (29,276) |
| **Gross profit** | 21,032 | 20,783 | 29,510 | 31,025 |
| **Research and development expense** | (1,278) | (1,268) | (2,387) | (2,740) |
| **Selling and administrative expense** | (23,493) | (24,314) | (46,161) | (53,352) |
| **Loss from continuing operations before interest and income taxes** | (3,739) | (4,799) | (19,038) | (25,067) |
| **Net interest income (expense):** | | | | |
| **Interest income** | 994 | 447 | 2,165 | 717 |
| **Interest expense** | (469) | (7,515) | (2,958) | (12,358) |
| **Net interest income (expense)** | 525 | (7,068) | (793) | (11,641) |
| **Sublease income** | 1,229 | | 1,961 | |
| **Loss from continuing operations before income taxes** | (1,985) | (11,867) | (17,870) | (36,708) |
| **Income tax benefit** | 756 | 3,847 | 6,830 | 7,935 |
| **Loss from continuing operations** | (1,229) | (8,020) | (11,040) | (28,773) |
| **Earnings from discontinued operations (less applicable income taxes of $0, $300, $1,491 and $6,203, respectively)** | | 9,829 | 4,594 | 10,924 |
| **Gain on sale of discontinued operations (less applicable income taxes of $0, $0, $11,160, and $0, respectively)** | | | 46,572 | |
| **Net earnings (loss)** | $ (1,229) | $ 1,809 | $ 40,126 | $ (17,849) |
| **Net earnings (loss) per common share:** | | | | |
| **Basic:** | | | | |
| **Loss from continuing operations** | $ (0.04) | $ (0.27) | $ (0.37) | $ (0.97) |
| **Earnings from discontinued operations** | | 0.33 | 0.15 | 0.37 |
| **Gain on sale of discontinued operations** | | | 1.56 | |
| **Basic net earnings (loss) per common share** | $ (0.04) | $ 0.06 | $ 1.34 | $ (0.60) |
| **Diluted:** | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Loss from continuing operations** | **$** | **(0.04)** | **$** | **(0.27)** | **$** | **(0.37)** | **$** | **(0.97)** |
| **Earnings from discontinued operations** | | | | **0.33** | | **0.15** | | **0.37** |
| **Gain on sale of discontinued operations** | | | | | | **1.56** | | |
| **Diluted net earnings (loss) per common share** | **$** | **(0.04)** | **$** | **0.06** | **$** | **1.34** | **$** | **(0.60)** |
| **Average number of common shares and equivalents outstanding:** | | | | | | | | |
| **Basic** | | **29,858** | | **29,817** | | **29,852** | | **29,812** |
| **Diluted** | | **29,858** | | **29,817** | | **29,852** | | **29,812** |

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

1

**Table of Contents**

Voyager Learning Company and Subsidiaries

Condensed Consolidated Balance Sheets

As of June 30, 2007 and December 30, 2006

(In thousands)

| | June 30, 2007 (Unaudited) | December 30, 2006 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| **Cash and cash equivalents** | $ 53,895 | $ 39,902 |
| **Accounts receivable, net** | 19,371 | 15,333 |
| **Income tax receivable** | 60,979 | 9,858 |
| **Inventory** | 16,426 | 12,601 |
| **Other current assets** | 14,454 | 69,552 |
| **Assets related to discontinued operations, current** | | 70,712 |
| **Total current assets** | 165,125 | 217,958 |
| **Property, equipment, and software at cost** | 22,269 | 20,914 |
| **Accumulated depreciation and amortization** | (6,922) | (5,124) |
| **Net property, equipment and software** | 15,347 | 15,790 |
| **Goodwill** | 210,090 | 210,090 |
| **Acquired curriculum intangibles, net** | 58,336 | 65,625 |
| **Other intangible assets, net** | 7,377 | 8,323 |
| **Developed curriculum, net** | 9,138 | 6,997 |
| **Other assets** | 16,597 | 18,145 |
| **Assets related to discontinued operations, noncurrent** | | 290,603 |
| **Total assets** | $ 482,010 | $ 833,531 |
| **LIABILITIES AND SHAREHOLDERS EQUITY** | | |
| **Current liabilities:** | | |
| **Current maturities of long-term debt** | $ 871 | $ 59,072 |
| **Accounts payable** | 7,615 | 10,056 |
| **Accrued expenses** | 26,046 | 83,773 |
| **Deferred revenue** | 12,323 | 17,705 |
| **Liabilities related to discontinued operations, current** | | 215,264 |
| **Total current liabilities** | 46,855 | 385,870 |
| **Long-term liabilities:** | | |
| **Long-term debt, less current maturities** | 1,175 | 1,592 |
| **Other liabilities** | 69,881 | 96,653 |
| **Liabilities related to discontinued operations, noncurrent** | | 42,422 |
| **Total long-term liabilities** | 71,056 | 140,667 |
| **Commitments and contingencies (See Note 15)** | | |

| | | |
|---|---|---|
| **Shareholders equity:** | | |
| **Common stock ($.001 par value, 50,000 shares authorized, 30,552 shares issued and 29,885 shares outstanding at June 30, 2007, and 30,565 shares issued and 29,910 shares outstanding at December 30, 2006)** | **30** | **30** |
| **Capital surplus** | **356,031** | **356,655** |
| **Accumulated earnings (deficit)** | **27,638** | **(33,373)** |
| **Treasury stock, at cost (667 shares at June 30, 2007 and 655 shares at December 30, 2006)** | **(16,725)** | **(16,577)** |
| **Other comprehensive income (loss):** | | |
| **Accumulated foreign currency translation adjustment, net of tax** | | **25,989** |
| **Pension and postretirement plans, net of tax** | **(3,102)** | **(26,401)** |
| **Net unrealized gain on securities, net of tax** | **227** | **671** |
| **Accumulated other comprehensive income (loss)** | **(2,875)** | **259** |
| **Total shareholders equity** | **364,099** | **306,994** |
| **Total liabilities and shareholders equity** | **$ 482,010** | **$ 833,531** |

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

Table of Contents

Voyager Learning Company and Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the Twenty-Six Week Periods

Ended June 30, 2007, and July 1, 2006

(In thousands)

(Unaudited)

| | Twenty-Six Weeks Ended | |
|---|---|---|
| | June 30, 2007 | July 1, 2006 |
| **Operating activities:** | | |
| **Net earnings (loss)** | **$ 40,126** | **$ (17,849)** |
| **Adjustments to reconcile net earnings (loss) to net cash used in operating activities:** | | |
| **Earnings from discontinued operations, net of tax** | **(4,594)** | **(10,924)** |
| **Gain on sale of discontinued operations, net of tax** | **(46,572)** | |
| **Depreciation and amortization** | **11,470** | **11,748** |
| **Amortization and write-off of deferred financing costs** | **2,236** | **1,767** |
| **Stock-based compensation (benefit)** | **(626)** | **2,890** |
| **Gain on sale of available for sale securities** | **(508)** | **(403)** |
| **Deferred income taxes** | **(7,106)** | **(162)** |
| **Changes in operating assets and liabilities, net of acquisitions:** | | |
| **Accounts receivable, net** | **(55,159)** | **1,610** |
| **Inventory** | **(3,826)** | **86** |
| **Other current assets** | **54,319** | **309** |
| **Other assets** | **(1,404)** | **(15,008)** |
| **Accounts payable** | **3,875** | **1,560** |
| **Accrued expenses** | **(60,300)** | **(5,100)** |
| **Deferred revenue** | **(5,157)** | **(4,134)** |
| **Other long-term liabilities** | **(12,942)** | **17,407** |
| **Other, net** | **(15)** | **(119)** |
| **Net cash used in operating activities of continuing operations** | **(86,183)** | **(16,322)** |
| **Investing activities:** | | |
| **Expenditures for property, equipment, curriculum development costs, and software** | **(4,934)** | **(10,585)** |
| **Purchases of equity investments available for sale** | **(7,656)** | **(5,317)** |
| **Proceeds from sales of equity investments available for sale** | **8,505** | **10,810** |
| **Proceeds from sale of discontinued operations, net** | **186,342** | |
| **Net cash provided by investing activities of continuing operations** | **182,257** | **(5,092)** |
| **Financing activities:** | | |
| **Proceeds from debt** | | **542,517** |
| **Repayment of debt** | **(58,225)** | **(499,434)** |
| **Principal payments under capital lease obligations** | **(393)** | **(331)** |
| **Debt issuance costs** | **(302)** | **(3,156)** |
| **Proceeds from exercise of stock options, net** | | **589** |

| | | |
|---|---|---|
| **Net cash provided by (used in) financing activities of continuing operations** | **(58,920)** | **40,185** |
| **Effect of exchange rate changes on cash** | | **841** |
| **Increase in cash and cash equivalents of continuing operations** | **37,154** | **19,612** |
| **Net cash used in discontinued operations:** | | |
| **Net cash used in operating activities** | **(19,891)** | **(1,634)** |
| **Net cash used in investing activities** | **(2,540)** | **(26,093)** |
| **Net cash used in financing activities** | **(730)** | **(11,882)** |
| **Net cash used in discontinued operations** | **(23,161)** | **(39,609)** |
| **Increase (decrease) in cash and cash equivalents** | **13,993** | **(19,997)** |
| **Cash and cash equivalents, beginning of period** | **39,902** | **30,957** |
| **Cash and cash equivalents, end of period** | **$ 53,895** | **$ 10,960** |
| **Non-cash financing and investing activities:** | | |
| **Acquisition of equipment through capital leases** | **$** | **$ 1,937** |

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

3

Table of Contents

**Voyager Learning Company and Subsidiaries**

**Notes to the Condensed Consolidated Financial Statements**

**(Unaudited)**

**Note 1 Basis of Presentation**

The Condensed Consolidated Financial Statements include the accounts of Voyager Learning Company and its subsidiaries and are unaudited. All intercompany transactions are eliminated.

On November 28, 2006, we sold ProQuest Business Solutions ( PQBS ) to Snap-on Incorporated. In December 2006, we announced the sale of ProQuest Information & Learning ( PQIL ) to Cambridge Scientific Abstracts, LP. The sale of PQIL was completed on February 9, 2007. The operating results and the gain on sale of PQBS and PQIL have been segregated from our continuing operations for all periods presented in our Condensed Consolidated Financial Statements and are separately reported as discontinued operations (see Note 6 herein).

As permitted under the Securities and Exchange Commission ( SEC ) requirements for interim reporting, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. Certain reclassifications to the 2006 Consolidated Financial Statements have been made to conform to the 2007 presentation. We believe that these financial statements include all necessary and recurring adjustments for the fair presentation of the interim period results. These financial statements should be read in conjunction with the Consolidated Financial Statements and related notes included in our annual report on Form 10-K for the fiscal year ended December 30, 2006 (the 2006 10-K ). The Company has already filed its annual report on Form 10-K for the year ended December 29, 2007 (the 2007 Form 10-K ). This section should also be read in conjunction with the Consolidated Financial Statements of the Company and the notes thereto included in the 2007 Form 10-K. Due to seasonality, the results of operations for the thirteen and twenty-six weeks ended June 30, 2007 are not necessarily indicative of the results to be expected for the year ending December 29, 2007.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Subsequent actual results may differ from those estimates.

Table of Contents

With the sale of PQBS in November 2006 and the sale of PQIL in February 2007, the Company had business segments that were included in discontinued operations in both years. Because the Company s management approach, organizational structure, operating performance measurement and reporting, and operational decision making are performed from a single company perspective, the Company operates as one reportable segment within the United States ( U.S. ) in fiscal 2007, which includes all corporate operations.

**Note 2 Correction of an Immaterial Error**

While preparing for adoption of Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes ( FIN 48 ) and also preparation of the 2007 tax provision, we discovered errors in the amount of income tax expense (benefit) recognized in 2006. These errors were primarily related to the calculation of U.S. tax basis of foreign and domestic subsidiaries. These tax errors while immaterial to the previously issued 2006 financial statements, could distort the 2007 financial results. As such, we have corrected the 2006 results being presented in the 2007 financial statements. There was no impact on the statement of operations for the thirteen and twenty-six weeks ended July 1, 2006 as the changes all impacted the fourth quarter of fiscal year 2006. Changes to the December 30, 2006 consolidated balance sheet are as follows:

| Consolidated Balance Sheet As of December 30, 2006 (Dollars in thousands) | 2006 as Originally Filed | Error Correction | 2006 as Corrected |
|---|---|---|---|
| **Assets:** | | | |
| **Other current assets** | $ 72,162 | $ (2,610) | $ 69,552 |
| **Total current assets** | 220,568 | (2,610) | 217,958 |
| **Total assets** | 836,141 | (2,610) | 833,531 |
| **Liabilities:** | | | |
| **Accrued expenses** | 85,269 | (1,496) | 83,773 |
| **Total current liabilities** | 387,366 | (1,496) | 385,870 |
| **Other liabilities** | 88,341 | 8,312 | 96,653 |
| **Total long-term liabilities** | 132,355 | 8,312 | 140,667 |
| **Shareholders equity (deficit):** | | | |
| **Accumulated deficit** | (24,102) | (9,271) | (33,373) |
| **Other comprehensive income (loss):** | | | |
| **Accumulated foreign currency translation adjustment, net of tax expense of $2,423 and $2,739 as corrected** | 26,305 | (316) | 25,989 |
| **Pension and postretirement plans, net of tax benefit of $544 and $713 as corrected** | (26,570) | 169 | (26,401) |
| **Net unrealized gain on securities, net of tax benefit of $31 and $39 as corrected** | 679 | (8) | 671 |
| **Accumulated other comprehensive income (loss)** | 414 | (155) | 259 |
| **Total shareholders equity (deficit)** | 316,420 | (9,426) | 306,994 |
| **Total liabilities and shareholders equity** | 836,141 | (2,610) | 833,531 |

5

Table of Contents

**Note 3  Accounts Receivable**

Accounts receivable are stated net of allowances for doubtful accounts and estimated sales returns. The allowance for doubtful accounts and estimated sales returns totaled $0.8 million and $1.8 million at June 30, 2007 and December 31, 2006, respectively. The allowance for doubtful accounts is based on a review of the outstanding balances and historical collection experience. The allowance for sales returns is based on historical rates of return.

**Note 4  Stock-Based Compensation**

The total amount of pre-tax expense (benefit) for stock-based compensation recognized in selling, general and administrative expense was $0.4 million and $1.1 million in the thirteen weeks ended June 30, 2007 and July 1, 2006, respectively, and $(0.6) million and $2.1 million in the twenty-six weeks ended June 30, 2007 and July 1, 2006, respectively. Additionally, zero and $0.4 million in pre-tax expense (benefit) for stock-based compensation is recognized in earnings from discontinued operations in the thirteen weeks ended June 30, 2007 and July 1, 2006, respectively, and $(0.1) million and $0.8 million in the twenty-six weeks ended June 30, 2007 and July 1, 2006, respectively.

In April 2007, the Compensation Committee of our Board of Directors granted a stock appreciation right ( SAR ) with respect to 300,000 shares of the Company s common stock with an exercise price of $8.55 per share to one member of our senior executive team. Under this grant, the SAR vests over a three year period and expires in five years. The SAR will be settled in cash in the amount equal to the excess of the fair market value of common stock over the exercise price multiplied by the number of shares exercised. The SAR has been classified as a liability award based on the cash settlement provisions.

Additionally, in June 2007 the Company issued 11,158 cash-based restricted stock units to members of the Company s Board of Directors (1,594 units per board member). Under this grant, the cash based restricted stock units vest after six months. No actual shares will be issued in relation to this grant, but instead, the grant was intended to provide payment to the members of the Board of Directors in a form of compensation that is related to the price of the Company s stock. All cash settled restricted stock units related to this grant have been classified as liability awards based on their cash settlement provisions.

Table of Contents

**Note 5 Net Earnings (Loss) per Common Share**

Basic net earnings/ (loss) per common share are computed by dividing net earnings/ (loss) by the weighted average number of common shares outstanding during the period. Diluted net earnings/(loss) per common share is computed by dividing net earnings/(loss) by the weighted average number of common shares outstanding during the period, including the potential dilution that could occur if all of our outstanding stock awards that are in-the-money were exercised, using the treasury stock method. A reconciliation of the weighted average number of common shares and equivalents outstanding used in the calculation of basic and diluted net earnings per common share are shown in the table below for the periods indicated:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | June 30, 2007 | July 1, 2006 | June 30, 2007 | July 1, 2006 |
| **Basic** | 29,858 | 29,817 | 29,852 | 29,812 |
| **Dilutive effect of awards** | | | | |
| **Diluted** | 29,858 | 29,817 | 29,852 | 29,812 |

No awards were included in the computation of diluted net earnings (loss) per common share for the thirteen and twenty-six weeks ended June 30, 2007 and July 1, 2006 because a loss from continuing operations occurred and to include them would be anti-dilutive.

**Note 6 Discontinued Operations**

In the second quarter of 2006, the Company determined to sell PQBS and PQIL to raise capital to repay its outstanding debt. The Board authorized the plan of sale and investment bankers were retained to assist the Company in the sales. On November 28, 2006, we sold PQBS to Snap-on Incorporated and used the proceeds to reduce outstanding debt. On February 9, 2007, we sold PQIL and all of our remaining foreign subsidiaries to Cambridge Scientific Abstracts, LP. We used a portion of the proceeds from that sale to pay down all remaining debt, excluding capital leases.

The operating results of sold or to be sold businesses have been segregated from our continuing operations. The Condensed Consolidated Statements of Operations separately reflect the earnings of PQBS and PQIL and the gain on sale of PQIL as discontinued operations. Interest expense of zero and $0.8 million for thirteen and twenty-six weeks ended June 30, 2007, respectively, and $5.1 million and $8.4 million for the thirteen and twenty-six weeks ended July 1, 2006, respectively, was allocated to discontinued operations based on the ratio of sold or to be sold businesses to total net assets of the consolidated company.

Table of Contents

The major classes of assets and liabilities related to discontinued operations at fiscal year ended December 30, 2006 included in our Consolidated Balance Sheets, all of which relate to the ProQuest Information and Learning businesses, were as follows:

| *(Dollars in thousands)* | Fiscal Period Ended December 30, 2006 |
| --- | --- |
| **Assets related to discontinued operations:** | |
| **Accounts receivable, net** | **$ 46,456** |
| **Other current assets** | **24,256** |
| **Total current assets related to discontinued operations** | **70,712** |
| **Property, plant, equipment, and software, net** | **206,171** |
| **Long-term receivables** | **3,173** |
| **Goodwill, net** | **68,398** |
| **Other intangible assets, net** | **6,946** |
| **Other assets** | **5,915** |
| **Total assets related to discontinued operations** | **$ 361,315** |
| **Liabilities related to discontinued operations:** | |
| **Current maturities of long-term debt** | **$ 5,945** |
| **Accounts payable** | **51,284** |
| **Accrued expenses** | **11,629** |
| **Deferred income** | **146,406** |
| **Total current liabilities related to discontinued operations** | **215,264** |
| **Long-term debt, less current maturities** | **5,019** |
| **Other liabilities** | **37,403** |
| **Total liabilities related to discontinued operations** | **$ 257,686** |

8

**Table of Contents**

Results from discontinued operations are shown in the tables below for the quarter and year to date periods indicated:

| *(Dollars in thousands)* | Thirteen Weeks Ended June 30, 2007 | Thirteen Weeks Ended July 1, 2006 | Twenty Six Weeks Ended June 30, 2007 | Twenty Six Weeks Ended July 1, 2006 |
|---|---|---|---|---|
| **Net sales by business segment:** | | | | |
| **ProQuest Information and Learning** | **$** | **$ 62,727** | **$ 26,062** | **$ 122,335** |
| **ProQuest Business Solutions** | | **46,149** | | **91,064** |
| **Net sales from discontinued operations** | **$** | **$ 108,876** | **$ 26,062** | **$ 213,399** |
| **Earnings (loss) before interest and income taxes:** | | | | |
| **ProQuest Information and Learning** | **$** | **$ 1,331** | **$ 6,932** | **$ (369)** |
| **ProQuest Business Solutions** | | **13,778** | | **26,800** |
| **Earnings from discontinued operations before interest and income taxes** | | **15,109** | **6,932** | **26,431** |
| **Interest expense, net** | | **(5,580)** | **(847)** | **(9,304)** |
| **Income tax expense** | | **300** | **(1,491)** | **(6,203)** |
| **Earnings from discontinued operations, net of taxes** | **$** | **$ 9,829** | **$ 4,594** | **$ 10,924** |

The gain on sale of discontinued operations recorded in the first quarter of 2007 was derived as follows:

| *(Dollars in thousands)* | |
|---|---|
| **Sale price** | **$ 195,249** |
| **Net assets, related liabilities, and selling costs [1]** | **(137,517)** |
| **Gain on sale** | **57,732** |
| **Income tax expense** | **(11,160)** |
| **Gain on sale of discontinued operations, net of tax** | **$ 46,572** |

[1] **Net assets sold includes goodwill of $68.0 million**

**Note 7 Comprehensive Income**

Comprehensive income or loss includes net earnings (loss), foreign currency translation adjustments, and net unrealized gain (loss) on available-for-sale securities.

Comprehensive income (loss) is shown in the table below for the periods indicated:

| *(Dollars in thousands)* | Thirteen Weeks Ended June 30, 2007 | Thirteen Weeks Ended July 1, 2006 | Twenty-Six Weeks Ended June 30, 2007 | Twenty-Six Weeks Ended July 1, 2006 |
|---|---|---|---|---|
| **Net earnings (loss)** | **$ (1,229)** | **$ 1,809** | **$ 40,126** | **$ (17,849)** |
| **Other comprehensive income (loss):** | | | | |

| | | | | |
|---|---|---|---|---|
| **Foreign currency translation adjustments** | | **6,198** | **(1,313)** | **7,670** |
| **Pension and postretirement plans, net of tax** | **7** | | **15** | |
| **Unrealized gain (loss) on securities, net of tax** | **11** | **(82)** | **(444)** | **(240)** |
| **Comprehensive income (loss)** | **$ (1,211)** | **$ 7,925** | **$ 38,384** | **$ (10,419)** |

Table of Contents

**Note 8 Other Current Assets**

Other current assets at June 30, 2007 and December 30, 2006 consisted of the following:

| *(Dollars in thousands)* | June 30, 2007 | As of December 31, 2006 |
|---|---|---|
| **Short-term deferred tax asset** | $ 2,566 | $ 61,153 |
| **Deferred costs** | 853 | 1,394 |
| **Available for sale securities** | 3,904 | 4,677 |
| **Other** | 7,131 | 2,328 |
| **Total** | $ 14,454 | $ 69,552 |

**Note 9 Other Assets**

Other assets at June 30, 2007 and December 30, 2006 consisted of the following:

| *(Dollars in thousands)* | June 30, 2007 | As of December 30, 2006 |
|---|---|---|
| **Long-term deferred tax asset** | $ | $ 1,016 |
| **Deferred financing costs, net** | 50 | 1,984 |
| **Insurance receivable** | 15,000 | 15,000 |
| **Other** | 1,547 | 145 |
| **Total** | $ 16,597 | $ 18,145 |

**Note 10 Accrued Expenses**

Accrued expenses at June 30, 2007 and December 30, 2006 consisted of the following: