

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended March 31, 1997

() 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 1-6948

SPX CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware (State of Incorporation) 38-1016240 (I.R.S. Employer Identification No.)

700 Terrace Point Drive, Muskegon, Michigan 49443-3301
(Address of Principal Executive Office)

Registrant's Telephone Number including Area Code (616) 724-5000

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

Common shares outstanding April 25, 1997 -- 14,978,800

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	(Unaudited)	
	March 31 1997	December 31 1996
	-----	-----
ASSETS		
Current assets:		
Cash and temporary investments	\$ 111,456	\$ 12,312
Receivables	147,464	96,495
Inventories	126,562	109,258
Deferred income tax asset and refunds	42,208	42,208
Net assets under agreement for sale	-	133,795
Prepaid and other current assets	17,977	14,073
	-----	-----
Total current assets	\$ 445,667	\$ 408,141
Investments	-	3,464

Property, plant and equipment, at cost	258,153	251,310
Accumulated depreciation	(135,517)	(127,445)
Net property, plant and equipment	\$ 122,636	\$ 123,865
Goodwill	62,154	58,665
Other assets	15,065	21,908
	-----	-----
Total assets	\$ 645,522	\$ 616,043
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 130,967	\$ 1,430
Accounts payable	75,537	53,011
Accrued liabilities	139,619	115,016
Income taxes payable	46,716	4,973
	-----	-----
Total current liabilities	\$ 392,839	\$ 174,430
Long-term liabilities	91,852	92,618
Deferred income taxes	7,051	15,219
Minority interest	1,434	-
Long-term debt	23,623	227,859
Shareholders' equity:		
Common stock	\$ 165,632	\$ 163,969
Paid in capital	62,970	60,756
Retained deficit	(25,737)	(48,688)
Common stock held in treasury	(50,000)	(50,000)
Unearned compensation	(21,004)	(20,797)
Cumulative translation adjustments	(3,138)	677
	-----	-----
Total shareholders' equity	\$ 128,723	\$ 105,917
	-----	-----
Total liabilities and shareholders' equity	\$ 645,522	\$ 616,043
	=====	=====

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	(Unaudited)	
	Three months ended	
	March 31	
	1997	1996
	-----	-----
Revenues	\$ 236,662	\$ 292,308
Costs and expenses		
Cost of products sold	174,167	228,433
Selling, general and administrative	45,389	46,942
Goodwill/Intangible amortization	962	1,877
Minority and equity interests	30	(893)
Restructuring charge	-	2,424
	-----	-----
Operating income	\$ 16,114	\$ 13,525
Other expense (income), net	(65,736)	105
Interest expense, net	4,328	8,814
	-----	-----
Income before income taxes	\$ 77,522	\$ 4,606
Provision for income taxes	42,817	1,842
	-----	-----
Income from operations	\$ 34,705	\$ 2,764
Extraordinary item, net of tax	(10,330)	-
	-----	-----
Net income	\$ 24,375	\$ 2,764
	=====	=====
Income (loss) per share:		
From operations	\$ 2.39	\$ 0.20
Extraordinary item, net of tax	(0.71)	-
	-----	-----
Net income	\$ 1.68	\$ 0.20
	=====	=====
Dividends per share	\$ 0.10	\$ 0.10
Weighted average number of common shares outstanding	14,546	13,530

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)

	(Unaudited)	
	Three Months Ended	
	March 31	
	1997	1996
	-----	-----
Cash flows from operating activities:		
Net income from operating activities	\$ 24,375	\$ 2,764
Adjustments to reconcile net income to net cash from operating activities -		
Extraordinary item	10,330	-
Depreciation and amortization	7,217	10,845
Minority and equity interests	30	(893)
Restructuring charge	-	2,424
Gain on sale of business, net of taxes	(31,160)	-
Compensation recognized under employee stock plan	1,161	1,136
Deferred taxes	(2,427)	228
Change in operating assets and liabilities:		
Receivables	(41,543)	(22,388)
Inventories	(10,588)	2,412
Prepaid and other assets	(2,196)	258
Accounts payable and accrued liabilities	7,357	25,797
Income taxes payable	1,362	1,326
Long-term liabilities	753	(82)
Other, net	(309)	(1,086)
	-----	-----
Net cash provided by (used by) operating activities	\$(35,638)	\$ 22,741
Cash flows used by investing activities:		
Proceeds from sale of business	\$ 223,000	\$ -
Investments in businesses	(5,109)	-
Capital expenditures	(4,939)	(4,500)
	-----	-----
Net cash provided by (used) by investing activities	\$ 212,952	\$ (4,500)
Cash flows provided by financing activities:		
Net payments under debt agreements	\$(79,148)	\$ (8,006)
Net shares sold under stock option plan	1,945	1,125
Dividends paid	(1,424)	(1,350)
	-----	-----
Net cash provided by (used by) financing activities	\$(78,627)	\$ (8,231)
Effect of exchange rate changes on cash	457	-
	-----	-----
Net increase in cash and temporary investments	\$ 99,144	\$ 10,010
Cash and temporary investments, beg. of period	12,312	17,069
	-----	-----
Cash and temporary investments, end of period	\$ 111,456	\$ 27,079
	=====	=====

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1997 (Unaudited)

1. The interim financial statements reflect the adjustments which are, in the opinion of management, necessary to a fair statement of the results of the interim periods presented. Adjustments are of a normal recurring nature.

The preparation of the company's consolidated condensed 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 disclosure of contingent assets and liabilities at the date of the consolidated condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Information regarding the company's segments was as follows:

	Three months ended March 31	
	1997	1996
	-----	-----
	(in millions)	
Revenues:		
Service Solutions	\$ 143.8	\$ 156.6
Original Equipment Components	92.9	135.7
	-----	-----
Total	\$ 236.7	\$ 292.3
	=====	=====
Operating income (loss):		
Service Solutions	\$ 10.1	\$ 7.0
Original Equipment Components	11.6	11.5
General Corporate	(5.6)	(5.0)
	-----	-----
Total	\$ 16.1	\$ 13.5
	=====	=====
Capital Expenditures:		
Service Solutions	\$ 1.5	\$ 0.5
Original Equipment Components	3.2	3.8
General Corporate	0.2	0.2
	-----	-----
Total	\$ 4.9	\$ 4.5
	=====	=====
Depreciation and Amortization:		
Service Solutions	\$ 2.7	\$ 3.5
Original Equipment Components	4.1	6.9
General Corporate	0.4	0.4
	-----	-----
Total	\$ 7.2	\$ 10.8
	=====	=====
	March 31	December 31
	1997	1996
	-----	-----
Identifiable Assets:		
Service Solutions	\$ 333.7	\$ 291.5
Original Equipment Components	144.9	271.5
General Corporate	166.9	53.0
	-----	-----
Total	\$ 645.5	\$ 616.0
	=====	=====

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1997 (Unaudited)

3. On February 7, 1997, the company completed the sale of substantially all of the assets and rights used in the manufacture and distribution of piston rings and cylinder liners, known as the Sealed Power Division ("SPD"). The sale to Dana Corporation was for \$223 million gross cash proceeds. SPD included the accounts of Sealed Power, a U.S. division, SP Europe Limited Partnership, 70% owned, Allied Ring Corporation, 50% owned, and Promec, 40% owned. In addition, the buyer assumed substantially all of the liabilities and obligations of the business, excluding liabilities relating to income and other taxes, certain liabilities arising outside the ordinary course of business, debt, and certain employee related liabilities. The transaction includes a ten year noncompetition agreement precluding the company from competing with SPD. The company recorded a pretax gain of \$71.9 million, or \$31.2 million after-tax on the transaction (included in other expense (income), net.)

The accompanying consolidated condensed financial statements include the results of SPD through February 7, 1997, and the results of the Hy-Lift division through November 1, 1996, their dates of disposition. The following unaudited proforma first quarter 1997 and 1996 selected financial data reflects the disposition of these divisions as if they had occurred as beginning of the periods, respectively. The unaudited proforma selected results of operations do not purport to represent what the company's results of operations would actually have been had the dispositions in fact occurred as of January 1, 1997, or January 1, 1996, or project the results for any future date or period.

	1997 Reported	Three months ending March 31, Proforma Adj.		1997 Proforma	1996 Proforma
	-----	Divested	Other	-----	-----
	(in millions, except per share)				
Revenues	\$ 236.7	\$(23.5)		\$ 213.2	\$ 217.8
Cost of products sold	174.2	(19.6)		154.6	162.0
	-----	-----		-----	-----
Gross margin	\$ 62.5	\$ (3.9)		\$ 58.6	\$ 55.8
SG&A	45.4	(1.0)		44.4	43.2
Goodwill/intangible amort.	1.0	(0.2)		0.8	1.4
Minority and equity	-	-		-	(0.1)
Restructuring charges	-	-		-	2.4
	-----	-----		-----	-----
Operating income	\$ 16.1	\$ (2.7)		\$ 13.4	\$ 8.9
Other (income) expense	(65.7)	-	(71.9)(a)	6.2	.1
Interest expense, net	4.3	-	1.0(b)	3.3	7.2
	-----	-----	-----	-----	-----
Income before income taxes	\$ 77.5	\$ (2.7)	\$(70.9)	\$ 3.9	\$ 1.6
Provision for income taxes	42.8	(1.0)	(40.3)(c)	1.5	0.6
	-----	-----	-----	-----	-----
Income (d)	\$ 34.7	\$ (1.7)	\$(30.6)	\$ 2.4	\$ 1.0
	=====	=====	=====	=====	=====
Income per share	\$ 2.39			\$ 0.17	\$ 0.07
Weighted average number of shares	14.5			14.5	13.5

- (a) Adjustment to exclude the gain on the sale of SPD.
(b) Adjustment to interest expense, net, assuming the use of net proceeds to reduce revolving credit and other debt.
(c) Adjustment to income tax expense to reflect an effective tax rate of 37% in 1997 and 38% in 1996.
(d) Income excludes extraordinary item, net of taxes.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
MARCH 31, 1997 (Unaudited)

4. During the first quarter of 1997, the company recorded a \$6.5 million charge (\$4.1 million after-tax) in other expense (income), net. This charge reflects anticipated future legal costs associated with the ongoing litigation with Snap-on Incorporated.
5. On March 11, 1997, the company commenced a cash tender offer for all \$128,415,000 (principal amount) of its outstanding 11 3/4% Senior Subordinated Notes, due 2002 (the "Notes"), at a purchase price determined by reference to a fixed spread of 35 basis points over the yield to maturity of the United States Treasury 5 3/8% Notes due May 31, 1998, on March 25, 1997, of which an amount equal to 1% of principal amount of each Note purchased constituted a consent payment that was paid for Notes tendered on or prior to March 25, 1997.

The tender offer expired on April 9, 1997 and \$126,734,000 of the Notes were tendered. The company paid for these Notes on April 14, 1997. As a result of the company's irrevocable agreement with note holders tendering as of March 25 1997, the company recorded an extraordinary pretax charge of \$16.4 million, or \$10.3 million after-tax, for the cost to repurchase the notes.

6. Subsequent Event - Equity Self-tender offer. On April 10, 1997, a Dutch Auction self-tender offer was announced for the purchase of up to 2.7 million common shares of the company at a price ranging from \$48 to \$56 per share. This tender offer expires on May 8, 1997. The purchase of common stock tendered will be financed with the new revolving credit agreement.
7. During the first quarter of 1997, the company terminated its practice of selling undivided fractional interests in domestic trade accounts receivable. At December 31, 1996, approximately \$26 million had been sold under this practice.
8. During the first quarter of 1997, the company made three strategic investments totaling \$5.1 million. Effective the beginning of 1997, the company acquired an additional 30% of JATEK which raised the company's ownership in this Japanese company to 80%. Also effective the beginning of 1997, the company purchased an additional 10% of IBS Filtran which raised the company's ownership to 60% in this German company. Effective March 1, 1997, the company acquired A.R. Brasch Marketing Inc., which provides technical service and training materials for vehicle manufacturers. A.R. Brasch has annual sales approaching \$10 million. Had these acquisitions taken place on January 1 of the respective years, consolidated revenues and income would not have been significantly different from reported results.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

The following unaudited information should be read in conjunction with the company's unaudited consolidated financial statements and the related footnotes.

Results of Operations - First Quarter 1997 vs. First Quarter 1996

Consolidated:

	Three months ended March 31,	
	1997	1996
	(in millions)	
Revenues:		
Service Solutions	\$ 143.8	\$ 156.6
Original Equipment Components	92.9	135.7
Total	\$ 236.7	\$ 292.3
Operating income (loss):		
Service Solutions	\$ 10.1	\$ 7.0
Original Equipment Components	11.6	11.5
General corporate expense	(5.6)	(5.0)
Total	\$ 16.1	\$ 13.5
Other expense (income), net	(65.7)	0.1
Interest expense, net	4.3	8.8
Income before income taxes	\$ 77.5	\$ 4.6
Provision for income taxes	42.8	1.8
Income from continuing operations	\$ 34.7	\$ 2.8
Extraordinary item, net of tax	(10.3)	-
Net income	\$ 24.4	\$ 2.8
Capital expenditures	\$ 4.9	\$ 4.5
Depreciation and amortization	7.2	10.8

March 31, 1997 December 31, 1996
(in millions)

Identifiable assets	\$ 645.5	\$ 616.0
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General corporate expenses and other consolidated items that are not allocated to the segments are explained below, followed by segment information.

General Corporate expense

These expenses represent general unallocated expenses. The first quarter of 1997 expense was greater than the first quarter of 1996 principally due to higher incentive compensation expense.

Other expense (income), net

These expense and income items represent expenses and income not included in the determination of operating results. Included are gains or losses on currency exchange, translation gains or losses of financial statements in highly inflationary countries, fees incurred on the sale of accounts receivable under the company's accounts receivable securitization program (discontinued during the first quarter of 1997), gains or losses on the sale of fixed assets, and unusual non-operational gains or losses.

In the first quarter of 1997, the company completed the sale of the Sealed Power division to Dana Corporation for \$223 million in cash. The company recorded a \$71.9 million gain on the sale, and the after-tax gain was \$31.2 million, or \$2.14 per share. The results of operations of Sealed Power are included in the company's consolidated results through the date of divestiture, February 7, 1997.

First quarter 1997 other expense (income), net, also includes a \$6.5 million charge for estimated costs of pending litigation with Snap-on Incorporated. These costs include estimates of legal and other related fees to defend this litigation through its conclusion.

Interest Expense, net

First quarter 1997 interest expense was less than the first quarter 1996 interest expense due to lower debt levels.

Provision for Income Taxes

The overall income tax provision includes \$40.7 million provided on the sale of the Sealed Power division. Without this item, the effective income tax rate for the first quarter of 1997 was 37% which represents the company's current estimated rate for the year.

Extraordinary item, net of taxes

In the first quarter of 1997, the company recorded a pretax charge of \$16.4 million, \$10.3 million after-tax, to reflect the costs to repurchase \$126.4 million of its 11 3/4% Senior Subordinated Notes tendered as of March 25, 1997, pursuant to the company's tender offer for these notes.

Service Solutions (formerly Specialty Service Tools):

Three months ended
March 31,

	1997	1996
	(in millions)	

Revenues.....	\$ 143.8	\$ 156.6
Gross Profit.....	45.5	44.9
% of revenues.....	31.7%	28.7%
Selling, general & administrative....	34.9	34.3
% of revenues.....	24.3%	21.9%
Goodwill/intangible amortization.....	0.5	1.1
Minority and equity interests.....	-	0.1
Restructuring charge.....	-	2.4
Operating income.....	\$ 10.1	\$ 7.0
Capital expenditures.....	\$ 1.5	\$.5
Depreciation and amortization.....	2.7	3.5

March 31, 1997 December 31, 1996
(in millions)

Identifiable assets.....	\$ 333.7	\$ 291.5
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Revenues

First quarter 1997 revenues decreased \$12.8 million, or 8.2%, from the first quarter of 1996. The most significant explanation for the lower revenues was that 1996 included approximately \$20 million in dealer equipment sales to one customer. First quarter 1997 revenues include approximately \$5 million of sales due to the consolidation of JATEK, which was 80% owned as of the beginning of the year.

Gross margin

First quarter 1997 gross margin of 31.7% was higher than the 28.7% gross margin in 1996. The increase in the gross margin was a direct result of the significant dealer equipment sales in 1996. Dealer equipment sales have a relatively low (less than 15%) gross margin. Also increasing the first quarter of 1997 gross margin were productivity improvements resulting from the 1996 restructuring.

Selling, General and Administrative ("SG&A")

First quarter 1996 SG&A expense was \$34.9 million, or 24.3% of revenues, compared to \$34.3 million, or 21.9% of revenues, in 1996. The significant dealer equipment sales in the first quarter of 1996 had relatively low SG&A costs, which lowered the 1996 SG&A percent to revenues.

Goodwill/Intangible Amortization

First quarter of 1997 expense was lower than 1996 primarily due the company's write-off of Automotive Diagnostics' goodwill during the fourth quarter of 1996.

Minority and equity interests

In 1996, this line represented the equity (earnings) or losses of JATEK, previously 50% owned. Effective the beginning of 1997, the company acquired an additional 30% of JATEK and its results are now consolidated. Beginning in 1997, the 20% minority interest in JATEK's results is reflected in this line.

Restructuring Charge

During 1996, the company incurred restructuring costs to consolidate five Specialty Service Tool divisions into two divisions.

Operating Income

1997 first quarter operating income of \$10.1 million compares to first quarter 1996 operating income of \$7.0 million. The increase was primarily attributable to sales mix, cost reductions and reduced goodwill expense. First quarter 1996 was impacted by \$2.4 million of restructuring costs.

Capital Expenditures

First quarter 1997 capital expenditures were \$1.5 million compared to first quarter of 1996 capital expenditures of \$.5 million. Capital expenditures for 1997 are expected to approximate \$12 million.

Identifiable Assets

First quarter 1997 identifiable assets increased approximately \$42 million from year-end 1996. The increase was predominately receivables and inventories. The increase in receivables was a result of higher revenues in February and March of 1997 compared to November and December of 1996. The increase in inventories was a result of the normal seasonal buildup of inventory to support higher second quarter business activity.

Original Equipment Components:

Three months ended
March 31,

1997 1996

(in millions)

Revenues.....	\$ 92.9	\$ 135.7
Gross Profit.....	17.0	19.0
% of revenues.....	18.3%	14.0%
Selling, general & administrative..	4.9	7.7
% of revenues.....	5.3%	5.7%
Goodwill/intangible amortization...	.4	0.8
Minority and equity interests.....	.1	(1.0)
Operating income.....	\$ 11.6	\$ 11.5
	=====	=====
Capital expenditures.....	\$ 3.2	\$ 3.8
Depreciation and amortization.....	4.1	6.9

March 31, 1997 December 31, 1996

(in millions)

Identifiable assets.....	\$ 144.9	\$ 271.5
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Revenues

First quarter 1997 revenues were down \$42.8 million from the first quarter 1996 revenues due to the divestitures of the Sealed Power and Hy-Lift divisions. The first quarter of 1997 includes \$23.5 million of revenues from Sealed Power and the first quarter of 1996 includes \$74.5 million of revenues from Sealed Power and Hy-Lift.

Gross Profit

First quarter 1997 gross margin of 18.3% compares favorably to the first quarter 1996 gross margin of 14.0%. The increase was due to the disposal of Hy-Lift and Sealed Power, both lower margin businesses.

Selling, General and Administrative ("SG&A")

SG&A was \$4.9 million, or 5.3% of revenues, in the first quarter of 1997 compared to \$7.7 million, or 5.7% of revenues, in 1996. This reflects the segment's continuing cost containment efforts and the effect of divestitures.

Goodwill/Intangible Amortization

Goodwill and intangible amortization expense was lower in 1997 due to the sale of SPD.

Minority and equity interests

In 1996, minority and equity interests reflected the equity earnings of Promec and Allied Ring Corporation (sold as part of the Sealed Power divestiture in February 1997) and IBS Filtran, 50% owned during 1996. In 1997, this amount represents the 40% minority interest in IBS Filtran's results. The company acquired an additional 10% of IBS Filtran as of the beginning of 1997 and is now consolidating its results.

Operating Income

First quarter 1997 operating income was \$11.6 million compared to \$11.5 million in the first quarter of 1996.

Capital Expenditures

Capital expenditures in the first quarter of 1997 were \$3.2 million and \$3.8 million in the first quarter of 1996. Capital expenditures for 1997 are expected to approximate \$15 million and will be focused upon certain capacity expansions, cost reductions and maintenance of the operations.

Identifiable Assets

Identifiable assets decreased approximately \$127 million from year-end 1996 reflecting the sale of SPD.

Liquidity and Financial Condition

The company's liquidity needs arise primarily from capital investment in equipment, funding working capital requirements to support business growth initiatives and to meet interest costs. Management believes that operations and the credit arrangements will be sufficient to supply funds needed by the company in 1997.

Cash Flow

	Three months ended March 31,	
	1997	1996
	-----	-----
	(in millions)	
Cash flow from:		
Operating activities.....	\$ (35.6)	\$ 22.7
Investing activities.....	213.0	(4.5)
Financing activities.....	(78.3)	(8.2)
	-----	-----
Net Cash Flow.....	\$ 99.1	\$ 10.0
	=====	=====

Cash flow from operating activities in the first quarter of 1997 was an outflow of \$35.6 million. This was principally due to seasonal buildups of accounts receivable and inventory. The cash outflow includes the \$26 million effect of terminating the accounts receivable securitization program during quarter. Cash flow from operating activities in 1996 was improved due to a significant increase in accounts payable.

Cash flow from investing activities during the first quarter of 1997 includes the \$223 of cash received on the sale of Sealed Power, offset by \$5.1 million invested in A.R. Brasch, and in IBS Filtran (acquired additional 10% ownership) and capital expenditures of \$4.9 million. Capital expenditures of \$4.5 million were made in 1996. Capital expenditures for 1997 should approximate \$27 million for the year.

Cash flow from financing activities during the first quarter of 1997 reflects the company's quarterly dividend payment, shares sold under the stock option plan and a \$79.1 million reduction in borrowings.

Total Debt

During the first quarter of 1997, the company initiated a new financial capital plan. This plan included:

1. A tender offer, dated March 11, 1997, to purchase all outstanding 11 3/4% Senior Subordinated Notes. This tender offer expired April 9, 1997 and \$126.7 million of the notes were purchased. The company used existing cash and cash equivalents and its revolving credit facility to purchase the notes.

2. Secured a commitment on March 31, 1997 for a new \$400 million revolving credit agreement from The First National Bank of Chicago. The agreement will provide debt capacity for business operations, acquisitions, and the repurchase of common stock. The new revolving credit agreement was signed on May 7, 1997.
3. An announcement, on April 10, 1997, of a Dutch Auction self-tender offer for up to 2.7 million common shares of the company at a price ranging from \$48 to \$56 per share. This tender offer expires on May 8, 1997. The purchase of common stock tendered will be financed with the new revolving credit agreement.
4. Concurrent with the announcement of the Dutch Auction, the company announced the elimination of the quarterly cash dividend. The company has authorized up to 200,000 shares of common stock to be prospectively purchased in the open market if future distributions to shareholders are deemed appropriate by management.

At March 31, 1997, the following summarizes the debt outstanding and unused credit availability:

	Total Commitment	Amount Outstanding	Unused Credit Availability
	-----	-----	-----
	(in millions)		
New revolving credit.....	\$ 400.0	\$ -	\$ 384.1(a)
Swingline loan facility.....	5.0	-	5.0
Senior subordinated notes (b)	128.4	128.4	-
Industrial revenues bonds...	15.1	15.1	-
Other.....	12.4	11.1	1.3
	-----	-----	-----
Total debt.....	\$ 560.9	\$ 154.6	\$ 390.4
	=====	=====	=====

- (a) Decreased by \$15.9 million of facility letters of credit outstanding at March 31, 1997, which reduce the unused credit availability.
- (b) As of April 14, 1997, \$126.7 million were repurchased using available cash and equivalents and revolving credit.

The company is required to maintain compliance with restrictive covenants contained in the new revolving credit agreement. Under the most restrictive financial covenants, the company is required to maintain the following ratios:

- (1) Maintain a Debt - EBITDA Ratio of 3.75 to 1.0 for fiscal quarters ending June, September and December of 1997, a ratio of 3.5 to 1.0 for fiscal quarters ending March, June and September of 1998, and a ratio of 3.0 to 1.0 thereafter,
- (2) Maintain a Fixed Charge Coverage Ratio of 1.5 to 1.0 for fiscal quarters ending in June and September of 1997, a ratio of 1.75 to 1.0 for fiscal quarters ending December 1997 and March, June, and September of 1998, and a ratio of 2.0 to 1.0 thereafter.

Management believes that the unused credit availability on the new revolving credit facility is sufficient to complete the new financial capital plan and to meet operational cash requirements, working capital requirements and capital expenditures for 1997. After payment of the notes tendered in April of 1997, aggregate future maturities of total debt are not material for the next five years. The new revolving credit agreement will expire in 2002 and borrowings on the revolver would become due, however, management believes that the revolving credit agreement would likely be extended or that alternate financing will be available to the company.

Other Matters

As of the end of 1997, the company must adopt Statement of Financial Accounting Standards, No. 128, "Earnings Per Share." This standard will require presentation of basic and diluted earnings per share information instead of the current primary and fully diluted earnings per share required by APB Opinion No.15.

The company's review indicates that the new basic earnings per share would have been insignificantly higher than the reported primary earnings per share for the first quarter of 1997 and 1996. This is due to the exclusion of the effect of outstanding options in the basic earnings per share computation versus the primary earnings per share computation.

The company estimates that the diluted earnings per share for the first quarter of 1997 and 1996 would have been virtually the same as the reported primary earnings per share for these periods.

The foregoing discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward looking statements which reflect management's current views with respect to future events and financial performance. These forward looking statements are subject to certain risks and uncertainties, including but not limited to those matters discussed above. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Reference is made to the company's 1996 Annual Report on Form 10-K for additional cautionary statements and discussion of certain important factors as they relate to forward looking statements.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The company held the Annual Meeting of Shareholders on April 23, 1997 at which shareholders elected two directors to three year terms expiring in 2000, approved amendments to the company's 1992 Stock Compensation Plan which increased the shares available by 1,200,000, and approved the adoption of the company's 1997 Non-Employee Directors' Compensation Plan.

The results of the voting in connection with the above items were as follows:

Voting on Directors -----	For -----	Withheld -----	
John B. Blystone	12,298,238	334,417	
Frank A. Ehmann	12,297,563	335,092	
Voting on -----	For -----	Against -----	Abstain -----
Amendments to the 1992 Stock Compensation Plan	10,240,514	790,714	102,480
Adoption of the 1997 Non-Employee Directors' Compensation Plan	9,367,884	1,673,674	120,824

Item 5. Other Information

On April 11, 1997, the company filed with the Securities and Exchange Commission an Issuer Tender Offer Statement on Schedule 13E-4 which contains information with respect to the company's self-tender offer for the purchase of up to 2.7 million common shares of the company at a price ranging from \$48 to \$56 per share.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- (2) None.
- (4) Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of May 7, 1997.
- (10) None.
- (11) Statement regarding computation of earnings per share. See Consolidated Condensed Statements of Income.
- (15) None.
- (18) None.
- (19) None.
- (20) None.
- (22) None.
- (23) None.
- (24) None.
- (27) Financial data schedule.
- (99) None.

(b) Reports on Form 8-K

The company, on April 25, 1997, filed Form 8-K which provided information regarding the completion of the tender offer for the company's 11 3/4% Senior Subordinated Notes.

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.

SPX CORPORATION
(Registrant)

Date: May 8, 1997

By /s/ John B. Blystone

John B. Blystone
Chairman, President and
Chief Executive Officer

Date: May 8, 1997

By /s/ Patrick J. O'Leary

Patrick J. O'Leary
Vice President, Finance,
Treasurer and Chief
Financial and Accounting
Officer

\$400,000,000
CREDIT AGREEMENT

AMONG

SPX CORPORATION,
as Borrower,

THE LENDERS NAMED HEREIN

and

THE FIRST NATIONAL BANK OF CHICAGO,
as Agent

DATED AS OF

May 7, 1997

ARRANGED BY FIRST CHICAGO CAPITAL MARKETS, INC.

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Exhibit B (Section 6.1(d))	Compliance Certificate
Exhibit C (Section 12.3.1)	Assignment Agreement
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CREDIT AGREEMENT

This Credit Agreement, dated as of May 7, 1997, is among SPX CORPORATION, a Delaware corporation, the Lenders and THE FIRST NATIONAL BANK OF CHICAGO, individually and as Agent.

W I T N E S S E T H:

WHEREAS, the Borrower has requested the Lenders to make financial accommodations available to it in the aggregate principal amount of \$400,000,000, the proceeds of which the Borrower will use for the working capital needs and general corporate purposes of the Borrower and its Subsidiaries, including the repayment of Indebtedness and the repurchase of the Borrower's common stock to the extent permitted hereby;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders and the Agent hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made on the same Borrowing Date by the Lenders to the Borrower of the same Type and, in the case of Eurodollar Advances, for the same Interest Period.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" means First Chicago in its capacity as agent for the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X.

"Aggregate Available Commitment" means, at any time, the Aggregate Commitment minus the Facility Letter of Credit Obligations.

"Aggregate Commitment" means the aggregate of the Revolving Credit Commitments of all the Lenders hereunder. The initial Aggregate Commitment is \$400,000,000.

"Agreement" means this Credit Agreement, as it may be amended, modified or restated and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time; provided, however, that for purposes of all computations required to be made with respect to compliance by the Borrower with Section 6.22, such term shall mean generally accepted accounting principles as in effect on the date hereof, applied in a manner consistent with those used in preparing the Financial Statements referred to in Section 5.5.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (a) the Corporate Base Rate for such day, and (b) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum.

"Alternate Base Rate Advance" means an Advance which bears interest at the Alternate Base Rate.

"Alternate Base Rate Loan" means a Loan which bears interest at the Alternate Base Rate.

"Applicable Commitment Fee Percentage" means the percentage determined by reference to the Debt-EBITDA Ratio as follows:

Debt-EBITDA Ratio		Applicable Commitment Fee Percentage
-----		-----
Greater than or Equal to	But less than	
3.0:1.0	----	.25%
2.5:1.0	3.0:1.0	.225%
2.0:1.0	2.5:1.0	.20%
1.0:1.0	2.0:1.0	.175%
	1.0:1.0	.15%

The Applicable Commitment Fee Percentage shall be subject to adjustment (upwards or downwards, as appropriate) based on the Debt-EBITDA Ratio in accordance with the above table. The Debt-EBITDA Ratio shall be calculated by the Borrower as of the end of each of its Fiscal Quarters commencing June 30, 1997 and shall be reported to the Agent pursuant to a certificate delivered in accordance with Section 6.1(d). The adjustment, if any, to the Applicable Commitment Fee Percentage shall be effective commencing on the first Business Day after the delivery of such officer's certificate. Until so adjusted after June 30, 1997, the Applicable Commitment Fee Percentage shall be .20%. In the event that the Borrower shall at any time fail to furnish to the Lenders any of the financial statements required to be delivered pursuant to Sections 6.1(a) and 6.1(b) or the officer's certificate required to be delivered with such financial statements pursuant to Section 6.1(d), the maximum Applicable Commitment Fee Percentage shall apply until such time as such financial statements and officer's certificate are so delivered.

"Applicable Eurodollar Margin" means the margin determined by reference to the DebtEBITDA Ratio as follows:

Debt-EBITDA Ratio -----	Applicable Eurodollar Margin (in basis points) -----
Greater than or equal to 3.5:1	100.0
Greater than or equal to 3.0:1 but less than 3.5:1	87.5
Greater than or equal to 2.5:1 but less than 3.0:1	75.0
Greater than or equal to 2.0:1 but less than 2.5:1	62.5
Greater than or equal to 1.0:1 but less than 2.0:1	50.0
Less than 1.0:1	37.5

The Applicable Eurodollar Margin shall be subject to adjustment (upwards or downwards, as appropriate) based on the Debt-EBITDA Ratio in accordance with the above table. The DebtEBITDA Ratio shall be calculated by the Borrower as of the end of each of its Fiscal Quarters commencing June 30, 1997 and shall be reported to the Agent pursuant to a certificate delivered in accordance with Section 6.1(d). The adjustment, if any, to the Applicable Eurodollar Margin shall be effective commencing on the first Business Day after the delivery of such officer's certificate. Until so adjusted after June 30, 1997, the Applicable Eurodollar Margin shall be .625%. In the event that the Borrower shall at any time fail to furnish to the Lenders any of the financial statements required to be delivered pursuant to Sections 6.1(a) and 6.1(b) or the officer's certificate required to be delivered with such financial statements pursuant to Section 6.1(d), the maximum Applicable Eurodollar Margin shall apply until such time as such financial statements and officer's certificate are so delivered.

"Arranger" means First Chicago Capital Markets, Inc. and its successors and assigns.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Asset Disposition" means any sale, transfer or other disposition of any asset of the Borrower or any Subsidiary in a single transaction or in a series of related transactions other than the sale of (a) inventory in the ordinary course, (b) sales or dispositions of machinery and equipment no longer used or useful in the Borrower's business, (c) sales or other dispositions of Property described in Schedule 1.1(a), (d) sales of Investments described in Section 6.15 (a) - (e) in the ordinary course of business and (e) accounts receivable sold in connection with any Receivables Financing permitted hereby.

"Authorized Officer" means any of the chairman, president, chief financial officer or treasurer of the Borrower, acting singly.

"Bankruptcy Code" means Title 11, United States Code, sections 1 et seq., as the same may be amended from time to time, and any successor thereto or replacement therefor which may be hereafter enacted.

"Borrower" means SPX Corporation, a Delaware corporation, and its successors and assigns.

"Borrowing Date" means a date on which an Advance is made or a Facility Letter of Credit is issued hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (a) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market, and (b) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition for value of any asset or for any improvements, replacements, substitutions or additions therefor or thereto that would be classified on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles as a fixed or capital asset excluding (a) the cost of assets acquired with the proceeds of purchase money Indebtedness or under Capitalized Lease Obligations, (b) expenditures of insurance proceeds to rebuild or replace any asset after a casualty loss, and (c) leasehold improvement expenditures for which the Borrower or a Subsidiary is reimbursed promptly by the lessor.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Change" is defined in Section 3.2.

"Change in Control" means (a) the acquisition by any Person, or two or more Persons acting in concert, including without limitation any acquisition effected by means of any transaction contemplated by Section 6.12, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended) of 25% or more of the outstanding shares of voting stock of the Borrower, or (b) during any period of

25 consecutive calendar months, commencing on the date of this Agreement, the ceasing of those individuals (the "Continuing Directors") who (i) were directors of the Borrower on the first day of each such period or (ii) subsequently became directors of the Borrower and whose initial election or initial nomination for election subsequent to that date was approved by a majority of the Continuing Directors then on the board of directors of the Borrower, to constitute a majority of the board of directors of the Borrower.

"Code" means the Internal Revenue Code of 1986, as amended or otherwise modified from time to time.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans and participate in Facility Letters of Credit not exceeding in the aggregate the amount set forth opposite its signature below, as such amount may be modified from time to time pursuant to the terms hereof.

"Condemnation" is defined in Section 7.8.

"Consolidated" or "consolidated", when used in connection with any calculation, means a calculation to be determined on a consolidated basis for the Borrower and its Subsidiaries (other than for purposes of Section 6.1) in accordance with Agreement Accounting Principles.

"Consolidated Interest Charges" means, with respect to any period for which the amount thereof is to be determined, the sum of (i) all interest expense on Indebtedness during such period and (ii) all debt discount and expense amortized or required to be amortized during such period, in each of cases (i) and (ii) with respect to the Borrower and its Subsidiaries determined on a consolidated basis in accordance with Agreement Accounting Principles.

"Consolidated Net Income" means, for any computation period, with respect to the Borrower on a consolidated basis with its Subsidiaries (other than any Subsidiary which is restricted from declaring or paying dividends or otherwise advancing funds to its parent whether by contract or otherwise), net income earned during such period in accordance with Agreement Accounting Principles; provided, however, that Consolidated Net Income shall not include and shall be computed without regard to (a) any gains in excess of losses resulting from the sale, conversion or other disposition of capital assets (i.e., assets other than current assets), (b) any income or losses from discontinued operations or (c) extraordinary items.

"Consolidated Person" means, for the taxable year of reference, each Person which is a member of the affiliated group of the Borrower if consolidated returns are or shall be filed for such affiliated group for federal income tax purposes or any combined or unitary group of which the Borrower is a member for state income tax purposes.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the Indebtedness of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures the payment of the Indebtedness of such other Person

including, without limitation, any comfort letter or application for a Letter of Credit. For purposes of calculating financial covenants hereunder, Contingent Obligations shall not include, with respect to the Borrower, any obligations incurred under or in connection with any Receivables Financing, to the extent such obligations are non-recourse to the Borrower and its Subsidiaries.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Corporate Base Rate" means a rate per annum equal to the corporate base rate of interest announced by First Chicago from time to time, changing when and as said corporate base rate changes. The Corporate Base Rate is a reference rate and does not necessarily represent the lowest or best rate of interest actually charged to any customer. First Chicago may make commercial loans or other loans at rates of interest at, above or below the Corporate Base Rate.

"Debt-EBITDA Ratio" means, as of the end of any Fiscal Quarter, the ratio of (a) Total Debt as of the end of such Fiscal Quarter to (b) EBITDA for the four Fiscal Quarters then ended.

"Default" means an event described in Article VII.

"EBITDA" means, for any applicable computation period, Consolidated Net Income, plus (a) Taxes of the Borrower and its Subsidiaries for such period, (b) Consolidated Interest Charges for such period, and (c) amortization, depreciation and other non-cash charges deducted in determining Consolidated Net Income for such period, all as determined according to Agreement Accounting Principles; provided, that, without duplication, EBITDA shall not include the following items which are reflected in the Borrower's financial statements: (i) a goodwill write-off of \$67,800,000 during 1996, (ii) restructuring charges of \$15,800,000 recorded during 1996, (iii) premiums for the repurchase of Subordinated Notes of \$26,700,000 in 1996 and 1997 and (iv) costs and fees related to accounts receivable securitizations. For an acquisition made pursuant to Section 6.15(h) that is not accounted for as a pooling of interest, if the Borrower provides the Agent with a computation (prepared an appropriate financial officer) for the prior four Fiscal Quarters of EBITDA relating to such acquired Person (which computation shall exclude any non-cash charges or acquisition expenses which were incurred by the acquired Person), then EBITDA shall also include on a pro-forma basis in Consolidated Net Income for such period the most recent four Fiscal Quarters of EBITDA relating to those operations of such acquired Person which will be continued after such acquisition (such continuing operations shall be treated as if they had been a Subsidiary of the Borrower for the preceding four Fiscal Quarters).

"Environmental Laws" is defined in Section 5.20.

"Environmental Permits" is defined in Section 5.20.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, reformed or otherwise modified from time to time.

"Eurodollar Advance" means an Advance which bears interest at the Eurodollar Rate.

"Eurodollar Base Rate" means with respect to any Eurodollar Advance: (a) for any one, two, three or six month Interest Period applicable to such Eurodollar Advance, the rate determined by the Agent to be the rate at which deposits in U.S. dollars are offered by First Chicago to first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of First Chicago's relevant Eurodollar Advance and having a maturity approximately equal to such Interest Period; or (b) for any seven day Interest Period applicable to such Eurodollar Advance, the rate determined by the Agent to be the rate at which deposits in immediately available U.S. dollars are offered by First Chicago to first-class banks in the interbank market at approximately 10:00 a.m. (Chicago time) two Business Days prior to the first day of such Interest Period, for delivery on the first day of such Interest Period in the approximate amount of First Chicago's relevant Eurodollar Loan and having a maturity approximately equal to such Interest Period.

"Eurodollar Loan" means a Loan which bears interest at the Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurodollar Base Rate applicable to such Interest Period, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) the Applicable Eurodollar Margin. The Eurodollar Rate shall be rounded to the next higher multiple of 1/16 of 1% if the rate is not such a multiple.

"Existing Letters of Credit" means the Facility Letters of Credit (as defined in the Prior Agreement) identified on Schedule 1.1(b) hereto and issued pursuant to the Prior Agreement.

"Facility Letter of Credit" means a standby Letter of Credit issued pursuant to Section 2.20 and, from and after the initial Revolving Credit Advance, shall also include the Existing Letters of Credit.

"Facility Letter of Credit Obligations" means, as at the time of determination thereof, the sum of (a) the Reimbursement Obligations then outstanding and (b) the aggregate then undrawn face amount of the then outstanding Facility Letters of Credit.

"Facility Letter of Credit Sublimit" means an aggregate amount of \$35,000,000.

"Facility Termination Date" means May 7, 2002.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately

preceding Business Day) by the Federal Reserve Bank of New York, or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Financial Statements" is defined in Section 5.5.

"First Chicago" means The First National Bank of Chicago in its individual capacity, and its successors.

"Fiscal Quarter" means one of the four three-month accounting periods comprising a Fiscal Year.

"Fiscal Year" means the twelve-month accounting period ending December 31 of each year.

"Fixed Charge Coverage Ratio" means, for any applicable computation period, the ratio of (a) EBITDA for such period plus Rentals for such period of the Borrower and its Subsidiaries minus the sum of Capital Expenditures for such period by the Borrower and its Subsidiaries, to (b) Fixed Charges for such period.

"Fixed Charges" means, for any applicable computation period, the sum of (a) Consolidated Interest Charges for such period and (b) any Rentals for such period of the Borrower and its Subsidiaries.

"Governmental Authority" means any government (foreign or domestic) or any state or other political subdivision thereof or any governmental body, agency, authority, department or commission (including without limitation any taxing authority or political subdivision) or any instrumentality or officer thereof (including without limitation any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other entity directly or indirectly owned or controlled by or subject to the control of any of the foregoing.

"Hazardous Materials" is defined in Section 5.20.

"Indebtedness" of a Person means, without duplication, such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens on or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances, or other instruments, (e) Capitalized Lease Obligations, (f) Rate Hedging Obligations, (g) Contingent Obligations, (h) obligations for which such Person is obligated pursuant to or in respect of a Letter of Credit, (i) repurchase obligations or liabilities of such Person with respect to accounts receivable or notes receivable sold by such Person and (j) with respect to the Borrower, obligations incurred under or in connection with any Receivables Financing, notwithstanding the manner in which such

obligations are characterized on a balance sheet of the Borrower prepared in accordance with Agreement Accounting Principles, provided that for purposes of calculating Total Debt and the financial covenants hereunder, obligations described in clauses (i) and (j) shall be included only to the extent such obligations are with recourse (other than any recourse in respect of a contingent obligation to repurchase upon any breach of representations (other than with respect to collectability) or covenants related thereto) to the Borrower or any of its Subsidiaries, notwithstanding the manner in which such obligations are characterized on a balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles.

"Interest Period" means, with respect to a Eurodollar Advance, a period of seven days or one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. An Interest Period of one, two, three or six months shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter; provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if, with respect to an Interest Period of one, two, three or six months, said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade), deposit account or contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, partnership interests, notes, debentures or other securities of any other Person made by such Person.

"Issuer" means First Chicago or any successor issuer of Facility Letters of Credit.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender or the Agent, any office, branch, subsidiary or affiliate of such Lender or the Agent.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"Letter of Credit Cash Collateral Account" is defined in Section 8.1. Such account and the related cash collateralization shall be subject to documentation satisfactory to the Agent.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential

arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's portion of any Advance and "Loans" means with respect to the Lenders, the aggregate of all Advances.

"Loan Documents" means this Agreement, the Notes and the other documents and agreements contemplated hereby and executed by the Borrower or any Subsidiary in favor of the Agent or any Lender.

"Margin Stock" has the meaning assigned to that term under Regulation U.

"Material Adverse Effect" means a material adverse effect on (a) the business, Property, condition (financial or other), financial performance or results of operations of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower or any Subsidiary to perform its obligations under the Loan Documents, or (c) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent or the Lenders thereunder.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Available Proceeds" means, with respect to any Asset Disposition, the sum of cash or readily marketable cash equivalents received (including by way of cash received as proceeds of the sale or in discounting of a note or receivable, but excluding any other consideration received in the form of assumption by the acquiring Person of debt or other obligations relating to the properties or assets so disposed of or received in any other non-cash form) therefrom, whether at the time of such disposition or subsequent thereto, net of all legal, title and recording tax expenses, commissions (including investment banking fees) and other fees and all costs and expenses incurred and all federal, state, local and other taxes required to be accrued as a liability as a consequence of such transactions and net of all payments made by the Borrower or any of its Subsidiaries on any Indebtedness which is secured by such assets pursuant to a Permitted Lien upon or with respect to such assets or which must by the terms of such Lien, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition.

"Note" means any one or more of the Revolving Credit Notes.

"Notice of Assignment" is defined in Section 12.3.2.

"Notice of Issuance" is defined in Section 2.20.4.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, the Facility Letter of Credit Obligations and all other liabilities (if any), whether actual or contingent, of the Borrower with respect to Facility Letters of Credit, all accrued and unpaid fees

and all expenses, reimbursements, indemnities and other obligations of the Borrower or any Subsidiary to the Lenders or to any Lender, the Agent or any indemnified party hereunder arising under any of the Loan Documents.

"Participants" is defined in Section 12.2.1.

"Payment Date" means the last day of each March, June, September and December.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Lien" is defined in Section 6.16.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan, as defined in Section 3(2) of ERISA, as to which the Borrower or any member of the Controlled Group may have any liability.

"Prior Agreement" is defined in Section 4.1(m).

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"pro-rata" means, when used with respect to a Lender, and any described aggregate or total amount, an amount equal to such Lender's pro-rata share or portion based on its percentage of the Aggregate Commitment or if the Aggregate Commitment has been terminated, its percentage of the aggregate principal amount of outstanding Advances.

"Purchase" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any Person or division thereof, whether through purchase of assets, merger or otherwise, or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a Person which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding partnership interests of a partnership.

"Purchasers" is defined in Section 12.3.1.

"Rate Hedging Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to

such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and (b) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

"Receivables Financing" means obligations of the Borrower incurred or issued pursuant to a securitized receivables facility in an amount which does not exceed \$50,000,000, on terms and conditions, including those relating to advance rates, reasonably satisfactory to the Required Lenders.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to depository institutions.

"Regulation G" means Regulation G of the Board of Governors of the Federal Reserve System as from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by Persons other than banks, brokers and dealers for the purpose of purchasing or carrying margin stocks applicable to such Persons.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and shall include any successor or other regulation or official interpretation of such Board of Governors relating to the extension of credit by securities brokers and dealers for the purpose of purchasing or carrying margin stocks applicable to such Persons.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to such Persons.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by the specified lenders for the purpose of purchasing or carrying margin stocks applicable to such Persons.

"Reimbursement Agreement" means a letter of credit application and reimbursement agreement substantially in the form of Exhibit D hereto (or such other form as the Issuer may from time to time employ in the ordinary course of business).

"Reimbursement Obligations" means, at any time, the aggregate (without duplication) of the Obligations of the Borrower to the Lenders, the Issuer and/or the Agent in respect of all unreimbursed payments or disbursements made by the Lenders, the Issuer and/or the Agent under or in respect of draws made under the Facility Letters of Credit.

"Release" is defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. ss.9601 et seq.

"Rentals" of a Person means the aggregate rental expense associated with fixed amounts payable by such Person under any lease of Property, excluding any supplemental rent payments calculated by reference to costs of maintenance, repairs, insurance, taxes, assessments, water rates or similar charges.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event.

"Required Lenders" means Lenders in the aggregate having at least 51% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 51% of the sum of (i) the aggregate unpaid principal amount of the outstanding Loans plus (ii) the Facility Letter of Credit Obligations.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Revolving Credit Advance" means an Advance made by the Lenders to the Borrower pursuant to Section 2.1.

"Revolving Credit Commitment" means, for each Lender, the obligation of such Lender to make Loans not exceeding, in aggregate amount at any time outstanding, the amount set forth opposite its signature below and as set forth in any Notice of Assignment relating to any assignment which has become effective pursuant to Section 12.3.2, as such amount may be modified from time to time pursuant to the terms hereof.

"Revolving Credit Loan" means, with respect to a Lender, such Lender's pro-rata portion of all Revolving Credit Advances.

"Revolving Credit Note" means a promissory note in substantially the form of Exhibit A hereto, with appropriate insertions, duly executed and delivered to the Agent by the Borrower and payable to the order of a Lender in the amount of its Revolving Credit Commitment, including any amendment, modification, renewal or replacement of such promissory note.

"Risk-Based Capital Guidelines" is defined in Section 3.2.

"SEC Reports" means Borrower's Form 10-K for the year ended December 31, 1996 and the Schedule 13E-4 dated April 11, 1997 filed by the Borrower with the United States Securities and Exchange Commission.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Single Employer Plan" means a Plan subject to Title IV of ERISA maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group, other than a Multiemployer Plan.

"Solvent" means, when used with respect to a Person, that (a) the fair saleable value of the assets of such Person is in excess of the total amount of the present value of its liabilities (including for purposes of this definition all liabilities (including loss reserves as determined by the Borrower), whether or not reflected on a balance sheet prepared in accordance with Agreement Accounting Principles and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed), (b) such Person is able to pay its debts or obligations in the ordinary course as they mature and (c) such Person does not have unreasonably small capital to carry out its business as conducted and as proposed to be conducted. "Solvency" shall have a correlative meaning.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations to the written satisfaction of the Required Lenders. Subordinated Indebtedness shall include, without limitation, the Indebtedness of the Borrower in respect of the Subordinated Notes.

"Subordinated Notes" means the 11 3/4% senior subordinated notes due June 1, 2002 issued by the Borrower pursuant to the Indenture dated as of June 6, 1994, as amended, with The Bank of New York, as trustee.

"Subsidiary" of a Person means (a) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (b) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Subsidiary Guaranty" means a guaranty substantially in the form attached hereto as Exhibit E executed and delivered, or joined in, by a Subsidiary Guarantor in favor of the Agent, on behalf of the Lenders, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary Guarantors" means Kodiak Partners Corp., a Delaware corporation, Kodiak Partners II Corp., a Delaware corporation, SPX Sales and Service, Inc., a Delaware corporation, A.R. Brasch Marketing Inc., a Michigan corporation, and Sealed Power Limited Partnership, a Delaware limited partnership, and any Subsidiary of the Borrower which has joined in the Subsidiary Guaranty pursuant to Section 6.18.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (a) represents more than 15% of the consolidated assets of the Borrower and its Subsidiaries, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the end of the quarter next preceding the date on which such determination is made or (b) is responsible for more than 15% of the consolidated net sales or of EBITDA of the Borrower and its Subsidiaries for the 12-month period ending as of the end of the quarter next preceding the date of determination.

"Taxes" means, with respect to the Borrower and its Subsidiaries as a consolidated group, federal, state, foreign or other income or franchise taxes, including without limitation the Michigan Single Business Tax.

"Termination Event" means, with respect to a Plan which is subject to Title IV of ERISA, (a) a Reportable Event, (b) the withdrawal of the Borrower or any other member of the Controlled Group from such Plan during a plan year in which the Borrower or any other member of the Controlled Group was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or was deemed such under Section 4068(f) of ERISA, (c) the termination of such Plan, the filing of a notice of intent to terminate such Plan or the treatment of an amendment of such Plan as a termination under Section 4041(c) of ERISA, (d) the institution by the PBGC of proceedings to terminate such Plan or (e) any event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or appointment of a trustee to administer, such Plan.

"Total Debt" means, without duplication, (a) all Indebtedness of the Borrower and its Subsidiaries, on a consolidated basis, required to be reflected on a balance sheet prepared in accordance with Agreement Accounting Principles, plus, without duplication (b) (i) the face amount of all outstanding Letters of Credit (including Facility Letters of Credit) in respect of which the Borrower or any Subsidiary has any actual or contingent reimbursement obligation, plus (ii) the principal amount of all Indebtedness of any Person in respect of which the Borrower or any Subsidiary has a Contingent Obligation, plus (iii) the amount of all Indebtedness of the Borrower or any Subsidiary of the kind described in subpart (c) of the definition of Indebtedness.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as an Alternate Base Rate Advance or Eurodollar Advance.

"Unfunded Liability" means the amount (if any) by which the accumulated benefit obligation as defined in SFAS 87 exceeds the fair market value of assets allocable to such benefits, determined as of the most recent fiscal year end.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Wholly-Owned Subsidiary" of a Person means (a) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such

Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (b) any partnership, association, joint venture, limited liability company or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Wholly-Owned Subsidiary" shall mean a Wholly-Owned Subsidiary of the Borrower.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDITS

2.1. Revolving Credit Advances. (a) From and including the date hereof to but not including the Facility Termination Date, each Lender severally (and not jointly) agrees, on the terms and conditions set forth in this Agreement, to make Revolving Credit Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding (after giving effect to the intended use of proceeds of any Advance used to repay any outstanding Reimbursement Obligations or previously made Advances) the amount of its pro-rata share of the Aggregate Available Commitment existing at such time. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Credit Advances at any time prior to the Facility Termination Date.

(b) The Borrower hereby agrees that if at any time the aggregate balance of the Revolving Credit Loans and the Facility Letter of Credit Obligations exceeds the Aggregate Commitment (whether as a result of reductions in the Aggregate Commitment pursuant to Section 2.4(b) or Section 2.7 or otherwise), the Borrower shall repay immediately its then outstanding Revolving Credit Loans in such amount as may be necessary to eliminate such excess; provided, that if an excess remains after repayment of all outstanding Revolving Credit Loans, then the Borrower shall cash collateralize the Facility Letter of Credit Obligations by deposit into the Letter of Credit Cash Collateral Account of such amount as may be necessary to eliminate such excess.

(c) The Borrower's obligation to pay the principal of, and interest on, the Revolving Credit Loans shall be evidenced by the Revolving Credit Notes. Although the Revolving Credit Notes shall be dated the date of the initial Revolving Credit Advance, interest in respect thereof shall be payable only for the periods during which the Revolving Credit Loans evidenced thereby are outstanding and, although the stated amount of each Revolving Credit Note shall be equal to the applicable Lender's Revolving Credit Commitment, each Revolving Credit Note shall be enforceable, with respect to the Borrower's obligation to pay the principal amount thereof, only to the extent of the unpaid principal amount of the Revolving Credit Loan at the time evidenced thereby.

(d) Each Revolving Credit Advance and Revolving Credit Loan shall mature, and the principal amount thereof and the unpaid accrued interest thereon shall be due and payable, on the Facility Termination Date.

2.2. Ratable Loans. Each Advance hereunder shall consist of Loans made from the several Lenders ratably in proportion to the ratio that their respective Revolving Credit Commitments bear to the Aggregate Commitment.

2.3. Types of Advances. The Advances may be Alternate Base Rate Advances or Eurodollar Advances, or a combination thereof, as selected by the Borrower in accordance with Sections 2.8 and 2.9.

2.4. Commitment Fee; Reductions in Aggregate Commitment. (a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee equal to the Applicable Commitment Fee Percentage per annum times such Lender's pro-rata share of (i) the Aggregate Commitment, minus (ii) the sum of the outstanding balance of the Revolving Credit Loans and the Facility Letter of Credit Obligations, calculated on a daily basis from the date hereof to and including the Facility Termination Date, payable on each Payment Date hereafter in arrears and on the Facility Termination Date. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

(b) The Borrower may permanently reduce the Aggregate Commitment in whole, or in part ratably among the Lenders in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof, upon at least three (3) Business Days' written notice to the Agent, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Commitment may not be reduced below the sum of (i) the aggregate principal amount of the outstanding Revolving Credit Advances plus (ii) the outstanding Facility Letter of Credit Obligations. Reductions made pursuant to this Section 2.4(b) shall be in addition to reductions occurring pursuant to Section 2.7.

2.5. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof), and each Alternate Base Rate Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof); provided, however, that (a) any Alternate Base Rate Advance may be in the amount of the unused Aggregate Commitment; and (b) in no event shall more than ten (10) Eurodollar Advances be permitted to be outstanding at any time.

2.6. Optional Principal Payments. The Borrower may from time to time pay, without penalty or premium, all outstanding Alternate Base Rate Advances, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Alternate Base Rate Advances upon two Business Days' prior notice to the Agent. Subject to Section 3.4 and upon like notice, the Borrower may from time to time pay a Eurodollar Advance or any portion thereof in a minimum amount of \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof.

2.7. Mandatory Commitment Reductions and Prepayments. (a) The Aggregate Commitment shall be automatically and permanently reduced by an amount equal to 100% of the aggregate Net Available Proceeds in excess of \$10,000,000 realized from all Asset Dispositions in any calendar year (other than the proceeds of Asset Dispositions which (i) are invested, within twelve months of such sale, lease or other disposal, in other capital assets (including any goodwill in connection therewith), whether directly, through the purchase of equity interests in another Person, or otherwise and (ii) as to which, within forty-five (45) days after the receipt thereof, the Borrower notifies the Agent of its intent to so invest such proceeds, the amount of such proceeds and the date of receipt thereof, such reduction to be effective concurrently with the receipt of such notice) by the Borrower or any Subsidiary.

(b) Mandatory commitment reductions under this Section 2.7 shall be cumulative and in addition to reductions occurring pursuant to Section 2.4.

(c) Any reduction in the Aggregate Commitment pursuant to this Section 2.7 or otherwise shall ratably reduce the Revolving Credit Commitment of each Lender.

(d) Concurrently with any mandatory commitment reduction pursuant to this Section 2.7, the Borrower shall prepay the Loans, and thereafter cash collateralize such Facility Letter of Credit Obligations to the extent required by Section 2.1(b).

2.8. Method of Selecting Types and Interest Periods for New Advances. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable to each such Advance from time to time; provided, however, that unless the Agent otherwise consents, for the period ending on the earlier of (i) ninety days after the date hereof and (ii) the date on which the Agent has determined the syndication of the Loans has closed, the Borrower shall keep all of the Loans in a Eurodollar Advance with a seven-day Interest Period which ends on the same date, in Alternate Base Rate Advances, or in a combination of Alternate Base Rate Advances and one Eurodollar Advance meeting the foregoing requirements; provided, further that after the close of such syndication, no Eurodollar Loan may have an Interest Period of less than one month. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Chicago time) on the Borrowing Date of each Alternate Base Rate Advance and at least three (3) Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

(a) the Borrowing Date, which shall be a Business Day, of such Advance;

(b) the aggregate amount of such Advance;

(c) the Type of Advance selected; and

(d) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than noon (Chicago time) on each Borrowing Date, each Lender shall make available its Loan or Loans, in funds immediately available in Chicago, to the Agent at its address specified

pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

2.9. Conversion and Continuation of Outstanding Advances. Alternate Base Rate Advances shall continue as Alternate Base Rate Advances unless and until such Alternate Base Rate Advances are converted into Eurodollar Advances. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into an Alternate Base Rate Advance unless the Borrower shall have given the Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.5, the Borrower may elect from time to time to convert all or any part of an Advance of any Type into any other Type of Advance; provided, however, that any conversion of any Eurodollar Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of an Alternate Base Rate Advance or continuation of a Eurodollar Advance not later than 10:00 a.m. (Chicago time) on the date of conversion, in the case of a conversion into an Alternate Base Rate Advance, or at least three (3) Business Days, in the case of a conversion into or continuation of a Eurodollar Advance, prior to the date of the requested conversion or continuation, specifying:

(a) the requested date, which shall be a Business Day, of such conversion or continuation;

(b) the aggregate amount and Type of the Advance which is to be converted or continued; and

(c) the amount and Type(s) of Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurodollar Advance, the duration of the Interest Period applicable thereto.

2.10. Changes in Interest Rate, etc. Each Alternate Base Rate Advance shall bear interest at the Alternate Base Rate from and including the date of such Advance or the date on which such Advance was converted into an Alternate Base Rate Advance to (but not including) the date on which such Alternate Base Rate Advance is paid or converted to a Eurodollar Advance. Changes in the rate of interest on that portion of any Advance maintained as an Alternate Base Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest at the Eurodollar Rate from and including the first day of the Interest Period applicable thereto to, but not including, the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Advance. No Interest Period may end after the Facility Termination Date.

2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, no Advance may be made as, converted into or continued as a Eurodollar Advance (except with the consent of the Agent and the Required Lenders) when any Default or Unmatured Default has occurred and is continuing. During the continuance of a Default, at the

election of the Required Lenders (or the Agent, with the written consent of the Required Lenders), each Eurodollar Advance and Alternate Base Rate Advance (for the remainder of the applicable Interest Period in the case of Eurodollar Advances) shall bear interest at the Alternate Base Rate plus 2% per annum.

2.12. Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (Chicago time) on the date when due and shall be applied ratably, unless otherwise required by this Agreement, by the Agent among the Lenders. Each payment made after noon (Chicago time) shall be deemed to have been made on the next succeeding Business Day. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at such Lender's address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. The Agent is hereby authorized, upon confirmation by the Borrower of the amount, to charge the account of the Borrower maintained with First Chicago for each payment of principal, interest and fees as it becomes due hereunder.

2.13. Notes; Telephonic Notices. Each Lender is hereby authorized to record the principal amount of each of its Loans and each repayment on the schedule attached to its Revolving Credit Note; provided, however, that neither the failure to so record nor any error in such recordation shall affect the Borrower's obligations under such Note. The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be an Authorized Officer or assistant treasurer of the Borrower. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.14. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Alternate Base Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which an Alternate Base Rate Advance is prepaid due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Alternate Base Rate Advance converted into a Eurodollar Advance on a day other than a Payment Date shall be payable on the next Payment Date following the date of conversion. Interest accrued on each Eurodollar Advance shall be payable in arrears on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on Eurodollar Advances and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest on all Alternate Base Rate Advances shall be calculated for actual days elapsed on the basis of a 365-day year, or when appropriate, a 366-day year. Interest shall be payable for the day an Advance is made but not for

the day of any payment on the amount paid if payment is received prior to noon (Chicago time) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.15. Notification by Agent. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, Notice of Issuance and repayment notice received by it hereunder. The Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.16. Lending Installations. Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written or telex notice to the Agent and the Borrower, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.17. Non-Receipt of Funds by the Agent. Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (a) in the case of a Lender, the proceeds of a Loan, or (b) in the case of the Borrower, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If the Borrower has not in fact made such payment to the Agent, the Lenders shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to the Federal Funds Effective Rate for such day. If any Lender has not in fact made such payment to the Agent, such Lender or the Borrower shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (a) in the case of repayment by a Lender, the Federal Funds Effective Rate for such day, or (b) in the case of repayment by the Borrower, the interest rate applicable to the relevant Loan.

2.18. Taxes. (a) Except as set forth below, any payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes or any other tax based upon net income imposed on the Agent or any Lender by the jurisdiction in which the Agent or such Lender is incorporated, has its principal place of business or maintains a Lending Installation at

which any of the Obligations are booked. If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable to the Agent or any Lender hereunder, the amounts so payable to the Agent or such Lender shall be increased to the extent necessary to yield to the Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in or pursuant to this Agreement; provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the U.S. or a state thereof if such Lender fails to comply with the requirements of paragraph (b) of this Section 2.18. Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as practicable thereafter the Borrower shall send to the Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Agent and the Lenders for any taxes, interest or penalties that may become payable by any Agent or any Lender as a result of any such failure. The agreements in this Section 2.18 shall survive the termination of this Agreement and the payment of all other amounts payable hereunder. Notwithstanding the foregoing, no Lender shall be entitled to demand any payment under this Section 2.18(a) more than one year following the last day of the fiscal year of such Lender during which the liability in respect of such Non-Excluded Taxes was incurred; provided, that the foregoing shall in no way limit the right of any Lender to demand or receive any payment under this Section 2.18(a) to the extent that such payment relates to the retroactive application of any Non-Excluded Taxes if such demand is made within one year after the implementation of such Non-Excluded Taxes.

(b) At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Lender, each Lender that is not incorporated under the laws of the United States of America, or a state thereof, agrees that it will deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrower and the Agent two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

2.19. Agent's Fees. The Borrower shall pay to the Agent those fees, in addition to the commitment fees referenced in Section 2.4(a), in the amounts and at the times separately agreed to between the Agent and the Borrower.

2.20. Facility Letters of Credit.

2.20.1 Issuance of Facility Letters of Credit. (a) From and after the date hereof, the Issuer agrees, upon the terms and conditions set forth in this Agreement, to issue at the request and for the account of the Borrower, one or more Facility Letters of Credit; provided, however, that the Issuer shall not be under any obligation to issue, and shall not issue, any Facility Letter of Credit if (i) any order, judgment or decree of any Governmental Authority shall purport by its terms to enjoin or restrain such Issuer from issuing such Facility Letter of Credit, or any law or governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) from any Governmental Authority shall prohibit, or request that the Issuer refrain from, the issuance of Facility Letters of Credit in particular or shall impose upon the Issuer with respect to any Facility Letter of Credit any restriction or reserve or capital requirement (for which the Issuer is not otherwise compensated) or any unreimbursed loss, cost or expense which was not applicable, in effect and known to the Issuer as of the date of this Agreement and which the Issuer in good faith deems material to it; (ii) one or more of the conditions to such issuance contained in Section 4.2 is not then satisfied; or (iii) after giving effect to such issuance, the aggregate outstanding amount of the Facility Letter of Credit Obligations would exceed the Facility Letter of Credit Sublimit.

(b) In no event shall: (i) the aggregate amount of the Facility Letter of Credit Obligations at any time exceed the Facility Letter of Credit Sublimit; (ii) the sum at any time of (A) the aggregate amount of Facility Letter of Credit Obligations and (B) the aggregate principal balance of outstanding Advances exceed the amount of the Aggregate Commitment; or (iii) the expiration date of any Facility Letter of Credit (including, without limitation, Facility Letters of Credit issued with an automatic "evergreen" provision providing for renewal absent advance notice by the applicable Borrower or the Issuer), or the date for payment of any draft presented thereunder and accepted by the Issuer, be later than the date five (5) Business Days prior to the Facility Termination Date.

2.20.2 Participating Interests. Immediately upon the issuance by the Issuer of a Facility Letter of Credit in accordance with Section 2.20.4 (and in the case of the Existing Letters of Credit, upon the making of the initial Revolving Credit Advance), each Lender shall be deemed to have irrevocably and unconditionally purchased and received from the Issuer, without recourse, representation or warranty, an undivided participation interest equal to its pro-rata share of the Aggregate Commitment of the principal amount of such Facility Letter of Credit and each draw paid by the Issuer thereunder. Each Lender's obligation to pay its proportionate share of all draws under the Facility Letters of Credit, absent gross negligence or willful misconduct by the Issuer in honoring any such draw, shall

be absolute, unconditional and irrevocable and in each case shall be made without counterclaim or set-off by such Lender.

2.20.3 Facility Letter of Credit Reimbursement Obligations.

(a) The Borrower agrees to pay to the Issuer (i) on each date that any amount is drawn under such Facility Letter of Credit a sum (and interest on such sum as provided in clause (ii) below) equal to the amount so drawn plus all other charges and expenses with respect thereto specified in Section 2.20.6 or in the applicable Reimbursement Agreement and (ii) interest on any and all amounts remaining unpaid under this Section 2.20.3 until payment in full at the Alternate Base Rate plus the margin specified in Section 2.11. The Borrower agrees to pay to the Issuer the amount of all Facility Letter of Credit Reimbursement Obligations owing in respect of any Facility Letter of Credit immediately when due, under all circumstances, including, without limitation, any of the following circumstances: (a) any lack of validity or enforceability of this Agreement or any of the other Loan Documents; (b) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary named in a Facility Letter of Credit, any transferee of any Facility Letter of Credit (or any Person for whom any such beneficiary or transferee may be acting), any Lender or any other Person, whether in connection with this Agreement, any Facility Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any Facility Letter of Credit); (c) the validity, sufficiency or genuineness of any document which the Issuer has determined in good faith complies on its face with the terms of the applicable Facility Letter of Credit, even if such document should later prove to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein shall have been untrue or inaccurate in any respect; or (d) the surrender or impairment of any security for the performance or observance of any of the terms hereof.

(b) Notwithstanding any provisions to the contrary in any Reimbursement Agreement, the Borrower agrees to reimburse the Issuer for amounts which the Issuer pays under any Facility Letter of Credit no later than the time specified in this Agreement. If the Borrower does not pay any Facility Letter of Credit Reimbursement Obligations when due, the Borrower shall be deemed to have immediately requested that the Lenders make an Alternate Base Rate Advance under this Agreement in a principal amount equal to such unreimbursed Facility Letter of Credit Reimbursement Obligations. The Agent shall promptly notify the Lenders of such deemed request and, without the necessity of compliance with the requirements of Sections 2.5 and 4.2, each Lender shall make available to the Agent its Loan in the manner prescribed for Alternate Base Rate Advances. The proceeds of such Loans shall be paid over by the Agent to the Issuer for the account of the Borrower in satisfaction of such unreimbursed Facility Letter of Credit Reimbursement Obligations, which shall thereupon be deemed satisfied by the proceeds of, and replaced by, such Alternate Base Rate Advance.

(c) If the Issuer makes a payment on account of any Facility Letter of Credit and is not concurrently reimbursed therefor by the Borrower and if for any reason an Alternate Base Rate Advance may not be made pursuant to paragraph (b) above, then as promptly as

practical during normal banking hours on the date of its receipt of such notice or, if not practicable on such date, not later than noon (Chicago time) on the Business Day immediately succeeding such date of notification, each Lender shall deliver to the Agent for the account of the Issuer, in immediately available funds, the purchase price for such Lender's interest in such unreimbursed Facility Letter of Credit Reimbursement Obligations, which shall be an amount equal to such Lender's pro-rata share of such payment. Each Lender shall, upon demand by the Issuer, pay the Issuer interest on such Lender's pro-rata share of such draw from the date of payment by the Issuer on account of such Facility Letter of Credit until the date of delivery of such funds to the Issuer by such Lender at a rate per annum, computed for actual days elapsed based on a 360-day year, equal to the Federal Funds Effective Rate for such period; provided, that such payments shall be made by the Lenders only in the event and to the extent that the Issuer is not reimbursed in full by the applicable Borrower for interest on the amount of any draw on such Facility Letter of Credit.

(d) At any time after the Issuer has made a payment on account of any Facility Letter of Credit and has received from any other Lender such Lender's pro-rata share of such payment, the Issuer shall, forthwith upon its receipt of any reimbursement (in whole or in part) by the Borrower for such payment, or of any other amount from the Borrower or any other Person in respect of such payment (including, without limitation, any payment of interest or penalty fees and any payment under any collateral account agreement of the Borrower or any Loan Document but excluding any transfer of funds from any other Lender pursuant to Section 2.20.3(b)), transfer to such other Lender such other Lender's ratable share of such reimbursement or other amount; provided, that interest and penalty fees shall accrue for the benefit of such Lender from the time such Lender has made a payment on account of any Facility Letter of Credit; provided, further, that in the event that the receipt by the Issuer of such reimbursement or other amount is found to have been a transfer in fraud of creditors or a preferential payment under the United States Bankruptcy Code or is otherwise required to be returned, such Lender shall promptly return to the Issuer any portion thereof previously transferred by the Issuer to such Lender, but without interest to the extent that interest is not payable by the Issuer in connection therewith.

2.20.4 Procedure for Issuance. Prior to the issuance of each Facility Letter of Credit, and as a condition of such issuance, the Borrower shall deliver to the Issuer a Reimbursement Agreement signed by the Borrower, together with such other documents or items as may be required pursuant to the terms thereof, and the proposed form and content of such Facility Letter of Credit shall be reasonably satisfactory to the Issuer. Each Facility Letter of Credit shall be issued no earlier than two (2) Business Days (unless waived by the Issuer) after delivery of the foregoing documents, which delivery may be by the Borrower to the Issuer by telecopy, telex or other electronic means followed by delivery of executed originals within five (5) days thereafter. The documents so delivered shall be in compliance with the requirements set forth in Section 2.20.1(b), and shall specify therein (i) the stated amount of the Facility Letter of Credit requested, (ii) the effective date of issuance of such requested Facility Letter of Credit, which shall be a Business Day, (iii) the date on which such requested Facility Letter of Credit is to expire, which shall be a Business Day prior to the date five (5) Business Days prior to the Facility Termination Date, and (iv) the entity for

whose benefit the requested Facility Letter of Credit is to be issued, which shall be the Borrower or a Subsidiary. The delivery of the foregoing documents and information shall constitute a "Notice of Issuance" for purposes of this Agreement. Subject to the terms and conditions of Section 2.20.1 and provided that the applicable conditions set forth in Section 4.2 have been satisfied, the Issuer shall, on the requested date, issue a Facility Letter of Credit on behalf of the Borrower in accordance with the Issuer's usual and customary business practices. In addition, any amendment of an existing Facility Letter of Credit shall be deemed to be an issuance of a new Facility Letter of Credit and shall be subject to the requirements set forth above.

2.20.5 Nature of the Lenders' Obligations. (a) As between the Borrower and the Lenders, the Borrower assumes all risks of the acts and omissions of, or misuse of the Facility Letters of Credit by, the respective beneficiaries of the Facility Letters of Credit. In furtherance and not in limitation of the foregoing, the Lenders shall not be responsible for (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of, or any draw under, a Facility Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Facility Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of a Facility Letter of Credit to comply fully with conditions required to be satisfied by any Person other than the Issuer in order to draw upon such Facility Letter of Credit; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise; (v) errors in the interpretation of technical terms; (vi) the misapplication by the beneficiary of a Facility Letter of Credit of the proceeds of any drawing under such Facility Letter of Credit; or (vii) any consequences arising from causes beyond control of the Issuer; provided, that the Issuer shall not hereby be relieved of any liability arising out of its own gross negligence or willful misconduct.

(b) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuer under or in connection with the Facility Letters of Credit or any related certificates, if taken or omitted in good faith, shall not put the Agent or any Lender under any resulting liability to the Borrower or relieve the Borrower of any of its obligations hereunder to the Issuer or any such Person.

2.20.6 Facility Letter of Credit Fees. The Borrower hereby agrees to pay to the Agent for the account of the Issuer or the Lenders, as applicable, a letter of credit fee with respect to each Facility Letter of Credit from and including the date of issuance thereof until the date such Facility Letter of Credit is fully drawn, canceled or expired, (a) for the account of the Issuer, computed at the rate of .25% per annum on the aggregate initial face amount of such Facility Letter of Credit and (b) for the ratable account of the Lenders, computed at a rate per annum equal to the Applicable Eurodollar Margin from time to time in effect, on the aggregate amount from time to time available to be drawn on such Facility Letter of Credit. Such fee payable for the account of the Issuer shall be payable upon the

date of issuance of the relevant Facility Letter of Credit. Such fee payable for the account of the Lenders shall be calculated with respect to actual days elapsed on the basis of a 360- day year and shall be payable quarterly in arrears on each Payment Date in each year and upon the expiration, cancellation or utilization in full of any Facility Letter of Credit. In addition to the foregoing, the Borrower agrees to pay the Issuer any other fees customarily charged by it in respect of standby Letters of Credit issued by it.

ARTICLE III

CHANGE IN CIRCUMSTANCES

3.1. Yield Protection. If, after the date hereof, the adoption of, or any change in, any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or the compliance of any Lender therewith,

(a) subjects any Lender or any applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrower (excluding taxation of the overall net income of any Lender or applicable Lending Installation imposed by the jurisdiction in which such Lender or Lending Installation is incorporated, has its principal place of business or maintains a Lending Installation at which any of the Obligations are booked), or changes the basis of taxation of principal, interest or any other payments to any Lender or Lending Installation in respect of its Loans, its interest in the Facility Letters of Credit or other amounts due it hereunder, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(c) imposes any other condition, the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining Loans or issuing or participating in Facility Letters of Credit or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with Loans or Facility Letters of Credit, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans held, Facility Letters of Credit issued or participated in, or interest received by it by an amount deemed material by such Lender,

then within 15 days of demand by such Lender, the Borrower shall pay such Lender that portion of such increased expense incurred or reduction in an amount received which such Lender determines is attributable to making, funding and maintaining its Loans, its interest in the Facility Letters of Credit, and its Commitment. Notwithstanding the foregoing, no Lender shall be entitled to demand any compensation under this Section 3.1 more than 180 days following the last day of the Interest Period or stated expiry date of the Facility Letter of Credit in respect of which such demand is made;

provided, that the foregoing shall in no way limit the right of any Lender to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or directive described in this Section 3.1 if such demand is made within 180 days after the implementation of such retroactive law, interpretation, guideline or directive.

3.2. Changes in Capital Adequacy Regulations. If a Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans, its interest in the Facility Letters of Credit, or its obligation to make Loans or participate in or issue Facility Letters of Credit hereunder (after taking into account such Lender's or such controlling corporation's policies as to capital adequacy). Notwithstanding the foregoing, no Lender shall be entitled to demand any compensation pursuant to this Section 3.2 more than one year following the last day of the fiscal year of such Lender during which such capital requirement was applicable and in respect of which such Lender is seeking compensation; provided, that the foregoing shall in no way limit the right of any Lender to demand or receive such compensation to the extent that such compensation relates to the retroactive application of any law, regulation, guideline or directive described above if such demand is made within one year after the implementation of such retroactive law, interpretation, guideline or directive. "Change" means (a) any change after the date of this Agreement in the Risk-Based Capital Guidelines, or (b) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (a) the risk-based capital guidelines in effect in the United States on the date of this Agreement and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices entitled "International Convergence of Capital Measurements and Capital Standards" and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Advances at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available, or (b) the interest rate applicable to a Type of Advance does not accurately or fairly reflect the cost of making or maintaining such Advance, then the Agent shall suspend the availability of the affected Type of Advance until such circumstance no longer exists and require any Eurodollar Advances of the affected Type to be repaid.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify the Agent and each

Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Advance.

3.5. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Advances to reduce any liability of the Borrower to such Lender under Sections 3.1 and 3.2 or to avoid the unavailability of a Type of Advance under Section 3.3, so long as such designation is not disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Sections 3.1, 3.2 or 3.4. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with Eurodollar Advances shall be calculated as though each Lender funded its Eurodollar Advances through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable within 15 days of receipt by the Borrower of the written statement. The obligations of the Borrower under Sections 3.1, 3.2 and 3.4 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Loan and Facility Letter of Credit. The Lenders shall not be required to make the initial Revolving Credit Advance and the Issuer shall not be required to issue any Facility Letter of Credit hereunder unless the Borrower has furnished to the Agent with sufficient copies for the Lenders:

(a) Charter Documents. Copies of the certificate of incorporation of the Borrower, together with all amendments, and a certificate of good standing, both certified by the appropriate governmental officer in its jurisdiction of incorporation.

(b) By-Laws and Resolutions. Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors' resolutions authorizing the execution, delivery and performance of the Loan Documents to which the Borrower is a party.

(c) Secretary's Certificate. An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signature of the officers of the Borrower authorized to sign the Loan Documents and to make borrowings hereunder, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

(d) Officer's Certificate. A certificate, dated the initial Borrowing Date, signed by an Authorized Officer of the Borrower, in form and substance satisfactory to the Agent, to the effect that: (i) on the initial Borrowing Date (both before and after giving effect to the making of the Loans and the issuance of any initial Facility Letters of Credit hereunder) no Default or Unmatured Default has occurred and is continuing; (ii) no injunction or temporary restraining order which would prohibit the making of the Loans or the issuance of any Facility Letter of Credit, or, except as disclosed in the SEC Reports, other litigation which could reasonably be expected to have a Material Adverse Effect is pending or, to the best of such Person's knowledge, threatened; (iii) each of the representations and warranties set forth in Article V of this Agreement is true and correct in all material respects on and as of the date hereof; and (iv) no event or change has occurred which has caused or evidences a material adverse change in the consolidated financial condition or operations of the Borrower and its Subsidiaries (except as disclosed in the SEC Reports) from that reflected in the December 31, 1996 audited consolidated financial statements of the Borrower.

(e) Legal Opinions. A written opinion of Gardner, Carton & Douglas, counsel to the Borrower, addressed to the Agent and the Lenders in form and substance acceptable to the Agent and its counsel and an opinion of Christopher J. Kearney, General Counsel of the Borrower.

(f) Revolving Credit Notes. Revolving Credit Notes payable to the order of each of the Lenders duly executed by the Borrower.

(g) Loan Documents. Executed originals of this Agreement, the Subsidiary Guaranty and each of the other Loan Documents, which shall be in full force and effect, together with all schedules, exhibits, certificates, instruments, opinions, documents and financial statements required to be delivered pursuant hereto and thereto.

(h) Letters of Direction. Written money transfer instructions with respect to the initial Advances and to future Advances in form and substance acceptable to the Agent and its counsel addressed to the Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Agent may have reasonably requested.

(i) Solvency Certificate. A written solvency certificate from the chief financial officer of the Borrower in form and content satisfactory to the Agent, dated the initial Borrowing Date, with respect to the Solvency of the Borrower on a consolidated basis, after giving effect to the Loans and the stock repurchase contemplated by clause the Borrower's stock buy-back plan announced by the Borrower on April 11, 1997.

(j) Subsidiary Guarantor Charter Documents. With respect to each existing Subsidiary Guarantor, copies of the articles or certificates of incorporation, partnership agreement or other charter documents of such Subsidiary Guarantor, together with all amendments, and, to the extent applicable, a certificate of good standing, both certified by the appropriate governmental officer in its jurisdiction of incorporation.

(k) Subsidiary Guarantor By-Laws and Resolutions. With respect to each existing Subsidiary Guarantor, copies, certified by the Secretary or Assistant Secretary of such

Subsidiary Guarantor, of the by-laws and Board of Directors' resolutions of such Subsidiary Guarantor authorizing the execution, delivery and performance of the Subsidiary Guaranty.

(l) Subsidiary Guarantor Secretary's Certificate. An incumbency certificate, executed by the Secretary or Assistant Secretary of each existing Subsidiary Guarantor, which shall identify by name and title and bear the signature of the officers of such Subsidiary Guarantor authorized to sign the Subsidiary Guaranty upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

(m) Repayment of Indebtedness. Evidence satisfactory to the Agent that all of the Indebtedness of the Borrower under the Credit Agreement dated as of March 24, 1994 among the Borrower, The First National Bank of Chicago, individually and as agent, and the lenders party thereto, as amended (the "Prior Agreement"), has been repaid in full and such credit agreement and all related loan documents have been terminated, except as to those provisions of the Prior Agreement which by their terms survive such termination.

(n) Consents, Approvals, etc. Copies of all consents and approvals, if any, of any Governmental Authority or other Person required in connection with the execution, delivery and performance by the Borrower or any of its Subsidiaries of the Loan Documents (including without limitation consents and approvals from any holders of Subordinated Notes or other indebtedness), and such consents and approvals shall be in full force and effect.

(o) Other. Such other documents as the Agent, any Lender or their counsel may have reasonably requested.

4.2. Each Advance and Facility Letter of Credit. The Lenders shall not be required to make any Advance and the Issuer shall not be obligated to issue any Facility Letter of Credit, unless on the applicable Borrowing Date:

(a) There exists no Default or Unmatured Default and none would result from such Advance or the issuance of such Facility Letter of Credit;

(b) The representations and warranties contained in Article V are true and correct as of such Borrowing Date except for changes in the Schedules hereto (submitted to the Agent and each Lender in writing by the Borrower) reflecting transactions permitted by this Agreement;

(c) A Borrowing Notice or Notice of Issuance shall have been properly submitted; and

(d) All legal matters incident to the making of such Advance or issuance of such Facility Letter of Credit shall be satisfactory to the Lenders and their counsel.

Each Borrowing Notice with respect to each such Advance and each Notice of Issuance with respect to each Facility Letter of Credit shall constitute a representation and warranty by the Borrower that the conditions contained in this Section 4.2 have been satisfied. Any Lender may

require a duly completed compliance certificate in substantially the form of Exhibit B hereto as a condition to making an Advance or the issuance of a Facility Letter of Credit.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that, both before and after giving effect to the consummation of the Loans and the issuance of the Facility Letters of Credit:

5.1. Corporate or Partnership Existence and Standing. Each of the Borrower and each Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation and is duly qualified and in good standing as a foreign corporation and is duly authorized to conduct its business in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

5.2. Authorization and Validity. The Borrower and each Subsidiary Guarantor have all requisite power and authority (corporate and otherwise) and legal right to execute and deliver each of the Loan Documents to which it is a party, to consummate the transactions contemplated therein and to perform its obligations thereunder. The execution and delivery by the Borrower and each Subsidiary Guarantor of the Loan Documents to which it is a party, the consummation of the transactions contemplated therein and the performance of their respective obligations thereunder have been duly authorized by proper corporate or partnership proceedings, as applicable, and the Loan Documents constitute legal, valid and binding obligations of the Borrower or such Subsidiary Guarantor, as applicable, enforceable against the Borrower or such Subsidiary Guarantor, as applicable, in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity.

5.3. Compliance with Laws and Contracts. The Borrower and its Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties, except in each case for matters which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Neither the execution and delivery by the Borrower and each Subsidiary Guarantor of the Loan Documents to which it is a party, the application of the proceeds of the Loans, the consummation of the Loans or any other transaction contemplated in the Loan Documents nor compliance with the provisions of the Loan Documents will, or at the relevant time did, (a) violate any law, rule, regulation (including Regulations G, T, U or X), order, writ, judgment, injunction, decree or award binding on the Borrower or any Subsidiary or the Borrower's or any Subsidiary's charter, articles or certificate of incorporation or by-laws or partnership agreement, (b) violate the provisions of or require the approval or consent of any party to any indenture, instrument or agreement to which the Borrower or any Subsidiary is a party or is

subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien (other than Liens permitted by the Loan Documents) in, of or on the property of the Borrower or any Subsidiary pursuant to the terms of any such indenture, instrument or agreement, or (c) require any consent of the stockholders or partners of any Person, except, in the case of clauses (b) and (c) of this Section 5.3, for approvals or consents which will be obtained on or before the initial Advance and are disclosed on Schedule 5.3 or which has been obtained on or before the applicable Advance or issuance of the applicable Facility Letter of Credit, except for any violation of, or failure to obtain an approval or consent required under, any such indenture, instrument or agreement that could not reasonably be expected to have a Material Adverse Effect.

5.4. Governmental Consents. Except for any such order, consent, approval, qualification, license, authorization or validation which has been obtained, no order, consent, approval, qualification, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of, any Governmental Authority, any securities exchange or any other Person is or at the relevant time was required to authorize, or is or at the relevant time was required in connection with the execution, delivery, consummation or performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents, the application of the proceeds of the Loans or any other transaction contemplated in the Loan Documents. Neither the Borrower nor any Subsidiary is in default under or in violation of any foreign, federal, state or local law, rule, regulation, order, writ, judgment, injunction, decree or award binding upon or applicable to the Borrower or such Subsidiary, in each case the consequences of which default or violation could reasonably be expected to have a Material Adverse Effect.

5.5. Financial Statements. The Borrower has heretofore furnished to each of the Lenders (a) the December 31, 1996 audited consolidated financial statements of the Borrower and its Subsidiaries and (b) draft unaudited consolidated financial statements of the Borrower and its Subsidiaries through March 31, 1997 (collectively, the "Financial Statements"). Each of the Financial Statements was prepared in accordance with Agreement Accounting Principles and fairly presents the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the respective periods then ended (except, in the case of such unaudited statements, for normal year-end audit adjustments).

5.6. Material Adverse Change. Since December 31, 1996, no event or change has occurred which has caused or evidences a Material Adverse Effect (except as disclosed in the SEC Reports).

5.7. Taxes. The Borrower and its Subsidiaries have filed or caused to be filed on a timely basis and in correct form all United States federal and applicable foreign, state and local tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. The United States income tax returns of the Borrower on a consolidated basis have been audited by the

Internal Revenue Service through Fiscal Year 1994. All years subsequent to 1994 are open and subject to audit. No tax Liens have been filed and no claims are being asserted with respect to any such taxes which could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are in accordance with Agreement Accounting Principles.

5.8. Litigation and Contingent Obligations. There is no litigation, arbitration, proceeding, inquiry or governmental investigation (including, without limitation, by the Federal Trade Commission) pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any Subsidiary or any of their respective properties except as set forth on Schedule 5.8 hereto, and no such matter set forth therein could reasonably be expected to have a Material Adverse Effect or to prevent, enjoin or unduly delay the making of the Loans or Advances or the issuance of Facility Letters of Credit under this Agreement. Neither the Borrower nor any Subsidiary has any material contingent obligations except as set forth on Schedule 5.8 hereto. The Borrower is not obligated, contingently or otherwise, to make additional Investments in any entity in which it currently has a direct or indirect equity interest.

5.9. Capitalization. Schedule 5.9 hereto contains an accurate list of all of the existing Subsidiaries as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or formation and the percentage of their capital stock owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable, and all such shares of each such Subsidiary are free and clear of all Liens, other than the Liens created by the Loan Documents. No authorized but unissued or treasury shares of capital stock of any Subsidiary are subject to any option, warrant, right to call or commitment of any kind or character, except as set forth on Schedule 5.9 hereto. Except as set forth on Schedule 5.9 hereto, no Subsidiary has any outstanding stock or securities convertible into or exchangeable for any shares of its capital stock, or any right issued to any Person (either preemptive or other) to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to any of its capital stock or any stock or securities convertible into or exchangeable for any of its capital stock other than as expressly set forth in the charter, certificate or articles of incorporation, or partnership agreement, of such Subsidiary. Neither the Borrower nor any Subsidiary is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock or any convertible securities, rights or options of the type described in the preceding sentence except as otherwise set forth on Schedule 5.9 hereto. References in this section to "capital stock" and shares shall, with respect to any Subsidiary which is a partnership, be deemed references to partnership interests.

5.10. ERISA. Except as disclosed on Schedule 5.10 hereto, neither the Borrower nor any other member of the Controlled Group maintains any Single Employer Plans as of the Closing Date. No Single Employer Plan has an Unfunded Liability in excess of \$1,000,000. Neither the Borrower nor any other member of the Controlled Group maintains, or is obligated to contribute to, any Multiemployer Plan or has incurred, or is reasonably expected to incur, any withdrawal liability to any Multiemployer Plan. Each Plan complies in all material respects with all applicable requirements of law and regulations. Neither the Borrower nor any other member of the Controlled

Group has, with respect to any Plan, failed to make any contribution or pay any amount required under Section 412 of the Code or Section 302 of ERISA or the terms of such Plan. There are no pending or, to the knowledge of the Borrower, threatened claims, actions, investigations or lawsuits against any Plan, any fiduciary thereof, or the Borrower or any other member of the Controlled Group with respect to a Plan which could reasonably be expected to have a Material Adverse Effect. The Borrower has not engaged in any prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Plan which would subject the Borrower to any material liability. Within the last five years neither the Borrower nor any other member of the Controlled Group has engaged in a transaction which resulted in a Single Employer Plan with an Unfunded Liability being transferred out of the Controlled Group which could reasonably be expected to have a Material Adverse Effect. No Termination Event has occurred or is reasonably expected to occur with respect to any Plan which is subject to Title IV of ERISA.

5.11. Defaults. No Default or Unmatured Default has occurred and is continuing.

5.12. Federal Reserve Regulations. Neither the Borrower nor any Subsidiary is engaged, directly or indirectly, principally, or as one of its important activities, in the business of extending, or arranging for the extension of, credit for the purpose of purchasing or carrying Margin Stock. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation G, Regulation T, Regulation U or Regulation X. Neither the making of any Advance hereunder nor the use of the proceeds thereof nor the issuance of any Facility Letter of Credit, will violate or be inconsistent with the provisions of Regulation G, Regulation T, Regulation U or Regulation X. Following the application of the proceeds of the Loans, less than 25% of the value (as determined by any reasonable method) of the assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder taken as a whole have been, and will continue to be, represented by Margin Stock.

5.13. Investment Company. Neither the Borrower nor any Subsidiary is, or after giving effect to any Advance will be, an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.14. Certain Fees. No broker's or finder's fee or commission was, is or will be payable by the Borrower or any Subsidiary with respect to any of the transactions contemplated by this Agreement. The Borrower hereby agrees to indemnify the Agent and the Lenders against and agrees that it will hold each of them harmless from any claim, demand or liability for broker's or finder's fees or commissions alleged to have been incurred by the Borrower in connection with any of the transactions contemplated by this Agreement and any expenses (including, without limitation, attorneys' fees and time charges of attorneys for the Agent or any Lender, which attorneys may be employees of the Agent or any Lender) arising in connection with any such claim, demand or liability. The Borrower's obligations under this Section 5.14 shall survive the termination of this Agreement and the payment of the Obligations.

5.15. Solvency. As of the date hereof, after giving effect to the consummation of the transactions contemplated by the Loan Documents (including the stock repurchase pursuant to the Borrower's stock buy-back plan announced by the Borrower on April 11, 1997) and the payment of

all fees, costs and expenses payable by the Borrower with respect to the transactions contemplated by the Loan Documents, each of the Borrower and each Subsidiary Guarantor is Solvent.

5.16. Ownership of Properties. Except as set forth on Schedule 6.16 hereto, the Borrower and its Subsidiaries have a subsisting leasehold interest in, or good and marketable title to, free of all Liens, other than those permitted by Section 6.16 or by any of the other Loan Documents, all of the properties and assets reflected in the Financial Statements as being owned by it, except for assets sold, transferred or otherwise disposed of in the ordinary course of business since the date thereof or as otherwise disclosed in the SEC Reports. To the knowledge of the Borrower, there are no actual, threatened or alleged defaults with respect to any leases of real property under which the Borrower or any Subsidiary is lessee or lessor which could reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries own or possess rights to use all licenses, patents, patent applications, copyrights, service marks, trademarks and trade names necessary to continue to conduct their business as heretofore conducted, and, except as disclosed in the SEC Reports, no such license, patent, copyrights, service mark, trademark or trade name has been declared invalid, been limited by order of any court or by agreement or is the subject of any infringement, interference or similar proceeding or challenge, except for challenges which could not reasonably be expected to have a Material Adverse Effect.

5.17. Indebtedness. Attached hereto as Schedule 5.17 is a complete and correct list of all Indebtedness of the Borrower and its Subsidiaries outstanding on the date of this Agreement (other than Indebtedness in a principal amount not exceeding \$1,000,000 for a single item of Indebtedness) showing the aggregate principal amount which was outstanding on such date after giving effect to the making of the Loans.

5.18. Employee Controversies. There are no strikes, work stoppages or controversies pending or threatened between the Borrower or any Subsidiary and any of its employees, other than employee grievances arising in the ordinary course of business, which, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.19. Material Agreements. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate or partnership restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect.

5.20. Environmental Laws. There are no claims, investigations, litigation, administrative proceedings, notices, requests for information, whether pending or, to the knowledge of Borrower, threatened, or judgments or orders asserting violations of applicable federal, state and local environmental, health and safety statutes, regulations, ordinances, codes, rules, orders, decrees, directives and standards ("Environmental Laws") or relating to any toxic or hazardous waste, substance or chemical or any pollutant, contaminant, chemical or other substance defined or regulated pursuant to any Environmental Law, including, without limitation, asbestos, petroleum, crude oil or any fraction thereof ("Hazardous Materials") asserted against the Borrower or any of

its Subsidiaries, except in each case for matters which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of Borrower, neither the Borrower nor any Subsidiary has caused or permitted any Hazardous Materials to be released, either on or under real property, currently or formerly, legally or beneficially owned or operated by the Borrower or any Subsidiary or on or under real property to which the Borrower or any of its Subsidiaries transported, arranged for the transport or disposal of, or disposed of Hazardous Materials, in violation of Environmental Laws, except in each case for matters which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The Borrower and each of its Subsidiaries (i) have obtained and are in substantial compliance with all permits, certificates, licenses, approvals and other authorizations ("Environmental Permits") required for the operation of their business and (ii) have filed all required notifications or reports relating to chemical substances, air emissions, effluent discharges and the storage, treatment, transport and disposal of Hazardous Materials, except where the failure to obtain such permit, certificate, license, approval or authorization or to file any such notification or report could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of the date hereof, the Borrower does not reasonably expect the Borrower and its Subsidiaries to incur liabilities exceeding \$5,000,000 in the aggregate for all of them with respect to remediation costs required pursuant to applicable Environmental Laws and Environmental Permits or related to the generation, treatment, storage, disposal, release, investigation or cleanup of Hazardous Materials, and to the best knowledge of the Borrower, no facts or circumstances exist which could give rise to such liabilities.

5.21. Insurance. The property, casualty and other insurance in existence and carried by the Borrower and its Subsidiaries complies with the requirements of Section 6.6.

5.22. Disclosure. None of (a) the information, exhibits or reports furnished or to be furnished by the Borrower or any Subsidiary to the Agent or to any Lender in connection with the negotiation of the Loan Documents, or (b) the representations or warranties of the Borrower or any Subsidiary Guarantor contained in this Agreement, the other Loan Documents, or any other document, certificate or written statement furnished to the Agent or the Lenders by or on behalf of the Borrower or any Subsidiary Guarantor for use in connection with the transactions contemplated by this Agreement contained, taken as a whole, contains or will contain any untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. The Borrower has delivered to the Lenders its pro forma balance sheet and income statement for the year ended December 31, 1996 set forth in the Borrower's Schedule 13E-4 filed with the Securities and Exchange Commission and projections for the Borrower and its Subsidiaries on a consolidated basis for fiscal years 1997-2002, dated March 25, 1997. The financial information contained in such materials is based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made. There is no fact known to the Borrower (other than matters of a general economic nature) that has had or could reasonably be expected to have a Material Adverse Effect and that has not been disclosed herein or in such other documents, certificates and statements furnished to the Lenders for use in connection with the transactions contemplated by this Agreement.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, consistently applied, and furnish to the Agent:

(a) As soon as practicable and in any event within 90 days after the close of each of its fiscal years, an audit report unqualified as to scope certified by Arthur Andersen LLP (or another firm of nationally recognized independent certified public accountants) prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period, related statements of income and a statement of cash flows, accompanied by a certificate of said accountants that, in the course of the examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof; provided that the requirement of this clause (a) to furnish audited financial statements of the Borrower and its Subsidiaries shall be satisfied if the Borrower furnishes the Agent with the Borrower's Annual Report on Form 10-K, filed with the Securities and Exchange Commission and containing such information.

(b) As soon as practicable and in any event within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated statements of income and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer as fairly presenting the financial condition and results of operations of the Borrower and its Subsidiaries, provided that the requirement of this clause (b) to furnish financial statements of the Borrower and its Subsidiaries shall be satisfied if the Borrower furnishes the Agent with the Borrower's Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission and containing such information.

(c) As soon as available, but in any event not later than the last Business Day in February of each year, a copy of the plan and forecast (including a projected consolidated and consolidating balance sheet, income statement and funds flow statement) of the Borrower and its Subsidiaries for such fiscal year.

(d) Together with the financial statements required by clauses (a) and (b) above, a compliance certificate in substantially the form of Exhibit B hereto signed by its chief financial officer showing the calculations necessary to determine compliance with this Agreement, setting forth the status of the reinvestment of any Net Available Proceeds pursuant to Section 2.7(a) and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(e) Promptly after becoming available, any management letter prepared by the firm of independent public accountants which prepared the audit report relating to the consolidated financial statements of the Borrower and its Subsidiaries for any fiscal year.

(f) As soon as possible and in any event within 10 days after the Borrower knows that any Termination Event has occurred with respect to any Plan, a statement, signed by the chief financial officer of the Borrower, describing said Termination Event and the action which the Borrower proposes to take with respect thereto.

(g) As soon as possible and in any event within 10 days after the Borrower learns thereof, notice of the assertion or commencement of any claim, action, suit or proceeding (including any of the foregoing relating to any Environmental Law or Release) against or affecting the Borrower or any Subsidiary which could reasonably be expected to have a Material Adverse Effect.

(h) Promptly upon the filing or availability thereof, as applicable, copies of each financial statement, report, notice or proxy statement sent by the Borrower to stockholders generally and of each registration statement (excluding any registration statement filed with the Securities and Exchange Commission on Form S-8) (exclusive of exhibits) or prospectus and annual, quarterly, monthly or other regular report which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any successor agency.

(i) Such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request, including unaudited consolidating financial statements.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Revolving Credit Advances for the working capital needs and general corporate purposes of the Borrower and its Subsidiaries, including the repayment of Indebtedness and the repurchase of the Borrower's common stock to the extent permitted hereby. The Borrower will not, nor will it permit any Subsidiary to, directly or indirectly, use any of the Facility Letters of Credit or the proceeds of any Advances to purchase or carry any "margin stock" (as defined in Regulation U) in violation of Regulation G, T, U or X.

6.3. Notice of Default. The Borrower will, and will cause each Subsidiary to, give prompt notice in writing to the Lenders of the occurrence of (a) any Default or Unmatured Default and (b) of any other development, financial or other, which could reasonably be expected to have a Material Adverse Effect.

6.4. Conduct of Business. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and, except as otherwise permitted by Section 6.12, do all things necessary to remain duly incorporated or organized, validly existing and in good standing as a domestic corporation or limited partnership in its jurisdiction of incorporation or formation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted; provided, however, that nothing in this Section 6.4 shall prevent the abandonment or

termination of the Borrower's authorization to do business in any foreign jurisdiction or of the corporate existence, rights and franchises of any Subsidiary if such abandonment or termination is in the best interests of the Borrower and not disadvantageous in any material respect to the Lenders.

6.5. Taxes. The Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by applicable law and pay when due all material taxes, assessments and governmental charges and levies upon it or its income, profits or Property; provided, however, that any such tax, assessment, charge or levy need not be paid if (i) the same shall currently be contested in good faith in proceedings which are, in the opinion of the Borrower, appropriate; (ii) the Borrower or such Subsidiary shall have provided accruals which are adequate to pay and discharge any such tax, assessment, charge, levy or indebtedness which could reasonably be anticipated at the time of their examination; and (iii) no proceedings shall have been commenced to foreclose any Lien which may have attached as security therefor.

6.6. Insurance. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice; provided, however, that the Borrower or any such Subsidiary may effect workmen's compensation insurance with respect to operations in any particular jurisdiction through an insurance fund operated by such jurisdiction. Except as aforesaid, all such insurance shall be carried with insurers of good standing. Anything in this Section 6.6 to the contrary notwithstanding, all insurance policies required to be maintained by this Section 6.6 may contain or be subject to co-insurance, deductibles or similar clauses or exclusions which in effect result in self-insurance or retention of risks in amounts customary in the Borrower's industry. The Borrower will furnish to the Agent and any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws. The Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.8. Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times; provided, however, that, subject to the provisions of Section 6.13, nothing in this Section 6.8 shall prevent the retirement, sale or other disposition of any property of the Borrower or any such Subsidiary no longer used or useful in the conduct of its respective businesses if such retirement, sale or other disposition is in the best interests of the Borrower and not disadvantageous in any material respect to the Lenders.

6.9. Inspection. The Borrower will, and will cause each Subsidiary to, permit the Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, corporate or partnership books and financial records of the Borrower and each Subsidiary, to

examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Lenders may designate. The Borrower will keep or cause to be kept, and cause each Subsidiary to keep or cause to be kept, appropriate records and books of account in which complete entries are to be made reflecting its and their business and financial transactions, such entries to be made in accordance with Agreement Accounting Principles consistently applied.

6.10. Capital Stock and Dividends. The Borrower will not, nor will it permit any Subsidiary to, declare or pay any dividends or make any distributions on its capital stock or partnership interests or redeem, repurchase or otherwise acquire or retire any of its capital stock or partnership interests at any time outstanding (other than dividends, redemptions, repurchases, acquisitions or retirements payable solely in its own capital stock or partnership interests or in cash in lieu of fractional shares in respect thereof), except that (a) any Subsidiary may declare and pay dividends or make distributions to the Borrower or a Wholly-Owned Subsidiary of the Borrower and (b) any non-Wholly-Owned Subsidiary may declare and pay dividends ratably to its shareholders, and (c) the Borrower may declare and pay dividends, make distributions and redeem, repurchase, reacquire or retire its capital stock in a Permitted Transaction (as defined below) so long as no Default or Unmatured Default has occurred and is continuing either before or after giving effect thereto. "Permitted Transaction" shall mean (i) the repurchase by the Borrower of its common stock on or after the date hereof and prior to May 1, 1998 for aggregate consideration not in excess of \$150,000,000; and (ii) in addition to any repurchase pursuant to clause (i) above, the repurchase by the Borrower of up to 500,000 shares of its common stock.

6.11. Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(a) the Loans;

(b) Indebtedness existing on the date hereof and either described in Schedule 5.17 hereto or not required to be so described, including any refundings or refinancings thereof, so long as the amount of such Indebtedness so refunded or replaced does not exceed the amount committed with respect thereto as of the date hereof;

(c) Indebtedness of any Subsidiary owing to the Borrower or any other Subsidiary, if permitted by Section 6.15;

(d) Indebtedness of the Borrower pursuant to a Receivables Financing, so long as (i) at the time such Indebtedness is incurred and after giving effect thereto, no Default or Unmatured Default has occurred and is continuing and (ii) the aggregate amount of Indebtedness outstanding at any time under this clause (d) shall not exceed \$50,000,000;

(e) Indebtedness of foreign Subsidiaries of the Borrower incurred for working capital purposes, the obligations in respect of which are supported by Facility Letters of Credit issued hereunder at the request of the Borrower and for the Borrower's account;

(f) Indebtedness under Rate Hedging Agreements incurred in the ordinary course of business and not for speculative purposes;

(g) Indebtedness of a Person existing at the time such Person, a division of a Person or a line of business is acquired by the Borrower or a Subsidiary by Purchase, so long as such Indebtedness was not created in anticipation of such Person, division or line of business being acquired by the Borrower or such Subsidiary; and

(h) Other Indebtedness created, incurred or assumed after the date hereof not enumerated in clauses (a) through (g) above; provided that the aggregate outstanding principal amount of such Indebtedness shall not exceed \$20,000,000 at any one time outstanding.

6.12. Merger. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into, or sell all or substantially all of its assets to, any other Person, except that (a) a Subsidiary may merge into the Borrower or any Wholly-Owned Subsidiary of the Borrower; (b) subject to Section 6.15, any Subsidiary may merge or consolidate with any Person other than the Borrower or any Wholly-Owned Subsidiary; provided, that (i) the surviving, continuing or resulting Person shall be a Wholly-Owned Subsidiary and (ii) immediately after such merger or consolidation, there shall exist no Default or Unmatured Default; (c) subject to Section 6.15, the Borrower may merge or consolidate with any corporation other than any Wholly-Owned Subsidiary, provided, that (i) the surviving, continuing or resulting corporation shall be the Borrower and (ii) immediately after such merger or consolidation, there shall exist no Default or Unmatured Default; and (d) subject to Section 6.13, any Subsidiary may merge or consolidate with, or sell all or substantially all of its assets to, any other Person other than the Borrower or a Wholly-Owned Subsidiary in a merger, consolidation or sale in which the surviving, continuing, transferee or resulting Person shall not be a Subsidiary.

6.13. Sale of Assets. The Borrower will not, nor will it permit any Subsidiary to, lease, sell, transfer or otherwise dispose of its Property (by merger or otherwise), to any other Person except for (a) sales of inventory in the ordinary course of business, (b) any other sale, transfer or disposition excluded from the definition of Asset Disposition or permitted by Section 6.14 and (c) leases, sales, transfers or other dispositions of its Property that in any calendar year, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than in transactions permitted by subsection (a) or (b) of this Section 6.13) in such calendar year, do not exceed 15% of the book value of the Borrower's consolidated assets as of the beginning of such calendar year; provided that neither the Borrower nor any Subsidiary shall consummate a lease, sale, transfer or other disposition of its Property which, together with all other Property of the Borrower and its Subsidiaries leased, sold or disposed of after the date of this Agreement (other than in transactions permitted by subsection (a) or (b) of this Section 6.13), exceeds 25% of the book value of the Borrower's consolidated assets as of the beginning of the year in which such transaction occurs. Within twelve months of the receipt thereof, the Borrower shall reinvest, as contemplated by clause (i) of the first parenthetical of Section 2.7 (a), any Net Available Proceeds from Asset Dispositions (excluding the first \$10,000,000 of such proceeds in any calendar year) which, pursuant to such Section, did not result in a mandatory commitment reduction.

6.14. Sale of Accounts. Except with respect to any Receivables Financings permitted hereunder, the Borrower will not, nor will it permit any Subsidiary to, sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse.

6.15. Investments and Purchases. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including, without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Purchases of any Person, except:

(a) Short-term obligations of, or fully guaranteed by, the United States of America;

(b) Commercial paper rated A-1 or better by Standard and Poor's Ratings Group, a division of the McGraw-Hill Companies or P-1 or better by Moody's Investors Service, Inc.;

(c) Demand deposit accounts maintained in the ordinary course of business;

(d) Certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000;

(e) Investments in any mutual fund organized under the Investment Company Act of 1940 which invests only in instruments described in clauses (a), (b), and (d) above;

(f) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 6.15 hereto;

(g) Additional Investments in Subsidiaries which do not during the term of this Agreement aggregate in excess of \$75,000,000 for all such Investments and do not aggregate in excess of \$20,000,000 for Investments in foreign Subsidiaries; provided, that at the time of any such Investment and after giving effect thereto no Default or Unmatured Default has occurred and is continuing; and

(h) Purchases by the Borrower or its Subsidiaries and Investments by the Borrower or its Subsidiaries not permitted by clauses (a) through (g) above which do not during the term of this Agreement aggregate in excess of \$150,000,000 (including assumed Indebtedness); provided that (i) no single Purchase may exceed \$50,000,000 (including assumed Indebtedness), except for a Purchase previously disclosed in writing to the Agent by the Borrower, which may be purchased for an aggregate amount of no more than \$70,000,000 (including assumed Indebtedness), (ii) at the time of any such Investment or Purchase and after giving effect thereto, no Default or Unmatured Default has occurred and is continuing and (iii) at least five (5) Business Days prior to such Purchase the Borrower delivers to the Agent a computation of covenant compliance certified by its chief financial officer demonstrating compliance by the Borrower on a pro forma basis (giving effect to the proposed Purchase) with Section 6.22 for the most recently ended four Fiscal Quarters and on a projected basis (assuming consummation of the proposed Purchase) for the next succeeding

four Fiscal Quarters and (iv) the aggregate of the Investments pursuant to this clause (h) in Persons which are not, and do not thereby become, Subsidiaries shall not exceed \$25,000,000.

6.16. Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries (including without limitation the capital stock of any Subsidiary), except for the following (each a "Permitted Lien"):

(a) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with generally accepted principles of accounting shall have been set aside on its books;

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books;

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or the Subsidiaries;

(e) Attachment, judgment and other similar Liens arising in connection with court proceedings, provided that execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings;

(f) Liens on Property of a Subsidiary securing only obligations owing to the Borrower or another Subsidiary, so long as the Indebtedness so secured is permitted by Section 6.11;

(g) Liens existing on Property at the time acquired by the Borrower or a Subsidiary, whether by purchase, merger, consolidation or otherwise, and Liens existing on the property of a Person at the time it becomes a Subsidiary, so long as such Liens were not created in anticipation of such Person becoming a Subsidiary;

(h) (i) Liens evidencing purchase money or construction mortgages on Property acquired after the date hereof and securing Indebtedness not exceeding the purchase price of such Property, (ii) Liens evidencing Capital Leases relating to Property first placed in service after the date hereof, the Capitalized Lease Obligation with respect to which shall not exceed the fair value of such property at such first service date (and any related Lien placed on such property by the lessor

under such Capital Lease if the rentals due thereunder will fully service the Indebtedness secured by such Lien or by providing that the lessee under such Capital Lease will make rental payments directly to the holder of such Indebtedness, to assure that such lessee will not be disturbed in its use and occupancy of such property so long as it is in compliance with such Capital Lease); (iii) Liens created after the date hereof in connection with industrial development or pollution control financings, but only if each such Lien is limited to the specific property, project or facilities then being financed; (iv) chattel mortgage, conditional sale or other title retention agreements securing the purchase price of personal property acquired after the date hereof and not extending to any other property of the Borrower or any Subsidiary, and (v) other Liens (other than any Lien imposed by ERISA or pursuant to any Environmental Law) incurred in the ordinary course of business; provided that the aggregate amount of Indebtedness and other obligations outstanding at any time and secured pursuant to this clause (h) (excluding any such Liens permitted by clause (g) above) may not exceed \$20,000,000;

(i) Liens associated with any Receivables Financing permitted under this Agreement; and

(j) Liens existing on the date hereof and described in Schedule 6.16 hereto.

6.17. Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction; provided, however, that, without limiting Section 6.15, this Section 6.17 shall not apply to any transaction, payment or transfer between the Borrower and any Wholly-Owned Subsidiary or between any Wholly-Owned Subsidiary and any other Wholly-Owned Subsidiary.

6.18. Additional Subsidiary Guarantors. The Borrower shall cause each Subsidiary which becomes a Wholly-Owned Subsidiary after the date hereof and is organized under the laws of the United States of America or any State or territory thereof and has or acquires assets with a fair market value in excess of \$1,000,000 to join the Subsidiary Guaranty as a Guarantor pursuant to a joinder agreement in the form attached to the Subsidiary Guaranty within thirty (30) days of such Person becoming such a Subsidiary.

6.19. Subordinated Indebtedness. The Borrower will not, and will not permit any Subsidiary to, make any amendment or modification to the indenture, note or other agreement evidencing or governing any Subordinated Indebtedness or directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness other than the Subordinated Notes, which the Borrower may prepay, purchase, defease or in substance defease, retire, redeem or otherwise acquire.

6.20. Environmental Matters. The Borrower shall and shall cause each of its Subsidiaries to (a) at all times comply in all material respects with all applicable Environmental Laws and (b) promptly take any and all reasonable and necessary remedial actions as required by any

Environmental Laws in response to the presence, storage, use, disposal, transportation or Release of any Hazardous Materials on, under or about any real property owned, leased or operated by the Borrower or any of its Subsidiaries. In the event that the Borrower or any Subsidiary undertakes any remedial action with respect to any Hazardous Material on, under or about any real property, the Borrower or such Subsidiary shall conduct and complete such remedial action in compliance with all applicable Environmental Laws. Notwithstanding anything set forth above to the contrary, the Borrower shall have the unequivocal right to contest and defend itself in good faith against any orders or requests to perform any remedial action or any claims with respect to the Borrower's or such Subsidiary's liability for such presence, storage, use, disposal, transportation or Release of any Hazardous Material.

6.21. Change in Corporate or Partnership Structure; Fiscal Year. The Borrower shall not, nor shall it permit any Subsidiary to, (a) permit any amendment or modification to be made to its certificate or articles of incorporation, by-laws or partnership agreement which is materially adverse to the interests of the Lenders (provided that the Borrower shall notify the Agent of any other amendment or modification thereto as soon as practicable thereafter) or (b) change its fiscal year to end on any date other than December 31 of each year.

6.22. Financial Covenants. Subject to normal year-end and closing audit adjustments for calculations or determinations made in accordance with Agreement Accounting Principles prior to the end of their fiscal year, the Borrower on a consolidated basis with its Subsidiaries shall:

6.22.1. Debt-EBITDA Ratio. (a) Maintain as of the end of each Fiscal Quarter a Debt-EBITDA Ratio of not more than the following for the following respective periods:

Period	Ratio
For Fiscal Quarters ending on or after June 30, 1997 and on or prior to December 31, 1997.....	3.75 to 1.0
For Fiscal Quarters ending after December 31, 1997 and on or prior to September 30, 1998.....	3.5 to 1.0
For Fiscal Quarters ending on or after December 31, 1998	3.0 to 1.0

6.22.2. Fixed Charge Coverage Ratio. Maintain as of the end of each Fiscal Quarter for the four Fiscal Quarters then ended a Fixed Charge Coverage Ratio of not less than the following for the following respective periods:

Period	Ratio
For Fiscal Quarters ending on or after June 30, 1997 and on or prior to September 30, 1997.....	1.5 to 1.0

For Fiscal Quarters ending after September 30, 1997
and on or prior to September 30, 1998 1.75 to 1.0

For Fiscal Quarters ending on or after December 31, 1998..... 2.0 to 1.0

6.23. ERISA Compliance.

With respect to any Plan, neither the Borrower nor any
Subsidiary shall:

(a) engage in any "prohibited transaction" (as such term is defined in
Section 406 of ERISA or Section 4975 of the Code) for which a civil penalty
pursuant to Section 502(i) of ERISA or a tax pursuant to Section 4975 of
the Code in excess of \$1,000,000 could be imposed;

(b) incur any "accumulated funding deficiency" (as such term is
defined in Section 302 of ERISA) in excess of \$1,000,000, whether or not
waived;

(c) permit the occurrence of any Termination Event which could
reasonably be expected to have a Material Adverse Effect;

(d) be an "employer" (as such term is defined in Section 3(5) of
ERISA) required to contribute to any Multiemployer Plan or a "substantial
employer" (as such term is defined in Section 4001(a)(2) of ERISA) required
to contribute to any Multiple Employer Plan for which a withdrawal from any
such plan could reasonably be expected to have a Material Adverse Effect;
or

(e) permit the establishment or amendment of any Plan or fail to
comply with the applicable provisions of ERISA and the Code with respect to
any Plan which could result in liability to the Borrower or any other
member of the Controlled Group which, individually or in the aggregate,
could reasonably be expected to have a Material Adverse Effect.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall
constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf
of the Borrower or any of its Subsidiaries to the Lenders or the Agent under or
in connection with this Agreement, any Loan, any Facility Letter of Credit, or
any certificate or information delivered in connection with this Agreement or
any other Loan Document shall be false in any material respect on the date as of
which made or deemed made or delivered pursuant to Section 4.2.

7.2. Nonpayment of (a) principal of any Note or any Reimbursement Obligation when due, or (b) interest upon any Note or any commitment fee or other fee or obligations under any of the Loan Documents within five days after the same becomes due.

7.3. The breach by the Borrower of any of the terms or provisions of Sections 6.2, 6.3(a), 6.10 through 6.17, or Sections 6.19, 6.20 (other than any notification required by clause (a) thereof), 6.22, or 6.23.

7.4. The breach by the Borrower (other than a breach which constitutes a Default under Section 7.1, 7.2 or 7.3) of any of the terms or provisions of this Agreement which is not remedied within thirty (30) days after written notice from the Agent or any Lender.

7.5. Failure of the Borrower or any of its Subsidiaries to pay any Indebtedness aggregating in excess of \$10,000,000; or the default by the Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement or agreements under which any such Indebtedness was created or is governed, or the occurrence of any other event or the existence of any other condition, the effect of any of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof.

7.6. The Borrower or any of its Subsidiaries shall (a) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6, (f) consent to, or fail to contest in good faith any appointment or proceeding described in Section 7.7 or (g) become unable to pay, not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.7. Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(d) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of (each a "Condemnation"), all or any portion of the

Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such Condemnation occurs, constitutes a Substantial Portion.

7.9. The Borrower or any of its Subsidiaries shall fail within thirty days to pay, bond or otherwise discharge any judgment(s) or order(s) for the payment of money aggregating in excess of \$10,000,000 (other than judgments or orders as to which a responsible insurer has acknowledged liability), which is not stayed on appeal or otherwise being appropriately contested in good faith and as to which no enforcement proceedings have been commenced.

7.10. The occurrence of any violation of any Environmental Law or Environmental Permit by the Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.

7.11. Any Change in Control shall occur.

7.12. The occurrence of any "default", as defined in any Loan Document (other than this Agreement or the Notes) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement or the Notes), which default or breach continues beyond any period of grace therein provided.

7.13. The Subsidiary Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Subsidiary Guaranty, except as otherwise provided in or permitted by the Subsidiary Guaranty, or any Subsidiary Guarantor shall fail to comply with any of the terms or provisions of the Subsidiary Guaranty or any Subsidiary Guarantor denies that it has any further liability under the Subsidiary Guaranty or gives notice to such effect.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent or any Lender and without presentment, demand, protest or notice of any kind, all of which Borrower hereby expressly waives. If any other Default occurs, the Required Lenders may (or the Agent, at the direction of the Required Lenders, shall) terminate or suspend the obligations of the Lenders to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives. In addition to the foregoing, following the occurrence and during the continuance of a

Default, so long as any Facility Letter of Credit has not been fully drawn and has not been canceled or expired by its terms, upon demand by the Required Lenders (or the Agent with the consent of the Required Lenders) the Borrower shall deposit in an account (the "Letter of Credit Cash Collateral Account") maintained with First Chicago in the name of the Agent, for the ratable benefit of the Lenders and the Agent, cash in an amount equal to the aggregate undrawn face amount of all outstanding Facility Letters of Credit and all fees and other amounts due or which may become due with respect thereto. The Borrower shall have no control over funds in the Letter of Credit Cash Collateral Account, which funds shall be invested by the Agent from time to time in its discretion in certificates of deposit of First Chicago having a maturity not exceeding thirty days. Such funds shall be promptly applied by the Agent to reimburse the Issuer for drafts drawn from time to time under the Facility Letters of Credit. Such funds, if any, remaining in the Letter of Credit Cash Collateral Account following (i) the payment of all Obligations in full, (ii) the cancellation or expiration of all outstanding Facility Letters of Credit, (iii) the cure or waiver of any such Default mentioned above, or (iv) the consent of the Required Lenders, shall, unless the Agent is otherwise directed by a court of competent jurisdiction, be promptly paid over to the Borrower.

If, within ten Business Days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender:

(a) Extend the final maturity of any Loan or Note or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or of fees payable hereunder;

(b) Reduce the percentage specified in the definition of Required Lenders;

(c) Reduce the amount or extend the payment date for the mandatory payments or reductions in the Aggregate Commitment required under Section 2.1 or 2.7, or increase the amount of the Aggregate Commitment or Revolving Credit Commitment of any Lender hereunder (other than an increase in the Revolving Credit Commitment of any Lender as a result of an assignment consummated between such Lender and another Lender pursuant to Section 12.3.1) or increase the amount of the Aggregate Revolving Credit Commitment;

(d) Extend the Facility Termination Date or permit any Facility Letter of Credit to have an expiry date beyond the Facility Termination Date;

(e) Amend this Section 8.2;

(f) Release any Subsidiary Guarantor from the Subsidiary Guaranty, except pursuant to the terms thereof; or

(g) Permit any assignment by the Borrower of its Obligations or its rights or obligations hereunder.

No amendment of any provision of this Agreement relating to the Agent or the Issuer shall be effective without the written consent of the Agent or the Issuer, as applicable. The Agent may waive payment of the fee required under Section 12.3.2 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan or the issuance of a Facility Letter of Credit notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude any other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement or of the Borrower or any Subsidiary contained in any Loan Document shall survive delivery of the Notes and the making of the Loans herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Taxes. Any stamp, documentary or similar taxes, assessments or charges payable or ruled payable by any Governmental Authority in respect of the Loan Documents shall be paid by the Borrower, together with interest and penalties, if any. The Borrower's obligations under this Section 9.3 shall survive the termination of this Agreement and the payment of the Obligations.

9.4. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.5. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent and the Lenders relating to the subject matter thereof other than the fee letter dated March 31, 1997 in favor of First Chicago.

9.6. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder, nor shall any Lender be liable for any other Lender's failure to perform. This Agreement shall not, except as expressly provided in Section 9.7, be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

9.7. Expenses; Indemnification. The Borrower shall reimburse the Agent and the Arranger for (a) any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and expenses and time charges of attorneys for the Agent or the Arranger, which attorneys may be employees of the Agent or the Arranger) paid or incurred by the Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, review, syndication, amendment, modification, and administration of the Loan Documents and (b) after a Default, for the fees of any non-legal advisor or professional engaged in connection with the collection, enforcement or preservation of rights under, or a restructuring of, the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger and the Lenders for any costs, internal charges and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Agent, the Arranger and the Lenders, which attorneys may be employees of the Agent, the Arranger and the Lenders), paid or incurred in connection with the collection and enforcement of or preservation of rights under the Loan Documents. The Borrower further agrees to indemnify the Agent, the Arranger and each Lender, its directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, the Arranger or such Lender is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or thereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder or the use or intended use of any Facility Letter of Credit hereunder; except to the extent that they arise out of the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.7 shall survive the payment of the Obligations and the termination of this Agreement.

9.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may, and the Agent shall, furnish one to each of the Lenders.

9.9. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

9.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.11. Nonliability of Lenders. The relationship between the Borrower and the Lenders and the Agent shall be solely that of borrower and lender. Neither the Agent nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Agent nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower shall rely entirely upon its own judgment with respect to its business, and any review, inspection or supervision of, or information supplied to the Borrower by the Agent or the Lenders is for the protection of the Agent and the Lenders and neither the Borrower nor any other Person is entitled to rely thereon. The Borrower (a) agrees that neither the Agent nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined by a judgment of a court that is binding on the Agent, or such Lender, final and not subject to review on appeal, that such losses were the result of acts or omissions on the part of the Agent or such Lender, as the case may be, constituting gross negligence, willful misconduct or knowing violations of law, and (b) waives, releases and agrees not to sue upon any claim against the Agent or any Lender (whether sounding in tort, contract or otherwise) except a claim based upon gross negligence, willful misconduct or knowing violations of law. Whether or not such damages are related to a claim that is subject to the waiver effected above and whether or not such waiver is effective, neither the Agent nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any punitive, special, indirect or consequential damages suffered by the Borrower in connection with, arising out of, or in any way related to the transactions contemplated or the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined by a judgment of a court that is binding on the Agent or such Lender, as the case may be, final and not subject to review on appeal, that such damages were the result of acts or omissions on the part of the Agent or such Lender, as the case may be, constituting gross negligence, willful misconduct or knowing violations of law.

9.12. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS, WITHOUT REGARD TO CONFLICT OF LAWS PROVISIONS, OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

9.13. CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS; PROVIDED, THAT SUCH PROCEEDINGS MAY BE BROUGHT IN OTHER COURTS IF JURISDICTION MAY NOT BE OBTAINED IN A COURT IN CHICAGO, ILLINOIS.

9.14. WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

9.15. Disclosure. Each Lender hereby (a) acknowledges and agrees that First Chicago and/or its Affiliates from time to time may hold other investments in, make other loans to or have other relationships with the Borrower, including, without limitation, in connection with any Receivables Financing or any interest rate hedging instruments or agreements or swap transactions, and (b) waives any liability of First Chicago or such Affiliate to any Lender, respectively, arising out of or resulting from such investments, loans or relationships other than liabilities arising out of the gross negligence or willful misconduct of First Chicago or its Affiliates.

9.16. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Agent and the Lenders and each party has notified the Agent by telex or telephone, that it has taken such action.

ARTICLE X

THE AGENT

10.1. Appointment. First Chicago is hereby appointed Agent hereunder and under each other Loan Document, and each of the Lenders authorizes the Agent to act as the agent of such Lender. The Agent agrees to act as such upon the express conditions contained in this Article X. The Agent shall not have a fiduciary relationship in respect of the Borrower or any Lender by reason of this Agreement, any other Loan Document or any transaction contemplated hereby.

10.2. Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder, except any action specifically provided by the Loan Documents to be taken by the Agent.

10.3. General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except for its or their own gross negligence or willful misconduct.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder, (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender, (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered to the Agent and not waived at closing, or (d) the validity, effectiveness, sufficiency, enforceability or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. The Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, (or, to the extent required by Section 8.2, all Lenders), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders and on all holders of Notes. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro-rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action, other than any such liability, cost or expense resulting from its gross negligence or willful misconduct.

10.6. Employment of Agents and Counsel. The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning all matters pertaining to the agency hereby created and its duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect of legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8. Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (a) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (b) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents, and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents; provided, that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Agent. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person.

10.10. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time,

continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.11. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. The Agent may be removed at any time for cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Lenders, a successor Agent (which Agent, if not a Lender, shall be reasonably acceptable to the Borrower). If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Agent's giving notice of resignation or within thirty days after the removal of such Agent, then the retiring Agent shall use reasonable efforts to appoint, on behalf of the Lenders, a successor Agent. Such successor Agent shall be a commercial bank having capital and retained earnings of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

10.12. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.13. Co-Agent. There shall be no rights, obligation or liabilities afforded to or imposed upon any Co-Agent by virtue of its status as such.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations then due to such Lender.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Sections 3.1, 3.2 or 3.4) in a greater proportion than its pro-rata share of such Loans, such Lender agrees, promptly upon demand, to

purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made. If an amount to be set off is to be applied to Indebtedness of the Borrower to a Lender, other than Indebtedness evidenced by any of the Notes held by such Lender, such amount shall be applied ratably to such other Indebtedness and to the Indebtedness evidenced by such Notes.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (a) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents, and (b) any assignment by any Lender must be made in compliance with Section 12.3. Notwithstanding clause (b) of this Section, any Lender may at any time, without the consent of the Borrower or the Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; provided, however, that no such assignment to a Federal Reserve Bank shall release the transferor Lender from its obligations hereunder. The Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 12.3 in the case of an assignment or transfer thereof. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

12.2. Participations.

12.2.1. Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Lender's interest in Facility Letters of Credit, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the

Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver which effects any of the modifications referenced in clauses (a) through (g) of Section 8.2.

12.2.3. Benefit of Setoff. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents; provided, that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender.

12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit C hereto or in such other form as may be agreed to by the parties thereto. The consent of the Agent and the Borrower shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consent shall not be unreasonably withheld.

12.3.2. Effect; Effective Date. Upon (a) delivery to the Agent of a notice of assignment, substantially in the form attached as Exhibit I to Exhibit C hereto (a "Notice of Assignment"), together with any consents required by Section 12.3.1, and (b) payment by the transferor Lender (or, in the case of a Lender making an assignment pursuant to Section 12.3.3, the Borrower), of a \$3,500 fee to the Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. On and after the effective date of such assignment, (a) such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and (b) the transferor Lender shall be released with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Agent. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Agent and the Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Commitments, as adjusted pursuant to such assignment and the transferor Lender shall deliver the replaced Note, marked canceled, to the Borrower.

12.3.3. If any Lender shall make demand for payment under Section 2.18, 3.1 or 3.2, or shall deliver any notice to the Agent pursuant to Section 3.3 resulting in the suspension of certain obligations of the Lenders with respect to Eurodollar Advances, then within 60 days of such demand for payment or such notice of such suspension, as the case may be, the Borrower may demand that such Lender assign in accordance with this Section 12.3 to one or more Purchasers designated by the Borrower and acceptable to the Agent all (but not less than all) of such Lender's rights and obligations under the Loan Documents within the next 30 days, subject to receipt of payment in full by such Lender of all amounts due it hereunder, including amounts owing under Sections 2.18, 3.1 and 3.2.

12.4. Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries; provided that, prior to any such disclosure, such Lender shall notify the Transferee or prospective Transferee (a) of the confidential nature of the Confidential Borrower Information (as hereinafter defined) relating to the Borrower received by it from such Lender and (b) that by the acceptance of such information such Transferee or prospective Transferee is bound by the confidentiality provisions of Section 14.1.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 2.18.

ARTICLE XIII

NOTICES

13.1. Giving Notice. Except as otherwise permitted by Section 2.15 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing, by facsimile, first class U.S. mail or overnight courier and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties, with a copy, in the case of notice to the Borrower with respect to a Default, to Gardner, Carton & Douglas, Suite 3400, Quaker Tower, 321 N. Clark Street, Chicago, Illinois 60610, Attn: Derick C. Marsh, Telecopy No. (312) 644-3381. Any notice, if mailed and properly addressed with first class postage prepaid, return receipt requested, shall be deemed given three (3) Business Days after deposit in the U.S. mail; any notice, if transmitted by facsimile, shall be deemed given when transmitted and acknowledgment of receipt by an officer of the recipient is received; and any notice given by overnight courier shall be deemed given when received by the addressee. Wherever under this Agreement or under any other Loan Document any certificate or other writing is given by any director, officer or employee of the Borrower or any Subsidiary, such certificate or other writing

shall be delivered by such director, officer or employee on behalf of the Borrower or such Subsidiary in his or her capacity as a director, officer or employee and not in his or her individual capacity.

13.2. Change of Address. The Borrower, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

CONFIDENTIALITY

14.1. Confidentiality. In connection with this Agreement and the transactions contemplated hereby (including, without limitation, Sections 6.1 and 6.9), the Borrower may provide the Agent or any Lender with certain confidential, non-public or proprietary written information concerning the Borrower's business. The Agent and each Lender agree to hold any information designated as such in writing by the Borrower ("Confidential Borrower Information") provided to it hereunder in confidence and agree that except as otherwise expressly provided herein, they will not disclose to any Person any portion of the Confidential Borrower Information so provided without the prior written consent of the Borrower. It is understood, however, that Confidential Borrower Information shall not include information that is or becomes publicly available or information which becomes available to the Agent or any Lender on a non-confidential basis from a source that is not known to such Person to be subject to a confidentiality agreement with the Borrower. It is further understood that Confidential Borrower Information may be disclosed by the Agent or any Lender (a) to such Person's directors, officers, employees, agents, advisors and consultants on a "need to know" and confidential basis in connection with this Agreement and the transactions contemplated hereby, (b) to other Lenders and prospective Lenders who have been advised (i) of the confidential nature of such Confidential Borrower Information and (ii) that by the acceptance of such information such other Lender or prospective Lender is bound by the confidentiality provisions of this Section 14.1, (c) at the request of any regulatory or examining authority having jurisdiction over such Person, and (d) pursuant to subpoena or other legal process or as otherwise required by law, in which case, the Agent or any Lender, as the case may be, shall provide the Borrower with notice of such disclosure promptly so that the Borrower may seek a protective order or appropriate remedy if available, unless provision of any such notice would result in a violation of any such subpoena or order of a court of competent jurisdiction. The respective obligations of the Agent and each Lender hereunder with respect to Confidential Borrower Information shall survive the termination of this Agreement.

[signature pages to follow]

IN WITNESS WHEREOF, the Borrower, the Lenders and the Agent have executed this Agreement as of the date first above written.

SPX CORPORATION

By: /s/ Patrick J. O'Leary

Print Name: Patrick J. O'Leary
Title: Vice President, Finance
Treasurer and Chief
Financial and Accounting
Officer

Address: 700 Terrace Point Drive
Muskegon, Michigan 49443
Attn: Patrick J. O'Leary

Telecopy: (616) 724-5309
Telephone: (616) 724-5600

Commitments

Revolving Credit
Commitment

\$400,000,000

THE FIRST NATIONAL BANK OF CHICAGO,
Individually and as Agent

By: /s/ Patricia H. Besser

Print Name: Patricia H. Besser
Title: Vice President

Address: One First National Plaza
Chicago, Illinois 60670
Attn: Patricia H. Besser

Telecopy: (312) 732-5161
Telephone: (312) 732-6695

Aggregate Commitment: \$400,000,000

Document Number: 0178885.08
5-7-97/09:00am

3-MOS

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