

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993, OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 0-419

SPX CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
700 Terrace Point Drive,
Muskegon, Michigan
(Address of principal executive offices)

38-1016240
(I.R.S. Employer Identification No.)
49443-3301
(Zip Code)

Registrant's telephone number, including area code: 616-724-5000

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common	New York Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE
(Title of Class)

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

STATE THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT.

\$219,160,000 AS OF MARCH 15, 1994

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

13,940,306 SHARES AS OF MARCH 15, 1994

DOCUMENTS INCORPORATED BY REFERENCE: REGISTRANT'S PROXY STATEMENT FOR ITS ANNUAL MEETING ON APRIL 27, 1994 IS INCORPORATED BY REFERENCE INTO PART III.

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. /X/

SPX CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1993

SPX CORPORATION AND SUBSIDIARIES	
Report of Independent Public Accountants.....	2
Audited Consolidated Financial Statements--	
Consolidated Balance Sheets--December 31, 1993 and 1992.....	3
Consolidated Statements of Income for the three years ended December 31, 1993....	4
Consolidated Statements of Shareholders' Equity for the three years ended December 31, 1993.....	5
Consolidated Statements of Cash Flows for the three years ended December 31, 1993.....	6
Notes to Consolidated Financial Statements.....	7
SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES	
Report of Independent Public Accountants.....	31
Consolidated Balance Sheets--December 31, 1993 and 1992.....	32
Consolidated Statements of Operations for the three years ended December 31, 1993.....	33
Consolidated Statements of Partners' Capital for the three years ended December 31, 1993.....	34
Consolidated Statements of Cash Flows for the three years ended December 31, 1993.....	35
Notes to Consolidated Financial Statements.....	36
Schedules omitted	

No schedules are submitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
SPX Corporation:

We have audited the accompanying consolidated balance sheets of SPX CORPORATION (a Delaware corporation) AND SUBSIDIARIES as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SPX Corporation and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 1993, the company changed its method of accounting for its Employee Stock Ownership Plan and Sealed Power Technologies Limited Partnership changed its method of accounting for postretirement benefits other than pensions and effective January 1, 1992, the company changed its methods of accounting for postretirement benefits other than pensions and for income taxes.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 25, 1994.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	1993	1992
	(DOLLARS IN THOUSANDS)	
CURRENT ASSETS:		
Cash and temporary cash investments.....	\$ 117,843	\$ 9,729
Receivables (Note 12).....	123,081	84,931
Lease finance receivables-current portion (Note 21).....	33,834	-
Inventories (Note 13).....	159,223	171,622
Deferred income tax asset and refunds (Note 14).....	54,489	18,601
Prepaid and other current assets.....	29,726	22,796
	-----	-----
Total current assets.....	\$ 518,196	\$307,679
INVESTMENTS (Note 15).....	13,446	2,156
PROPERTY, PLANT, AND EQUIPMENT, at cost (Note 16).....	\$ 367,832	\$218,105
Less: Accumulated depreciation.....	169,687	101,310
	-----	-----
Net property, plant, and equipment.....	\$ 198,145	\$116,795
OTHER ASSETS.....	39,452	38,835
LEASE FINANCE RECEIVABLES -- LONG-TERM (Note 21).....	51,013	-
COSTS IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED (Note 17).....	204,149	94,863
	-----	-----
TOTAL ASSETS.....	\$1,024,401	\$560,328
	-----	-----
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt (Note 19).....	\$ 93,975	\$ 13,999
Accounts payable.....	62,968	49,956
Accrued liabilities (Note 27).....	229,998	54,177
Income taxes payable (Note 14).....	11,864	7,375
	-----	-----
Total current liabilities.....	\$ 398,805	\$125,507
LONG-TERM LIABILITIES (Note 10).....	123,235	18,931
SPT EQUITY LOSSES IN EXCESS OF INVESTMENT (Note 5).....	-	15,904
DEFERRED INCOME TAXES (Note 14).....	20,787	54,176
COMMITMENTS AND CONTINGENCIES (Note 18).....	-	-
LONG-TERM DEBT (Note 19).....	336,187	160,320
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value, authorized 3,000,000 shares; no shares issued (Note 20).....	-	-
Common stock, \$10 par value, authorized 50,000,000 shares; issued 15,555,835 in 1993 and 15,535,978 in 1992 (Note 20).....	155,558	155,360
Paid in capital.....	58,926	60,199
Retained earnings.....	20,282	65,732
	-----	-----
Total shareholders' equity.....	\$ 234,766	\$281,291
LESS: Common stock held in treasury (Note 20).....	50,000	50,000
Unearned compensation -- ESOP (Note 10).....	35,900	44,181
Minority interest (Note 9).....	1,080	-
Cumulative translation adjustments.....	2,399	1,620
	-----	-----
Total shareholders' equity.....	\$ 145,387	\$185,490
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$1,024,401	\$560,328
	-----	-----

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31		
	1993	1992	1991
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
REVENUES (Note 3).....	\$ 756,145	\$ 801,169	\$ 673,468
COSTS AND EXPENSES:			
Cost of products sold.....	508,032	533,169	461,626
Selling, general, and administrative expense.....	207,607	209,945	193,943
Other expense, net.....	7,524	6,594	3,046
Restructuring and special charges (Note 9).....	27,500	--	18,200
SPT equity losses (Note 5).....	26,845	2,407	8,532
SP Europe equity loss (Note 15).....	21,500	--	--
OPERATING INCOME (LOSS).....	\$ (42,863)	\$ 49,054	\$ (11,879)
Interest expense, net.....	17,882	15,061	16,853
(Gain) on sale of businesses (Note 6).....	(105,400)	--	--
INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS AND EXTRAORDINARY LOSS.....	\$ 44,655	\$ 33,993	\$ (28,732)
PROVISION (BENEFIT) FOR INCOME TAXES (Note 14).....	\$ 29,455	\$ 13,433	\$ (7,172)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS AND EXTRAORDINARY LOSS.....	\$ 15,200	\$ 20,560	\$ (21,560)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS, NET OF TAXES (Note 2).....	\$ (31,800)	\$ (5,700)	\$ --
EXTRAORDINARY LOSS, NET OF TAXES (Note 8).....	\$ (24,000)	\$ --	\$ --
NET INCOME (LOSS).....	\$ (40,600)	\$ 14,860	\$ (21,560)
INCOME (LOSS) PER SHARE OF COMMON STOCK:			
Before cumulative effect of change in accounting methods and extraordinary loss.....	\$ 1.20	\$ 1.48	\$ (1.56)
Cumulative effect of change in accounting methods, net of taxes.....	(2.52)	(0.41)	--
Extraordinary loss, net of taxes.....	(1.90)	--	--
Net income (loss).....	\$ (3.22)	\$ 1.07	\$ (1.56)
Weighted average number of common shares outstanding (Note 1).....	12,604,000	13,856,000	13,828,000

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK \$10 PAR VALUE	PAID IN CAPITAL	RETAINED EARNINGS	OTHER
	(IN THOUSANDS,	EXCEPT PER	SHARE	AMOUNTS)
PREVIOUSLY REPORTED BALANCE, DECEMBER 31, 1990.....	\$ 154,585	\$ 59,976	\$ 93,453	\$(91,530)
1989 and 1990 restatement (Note 5).....	--	--	(6,378)	--
RESTATED BALANCE, DECEMBER 31, 1990.....	\$ 154,585	\$ 59,976	\$ 87,075	\$(91,530)
Net loss.....	--	--	(21,560)	--
Cash dividends (\$.70 per share).....	--	--	(9,679)	--
Earned ESOP shares.....	--	--	--	1,823
Tax benefit on dividends paid to ESOP trust.....	--	--	378	--
Translation adjustment.....	--	--	--	(492)
Vesting of restricted stock.....	--	--	--	113
Issuance of restricted stock.....	120	32	--	(152)
BALANCE, DECEMBER 31, 1991.....	\$ 154,705	\$ 60,008	\$ 56,214	\$(90,238)
Net income.....	--	--	14,860	--
Cash dividends (\$.40 per share).....	--	--	(5,541)	--
Net shares sold under stock option plans.....	655	191	--	--
Earned ESOP shares.....	--	--	--	2,044
Tax benefit on dividends paid to ESOP trust.....	--	--	199	--
Translation adjustment.....	--	--	--	(7,742)
Vesting of restricted stock.....	--	--	--	135
BALANCE, DECEMBER 31, 1992.....	\$ 155,360	\$ 60,199	\$ 65,732	\$(95,801)
Net loss.....	--	--	(40,600)	--
Cash dividends (\$.40 per share).....	--	--	(5,040)	--
Net shares sold under stock option plans.....	198	82	--	--
Earned ESOP shares.....	--	(1,355)	--	3,046
Tax benefit on dividends paid to ESOP trust.....	--	--	190	--
Minority interest in SP Europe.....	--	--	--	(1,080)
Translation adjustment.....	--	--	--	(779)
Cumulative effect of change in ESOP accounting method, net of taxes (Note 2).....	--	--	--	5,100
Vesting of restricted stock.....	--	--	--	135
BALANCE, DECEMBER 31, 1993.....	\$ 155,558	\$ 58,926	\$ 20,282	\$(89,379)

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31		
	1993	1992	1991
	(IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES: (Note 22).....	\$ 25,285	\$ 67,489	\$ 67,449
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchase of Miller Tools.....	\$ --	\$ --	\$(12,100)
Investment in SPT.....	--	--	(5,000)
Investment in SP Europe.....	(19,900)	(3,117)	(1,272)
Investment in RSV.....	--	(2,618)	--
Payments for purchase of ATP and AGL.....	(101,957)	--	--
Payments for purchase of Lowener GmbH.....	(7,014)	--	--
Net proceeds from sale of SPR division.....	117,516	--	--
Net proceeds from sale of Truth division.....	71,562	--	--
Capital expenditures.....	(15,116)	(20,351)	(19,428)
Sale of property, plant and equipment, net.....	(797)	1,169	2,874
Net cash provided (used) for investing activities.....	\$ 44,294	\$(24,917)	\$(34,926)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) borrowings under line of credit agreement...	\$(17,000)	\$(19,000)	\$(20,000)
Long-term borrowings.....	19,937	--	--
Payments of long-term debt.....	(12,207)	(16,544)	(4,493)
Increase (decrease) in notes payable and current maturities of long-term debt.....	53,283	(2,141)	244
Dividends paid.....	(5,040)	(5,541)	(9,679)
Net cash provided (used) for financing activities.....	\$ 38,973	\$(43,226)	\$(33,928)
Net cash provided (used).....	\$108,552	\$ (654)	\$ (1,405)
Effect of exchange rate changes on cash.....	\$ (438)	\$ (757)	\$ --
Net increase (decrease) in cash and temporary cash investments.....	\$108,114	\$ (1,411)	\$ (1,405)
Cash and temporary cash investments, beginning of period...	9,729	11,140	12,545
Cash and temporary cash investments, end of period.....	\$117,843	\$ 9,729	\$ 11,140
Supplemental disclosure of cash flows information:			
Cash payments for interest.....	\$ 18,347	\$ 16,124	\$ 16,425
Cash payments (refunds), net for income taxes.....	\$ 40,454	\$ 110	\$ (2,040)

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1993

(1) BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The accounting and financial policies which affect significant elements of the consolidated financial statements of SPX Corporation (the "company") and which are not apparent on the face of the statements, or in other notes to the consolidated financial statements, are described below.

Restatement -- As a result of the company's purchase of Riken Corporation's interest in Sealed Power Technologies Limited Partnership ("SPT") as of December 31, 1993, prior years' consolidated financial statements have been restated to reflect the company's 49% share of SPT's earnings or losses for prior years (see Note 5).

Consolidation -- The consolidated financial statements include the accounts of the company and all of its majority-owned subsidiaries after the elimination of all significant intercompany accounts and transactions.

Foreign Currency Translation -- Translation of significant subsidiaries results in unrealized translation adjustments being reflected as cumulative translation adjustment in shareholders' equity.

Lease Finance Income Recognition -- The company's lease financing operation, SPX Credit Corporation, uses the direct financing method of accounting for leases. Under this method, the excess of future lease payments and estimated residual value over the cost of equipment leased is recorded as unearned income and is recognized over the life of the lease by the effective interest method.

Deferred Service Revenue -- Revenue from service contracts and long-term maintenance arrangements has been deferred and will be recognized as revenue on a pro rata basis over the agreement periods.

Research and Development Costs -- The company expenses currently all costs for development of products. Research and development costs were \$17.6 million in 1993, \$14.7 million in 1992, and \$13.1 million in 1991.

Earnings Per Share -- Primary earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Common shares outstanding includes issued shares less shares held in treasury and, in 1993, unallocated and uncommitted shares held by the ESOP trust. The exclusion of unallocated and uncommitted shares held by the ESOP trust in 1993 is due to the company's adoption of Statement of Position 93-6 (see Note 2). Prior to 1993, unallocated and uncommitted shares held by the ESOP trust were included in weighted average number of common shares outstanding used for calculating earnings per share. Average weighted unallocated and uncommitted shares in the ESOP trust were 1,361,000 shares at the end of 1992 and 1,476,000 shares at the end of 1991. The potential dilutive effect from the exercise of stock options is not material.

(2) CHANGES IN ACCOUNTING METHODS

In 1993 and 1992, the company adopted three new accounting methods relating to its Employee Stock Ownership Plan ("ESOP"), postretirement benefits, and income taxes. The effect of the change to these new accounting methods has been reflected in the consolidated statements of income as "Cumulative effect of change in accounting methods, net of taxes."

Effective January 1, 1993, the company elected to adopt new accounting for its ESOP in accordance with Statement of Position 93-6 of the Accounting Standards Division of the American Institute of Certified Public Accountants, issued in November of 1993. As part of this change, the company recorded a one time cumulative charge of \$5.1 million pretax, or \$3.3 million after tax. This charge recognizes the cumulative difference of expense since the inception of the ESOP until January 1, 1993 to reflect the shares allocated method of accounting for ESOPs. As the company adopted this accounting change in the fourth quarter of 1993, previously reported 1993 quarterly information has been restated to reflect the change effective January 1, 1993. See Note 10 for further discussion of the effect of this change.

Effective January 1, 1993, SPT adopted Statement of Financial Accounting Standards (SFAS) No. 106 -- "Employers' Accounting for Postretirement Benefits Other Than Pensions", using the immediate recognition transition option. SFAS No. 106 requires recognition, during the employees' service with the company, of the cost of their retiree health and life insurance benefits. At that date, the full accumulated postretirement benefit obligation was \$89.5 million pretax. The company recorded its 49% share of this transition obligation, \$28.5 million, net of deferred taxes of \$15.4 million in the first quarter.

Effective January 1, 1992, the company adopted SFAS No. 106 using the immediate recognition transition option. At January 1, 1992, the accumulated postretirement benefit obligation was \$16.8 million and was recorded as a pretax transition obligation. The decrease in net earnings and shareholders' equity was \$10.7 million after a deferred tax benefit of \$6.1 million.

Effective January 1, 1992, the company adopted Statement of Financial Accounting Standards (SFAS) No. 109 -- "Accounting for Income Taxes." Under SFAS No. 109, deferred tax balances are stated at tax rates expected to be in effect when taxes are actually paid or recovered. The cumulative effect of adoption as of January 1, 1992 was a \$5.0 million after tax benefit.

As of the beginning of 1994, the company must adopt Statement of Financial Accounting Standards, No. 112, "Employers' Accounting for Postemployment Benefits." This standard requires that the cost of benefits provided to former or inactive employees be

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(2) CHANGES IN ACCOUNTING METHODS (CONTINUED)

recognized on the accrual basis of accounting. The company does not anticipate that this standard will materially impact its financial position or results of operations upon adoption.

(3) SEGMENT AND GEOGRAPHIC INFORMATION

The company is comprised of three business segments. Specialty Service Tools includes operations that design, manufacture and market a wide range of specialty service tools and diagnostic equipment primarily to the global motor vehicle industry. Original Equipment Components includes operations that design, manufacture and market component parts for light and heavy duty vehicle markets. SPX Credit Corporation, a lease financing operation, provides Specialty Service Tools customers with a leasing option for purchasing more expensive diagnostic testing, emission testing, and wheel service equipment. SPX Credit Corporation was created with the purchase of Allen Group Leasing in June of 1993.

BUSINESS SEGMENTS	1993	1992	1991
-----	-----	-----	-----
	(IN THOUSANDS)		
Revenues:			
Specialty Service Tools.....	\$ 503,600	\$539,619	\$430,074
Original Equipment Components.....	26,657	15,154	7,764
SPX Credit Corporation.....	8,974	--	--
Businesses sold in 1993.....	216,914	246,396	235,630
	-----	-----	-----
Total.....	\$ 756,145	\$801,169	\$673,468
	-----	-----	-----
Operating income (loss):			
Specialty Service Tools (a).....	\$ (11,748)	\$ 51,680	\$ 3,302
Original Equipment Components (b).....	(46,477)	(7,053)	(14,946)
SPX Credit Corporation.....	5,483	--	--
Businesses sold in 1993.....	25,249	21,531	20,005
General corporate expenses.....	(15,370)	(17,104)	(20,240)
	-----	-----	-----
Total.....	\$ (42,863)	\$ 49,054	\$(11,879)
	-----	-----	-----
Identifiable Assets:			
Specialty Service Tools.....	\$ 383,295	\$347,763	\$355,736
Original Equipment Components (Note 5).....	343,816	21,771	19,301
SPX Credit Corporation.....	85,165	--	--
Businesses sold in 1993.....	--	110,450	124,157
General corporate (c).....	212,125	80,344	80,149
	-----	-----	-----
Total.....	\$1,024,401	\$560,328	\$579,343
	-----	-----	-----
Capital expenditures:			
Specialty Service Tools.....	\$ 7,479	\$ 6,823	\$ 10,515
Original Equipment Components.....	1,014	3,944	3,477
SPX Credit Corporation.....	--	--	--
Businesses sold in 1993.....	6,439	9,584	4,975
General corporate.....	184	--	461
	-----	-----	-----
Total.....	\$ 15,116	\$ 20,351	\$ 19,428
	-----	-----	-----
Depreciation and amortization:			
Specialty Service Tools.....	\$ 14,485	\$ 14,960	\$ 15,312
Original Equipment Components.....	1,796	1,487	1,160
SPX Credit Corporation.....	--	--	--
Businesses sold in 1993.....	7,462	8,383	6,966
General corporate.....	627	447	333
	-----	-----	-----
Total.....	\$ 24,370	\$ 25,277	\$ 23,771
	-----	-----	-----

(a) 1993 includes a \$27.5 million restructuring charge to merge Allen Testproducts and Bear Automotive into Automotive Diagnostics.

(b) 1993 includes \$26.9 million of SPT equity losses and \$21.5 million of SP Europe equity losses.

(c) Increase in 1993 was primarily the additional \$108.1 million in cash resulting from the SPR and Truth divestitures.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(3) SEGMENT AND GEOGRAPHIC INFORMATION (CONTINUED)

Revenues by business segment represent sales to unconsolidated customers. Intercompany sales between segments are not significant. Operating income (loss) by segment does not include general unallocated corporate expense, interest expense, income taxes and extraordinary items.

Identifiable assets by business segment are those used in company operations in each segment. General corporate assets are principally cash, deferred tax assets, prepaid pension and prepaid health care expenses.

Information about the company's operations in different geographic areas is as follows:

GEOGRAPHIC AREAS: -----	1993 -----	1992 -----	1991 -----
	(IN THOUSANDS)		
Revenues -- Unaffiliated customers:			
United States (a).....	\$ 637,143	\$679,875	\$544,103
Other North America.....	21,719	24,593	25,623
Other.....	97,283	96,701	103,742
Total.....	\$ 756,145	\$801,169	\$673,468
Revenues -- Between affiliated customers:			
United States.....	\$ 34,934	\$ 33,757	\$ 34,406
Other North America.....	--	--	36
Other.....	1,708	312	229
Eliminations.....	(36,642)	(34,069)	(34,671)
Total.....	\$ --	\$ --	\$ --
Operating income (loss):			
United States (b).....	\$ (19,549)	\$ 47,304	\$(17,084)
Other North America.....	(192)	1,878	531
Other (c).....	(23,122)	(128)	4,674
Total.....	\$ (42,863)	\$ 49,054	\$(11,879)
Total assets:			
United States (Note 5).....	\$ 893,172	\$466,995	\$479,458
Other North America.....	8,591	10,121	11,423
Other (d).....	122,638	83,212	88,462
Total.....	\$1,024,401	\$560,328	\$579,343

(a) Included in the United States revenues are export sales to unconsolidated customers of \$74.4 million in 1993, \$64.0 million in 1992 and \$55.4 million in 1991.

(b) 1993 includes a \$27.5 million restructuring charge to merge Allen Testproducts and Bear Automotive into Automotive Diagnostics and a \$26.9 million of SPT equity losses.

(c) 1993 includes \$21.5 million of SP Europe equity losses.

(d) 1993 includes assets resulting from the consolidation of SP Europe and assets acquired in the Lowener purchase during the third quarter.

Approximately 9% in 1993, 13% in 1992 and 9% in 1991 of the company's consolidated sales were made to General Motors Corporation and its various divisions, dealers and distributors. No other customer or group of customers under common control accounted for more than 10% of consolidated sales for any of these years. With the effect of the consolidation of SPT, the percentage sales to General Motors will increase in the future. SPT's sales to General Motors were 25% in 1993, 27% in 1992 and 31% in 1991. SPT's sales to Ford Motor Company and its various divisions, dealers and distributors were 23% in 1993, 20% in 1992 and 15% in 1991. With the consolidation of SPT, sales to Ford should exceed 10% of consolidated sales in the future.

(4) ACQUISITION--ALLEN TESTPRODUCTS AND ALLEN GROUP LEASING

On June 10, 1993, the company acquired the Allen Testproducts division ("ATP") and its related leasing company, Allen Group Leasing ("AGL"), from the Allen Group, Inc. for \$102 million. ATP is a manufacturer and marketer of vehicular test and service equipment. This acquisition has been recorded using the purchase method of accounting, and the results of ATP and AGL have been included in the company's consolidated statement of income since June 10, 1993. The purchase price has been allocated to the fair values of the net assets of ATP and AGL. The purchase price allocations recorded are based upon estimates available and may be revised at a

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(4) ACQUISITION--ALLEN TESTPRODUCTS AND ALLEN GROUP LEASING (CONTINUED)
 later date. The excess of the purchase price over the estimated fair value of the net assets acquired of \$16.3 million has been recorded as costs in excess of net assets acquired and is being amortized over the remaining life of goodwill from the 1988 acquisition of Bear Automotive (approximately 35 years). The purchase price allocation was as follows (in millions of dollars):

Current assets.....	\$ 37.7
Property, plant & equipment.....	7.5
Leasing assets.....	75.8
Cost in excess of net assets acquired.....	16.3
Liabilities.....	(35.3)
Total.....	\$102.0

Financing was obtained by a \$50 million note with two banks, a \$19.7 million, three year, 8%, note from the seller and the balance by utilizing the company's existing revolving credit line.

The acquired businesses have been combined with the company's Bear Automotive division to form a single business unit called Automotive Diagnostics. In the third quarter of 1993, the company recorded a pretax \$27.5 million restructuring charge to provide for substantial reduction in work force and facilities related to the combination. The restructuring charge was \$18.5 million aftertax.

(5) ACQUISITION--SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP ("SPT")

Effective December 31, 1993, the company acquired Riken Corporation's 49% interest in SPT for \$39 million. Additionally, SPT will redeem the 2% management interest in SPT for \$2.7 million. The company previously owned 49% of SPT. Accordingly, the net assets of SPT have been included in the accompanying consolidated balance sheet as of December 31, 1993. Prior to this acquisition, the company accounted for its investment using the equity method. Beginning in the first quarter of 1994, the results of operations of SPT will be reflected in the company's consolidated statements of income and cash flows.

SPT designs and manufactures engine parts, castings and filters for the automotive and heavy duty original equipment manufacturers ("OEM") and the aftermarket. SPT was created in 1989 when the company contributed the Sealed Power, Contech, Filtran and Hy-Lift divisions to the newly created limited partnership. SPT obtained nonrecourse financing through a combination of bank debt and a public offering of subordinated debentures. In exchange for the net assets of the divisions contributed, the company received \$245 million in cash from the partnership and a 49% interest in the partnership. As the debt incurred by SPT to fund this transaction was nonrecourse to the company, the company previously recorded a pretax \$91 million gain in 1989, in accordance with guidance prescribed by Emerging Issues Task Force pronouncement 89-7. The cash distribution to the company resulted in an initial partnership capital deficit. SPT has had cumulative losses since its inception and, up to December 31, 1993, the company had carried its investment in SPT at zero. Because the SPT debt was nonrecourse, the company properly did not reflect its share of the equity losses of SPT and did not amortize the difference between its investment balance and its share of SPT's initial partnership capital deficit in its previously reported financial statements.

As a result of the acquisition of the remaining 51% of SPT, as of December 31, 1993, the company accounted for this transaction as follows:

1. The company recorded this acquisition using step acquisition accounting. Step acquisition accounting requires that when the company previously did not record its share of SPT's losses because the company's investment was zero and now, as a result of additional ownership, consolidates SPT, the company must retroactively reflect its share of SPT losses not previously recorded. Accordingly, the financial statements for the 1993 quarters and prior years were restated to record the company's previous 49% share of SPT's income or losses, the effect of amortizing the difference between its investment balance and its share of SPT's initial partnership capital deficit and an adjustment required to record the company's previous investment in SPT at historical cost.
2. The 51% of SPT's net assets acquired has been included in the accompanying consolidated balance sheet at December 31, 1993 at estimated fair value based upon preliminary information which may be revised at a later date. The excess of the purchase price (including the acquired equity deficit of \$87.9 million) over the estimated fair values of the net assets acquired was \$97.1 million and has been recorded as costs in excess of net assets acquired and will be amortized over 40 years.

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(5) ACQUISITION--SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP ("SPT")
 (CONTINUED)

A summary of the purchase price allocation is as follows (in millions of dollars):

	EXISTING 49%	ACQUIRED 51%	TOTAL
	-----	-----	-----
Current assets.....	\$ 37.5	\$ 39.2	\$ 76.7
Property, plant & equipment.....	44.8	66.6	111.4
Other assets.....	6.7	7.0	13.7
Cost in excess of net assets acquired.....	--	97.1	97.1
Current liabilities.....	(26.2)	(27.2)	(53.4)
Deferred income taxes.....	--	16.0	16.0
Long term liabilities.....	(47.7)	(49.8)	(97.5)
Debt.....	(103.0)	(107.2)	(210.2)
	-----	-----	-----
Subtotal.....	(87.9)	41.7	(46.2)
SPT equity losses in excess of investment*.....		--	87.9
		-----	-----
Purchase Price.....		\$ 41.7	\$ 41.7
		-----	-----

* Represents the cumulative restatement of equity losses, including the company's 49% share of the 1993 SPT adoption of SFAS No. 106, recorded by the company prior to the consolidation of the net assets of SPT at December 31, 1993.

(6) DIVESTITURES

During 1993, the company sold its Sealed Power Replacement and Truth divisions.

Sealed Power Replacement ("SPR") -- On October 22, 1993, the company sold SPR to Federal-Mogul Corporation for approximately \$141 million in cash. SPR distributes engine and undervehicle parts into the U.S. and Canadian aftermarket. Net proceeds, after income taxes, were approximately \$117.5 million. The company recorded a pretax gain of \$52.4 million after transaction and facility reduction expenses, or \$32.4 million aftertax. The proceeds were used to reduce a portion of the company's debt and the excess invested in short term investments.

Truth -- On November 5, 1993, the company sold Truth to Danks America Corporation, an affiliate of FKI Industries, Inc. for approximately \$92.5 million in cash. In addition, the company will receive an annual royalty ranging from 1.0% to 1.5% of Truth's annual sales for a five year period following the closing (cumulatively not to exceed \$7.5 million) which will be recorded as income as received. Truth manufactures and markets window and door hardware primarily in the U.S. and Canada. Net proceeds, after income taxes, were approximately \$71.6 million. The company recorded a pretax gain of \$53.0 million after transaction expenses, or \$31.8 million aftertax. The proceeds were invested in short term investments.

The final proceeds for these divestitures are based upon the closing balance sheet of each business which are being completed. Any changes in proceeds as a result of adjustments to the closing balance sheets are not expected to be material.

(7) PRO FORMA RESULTS OF OPERATIONS (UNAUDITED)

The accompanying consolidated statements of income include the results of operations of Allen Testproducts ("ATP") and Allen Group Leasing ("AGL") from the date of acquisition, June 10, 1993, the results of the Sealed Power Replacement ("SPR") division through the date of disposition, October 22, 1993, the results of the Truth division through the date of disposition, November 5, 1993, the company's 49% share of the earnings or losses of SPT, and the equity losses of SP Europe. The following 1993 unaudited pro forma selected financial data reflects the acquisition of ATP and AGL and related restructuring, the divestiture of the SPR and Truth divisions, the acquisition of 51% of SPT, and the consolidation of SP Europe as if they had occurred as of January 1, 1993. Pro forma adjustments are described below. The 1992 pro forma assumes that these transactions occurred as of January 1, 1992 and comparable pro forma adjustments were made.

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(7) PRO FORMA RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)

	1993 HISTORICAL	ATP & AGL (a)	DIVESTITURES (b)	SP EUROPE (c)	SPT (d)	PRO FORMA ADJUST	1993 PRO FORMA	1992 PRO FORMA
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)								
Revenues.....	\$756.1	\$32.4	\$ (217.0)	\$ 40.6	\$391.6	\$ --	\$1,003.7	\$1,042.9
Cost and expenses:								
Cost of products.....	508.0	14.1	(147.0)	44.6	337.8	(6.8)(a) 2.0 (d)	752.7	746.4
SG&A.....	207.6	20.5	(44.5)	9.1	28.2	(10.2)(a)	210.7	223.6
Other, net.....	7.5	--	(.2)	.5	(2.0)	.3 (a) (4.3)(c) 2.4 (d)	4.2	1.7
Restructuring charge.....	27.5	--	--	--	--	--	27.5	--
SPT equity losses.....	26.9	--	--	--	--	(26.9)(d)	--	--
SP Europe equity losses....	21.5	--	--	--	--	(21.5)(c)	--	--
Operating income (loss).....	(42.9)	(2.2)	(25.3)	(13.6)	27.6	65.0	8.6	71.2
Interest, net.....	17.8	1.6	--	.9	27.1	(5.8)(e)	41.6	45.8
(Gain) on sale of business units.....	(105.4)	--	--	--	--	105.4 (f)	--	--
Income before income taxes...	44.7	(3.8)	(25.3)	(14.5)	.5	(34.6)	(33.0)	25.4
Provision (benefit) for income taxes.....	29.5	--	--	--	--	(35.8)(g)	(6.3)	13.6
Income (loss) (h).....	\$ 15.2	\$(3.8)	\$ (25.3)	\$(14.5)	\$.5	\$ 1.2	\$ (26.7)	\$ 11.8
Income (loss) per share.....	\$ 1.20						\$ (2.12)	\$ 0.85
Weight average number of common shares outstanding.....	12.6						12.6	13.9

(a) Historical results of ATP and AGL through June 10, 1993, the date of acquisition. Pro forma adjustments include a \$6.8 million reduction in cost of products sold resulting from primarily work force reductions; a \$10.2 million reduction in SG&A resulting from primarily work force reductions; and \$0.3 million of additional goodwill amortization.

(b) SPR and Truth were divested during the fourth quarter of 1993. This represents the results of operations through the date of divestiture.

(c) SP Europe was consolidated as of December 31, 1993. This pro forma adds the results of operations for the full year. Pro forma adjustments include reflecting the minority owner's share of losses, \$4.3 million, and \$21.5 million to reverse the Company's share of equity losses as SP Europe is consolidated in the pro forma.

(d) SPT was consolidated as of December 31, 1993. This pro forma adds the results of operations for the full year. Pro forma adjustments include \$2.0 million of additional depreciation expense resulting from purchase accounting; \$26.9 million to reverse the company's share of equity losses as SPT is consolidated in the pro forma; and \$2.4 million to reflect goodwill amortization resulting from purchase accounting.

(e) Adjustment to interest expense, net to reflect the financing to purchase ATP and AGL and 51% of SPT and to reflect the net proceeds from the sale of SPR and Truth. Proceeds in excess of expenditures are assumed to have reduced outstanding revolving credit, short-term notes and notes payable to The Allen Group. Any excess was then assumed to be invested in short-term investments.

(f) Reversal of gain on the sale of the SPR and Truth divisions.

(g) Adjustment to income tax expense to reflect a consolidated effective rate of 39%, which was then adjusted for the inability to tax benefit SP Europe losses and the effect of the change in U.S. federal income tax rate to 35% from 34% on deferred tax assets and liabilities.

(h) Income (loss) excludes cumulative effect of changes in accounting methods for ESOP accounting and SPT's 1993 SFAS No. 106 adoption and the 1993 extraordinary loss recorded for the early retirement of indebtedness.

The unaudited pro forma selected results of operations does not purport to represent what the company's results of operations would actually have been had the above transactions in fact occurred as of January 1, 1993, or January 1, 1992, or project the results of operations for any future date or period.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(8) EXTRAORDINARY LOSS

During the fourth quarter of 1993, the company determined to refinance both SPX and SPT debt. As a result, the company recorded an extraordinary charge of \$37.0 million (\$24.0 million after taxes) for extinguishment costs associated with the early retirement of \$415 million (principal amount) of debt expected to be refinanced. The aggregate amount to retire this debt, including existing unamortized debt placement fees, will be \$452 million. See Note 23 for further discussion of the refinancing.

(9) RESTRUCTURING AND SPECIAL CHARGES

1993 -- During 1993, the company recorded a \$27.5 million restructuring charge for the costs required to merge the Bear Automotive division with Allen Testproducts, acquired in June of 1993. This charge was recorded in the third quarter. Of the \$27.5 million restructuring charge, approximately \$16 million relates to work force reductions and associated costs. The combined businesses started with approximately 2,200 employees. That number was reduced to approximately 1,800 employees at December 31, 1993 and will be at approximately 1,700 employees by the end of the second quarter of 1994. The charge also included \$9.3 million of facility duplication and shutdown costs, including the write down of excess assets of \$4.2 million (non-cash). The balance of the reserves at December 31, 1993 is approximately \$14.5 million, which is principally required for remaining work force reduction and facility closing costs.

1991 -- In the third quarter of 1991, the company recorded a pretax special charge of \$18.2 million which included; a \$6.0 million charge associated with organizational and facility consolidation of two operating units which included employment reductions and facility closings; a \$6.5 million charge-off of certain capitalized computer software development costs due to conceptual changes in future product offerings whereby these costs are more appropriately characterized as general software development; a \$1.4 million net charge associated with consummation of two transactions with an overseas partner that relate to further globalization of the company's automotive original equipment affiliated businesses; and a \$4.3 million charge for losses, resulting principally from recessionary conditions, on certain project development investments and notes receivable related to previous sales of certain business units.

(10) EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION PLANS

The company has defined benefit pension plans which cover substantially all domestic employees. These plans provide pension benefits that are principally based on the employees' years of credited service and levels of earnings. Contributions in excess of pension expense are considered prepayments for financial accounting purposes. The company has determined that foreign defined pension plans are immaterial to the consolidated financial statements.

Net periodic pension cost (benefit) included the following components:

	1993	1992	1991
	-----	-----	-----
	(in thousands)		
Service cost-benefits earned during the period.....	\$ 4,585	\$ 3,973	\$ 3,577
Interest cost on projected benefit obligation.....	6,852	6,088	5,743
Actual gain on assets.....	(19,633)	(9,363)	(27,778)
Net amortization and deferral.....	8,440	(1,136)	18,320
	-----	-----	-----
Net periodic pension cost (benefit).....	\$ 244	\$ (438)	\$ (138)
	-----	-----	-----
Actuarial assumptions used:			
Discount rates.....	7.5%	8.25%	8.25%
Rates of increase in compensation levels.....	5.0	5.5	5.5
Expected long-term rate of return on assets.....	9.5	9.5	9.5

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(10) EMPLOYEE BENEFIT PLANS (CONTINUED)

Plan assets principally consist of equity and fixed income security investments. The following table sets forth the plans' funded status and amounts recognized in the company's consolidated balance sheets as Other Assets for its U.S. pension plans (in thousands):

	DECEMBER 31, 1993		DECEMBER 31, 1992	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
Actuarial present value of benefit obligations:				
Vested benefit obligation.....	\$ 151,217	\$ 6,570	\$ 67,876	\$ --
Accumulated benefit obligation.....	\$ 172,068	\$ 7,395	\$ 70,661	\$ --
Projected benefit obligation.....	\$ 200,249	\$ 7,395	\$ 87,604	\$ --
Plan assets at fair value.....	242,429	6,297	118,939	--
Projected benefit obligation less (greater) than plan assets.....	\$ 42,180	\$(1,098)	\$ 31,335	\$ --
Unrecognized net (gain) loss.....	(31,893)	34	(19,031)	--
Prior service cost not yet recognized in net periodic pension cost.....	10,183	607	1,909	--
Unrecognized net asset at January 1, 1985.....	(220)	34	(407)	--
Prepaid pension cost recognized in the consolidated balance sheets.....	\$ 20,250	\$ (423)	\$ 13,806	\$ --

The significant increase in pension benefit obligations, assets and prepaid pension cost was due to the consolidation of SPT as of December 31, 1993.

As part of the divestitures of the SPR and Truth divisions, the company recorded curtailment gains of \$4.1 million. These gains have been included in the gain recognized on the sale of these divisions.

POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE

Prior to 1992, postretirement health care and life insurance benefits were recognized as expense when claims or premiums were paid. In 1992, the company adopted SFAS No. 106. These costs totaled \$958,000 in 1991. The following summarizes the 1993 and 1992 expense for postretirement health and life insurance (in thousands):

	1993	1992
Recognition of transition obligation.....	\$ --	\$16,829
Benefit cost for service during the the year--net of employee contributions.....	317	315
Net amortization and deferral.....	(64)	--
Interest cost on accumulated post-retirement benefit obligation.....	1,338	1,306
Postretirement benefit cost.....	\$ 1,591	\$18,450

The accumulated postretirement benefit obligation was actuarially determined based on assumptions regarding the discount rate and health care trend rates. The health care trend assumption applies to postretirement medical and dental benefits. Different trend rates are used for pre-age 65 and post-age 65 medical claims and for expected dental claims. The trend rate used for the medical plan was 15% initially, grading to a 6% ultimate rate by 1% each year for pre-65 claims; and 10.5% grading to 6% by .5% each year for post-age 65 claims. The trend rate for the dental plan was 6% each year. The liability was discounted using a 7.5% interest rate. Increasing the health care trend rate by one percentage point would increase the accumulated postretirement benefit obligation by \$.7 million and would increase the 1993 postretirement benefit cost by \$.1 million.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(10) EMPLOYEE BENEFIT PLANS (CONTINUED)

The following table summarizes the accumulated benefit obligation (in thousands):

	DECEMBER 31, 1993	DECEMBER 31, 1992
	-----	-----
Accumulated postretirement benefits obligation ("APBO") Retirees.....	\$ 56,084	\$ 11,708
Actives fully eligible.....	9,399	1,463
	-----	-----
APBO fully eligible.....	65,483	13,171
Actives not fully eligible.....	24,112	3,271
	-----	-----
Total APBO.....	\$ 89,595	\$ 16,442
Assets.....	(845)	--
	-----	-----
Unfunded status.....	\$ 88,750	\$ 16,442
Unrecognized:		
Prior service cost.....	27,498	1,000
Net gain (loss).....	(2,492)	--
	-----	-----
Accrued APBO included in long-term liabilities.....	\$ 113,756	\$ 17,442
	-----	-----

The significant increase in accumulated postretirement benefits obligation was due to the consolidation of SPT as of December 31, 1993. SPT adopted SFAS No. 106 in 1993.

EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

In June 1989, the company established an ESOP, which includes substantially all domestic employees not covered by collective bargaining agreements. The ESOP borrowed \$50 million, which is guaranteed by the company, and used the proceeds to purchase 1,746,725 shares of common stock issued directly by the company. Employees vest in these shares based upon a predetermined formula. Employees may vote allocated shares directly, while the ESOP trustee will vote the unallocated shares proportionally on the same basis as the allocated shares were voted. During 1993, 1992 and 1991, 114,588, 114,735 and 114,870 shares were allocated to the employees, leaving 1,246,346 unallocated shares in the ESOP trust at December 31, 1993. The fair market value of these unallocated shares was \$22.1 million at December 31, 1993. The company's contributions to the ESOP trust were as follows (in thousands of dollars):

	1993	1992	1991
	-----	-----	-----
Compensation expense.....	\$1,925	\$5,548	\$4,840
Interest expense.....	3,902	--	--
Dividends.....	--	590	1,113
Principal payment.....	288	--	--
	-----	-----	-----
Total.....	\$6,115	\$6,138	\$5,953
	-----	-----	-----

With the change in ESOP accounting in 1993, compensation expense is now measured using the fair market value when the shares are committed to the employee. Interest expense represents the actual interest paid by the ESOP trust and any dividends paid on unallocated shares in the trust are recorded as direct debt principal payments rather than as dividends.

OTHER

The company provides defined contribution pension plans for substantially all employees not covered by defined benefit pension plans. Collectively, the company's contributions to these plans were \$683,000 in 1993, \$848,000 in 1992 and \$580,000 in 1991.

The company provides a Retirement Savings Plan for eligible employees. Employees can contribute up to 15% of their earnings with the company matching a portion of the amount up to 6% of their earnings. The company's contribution to this plan was \$875,000 in 1993, \$715,000 in 1992 and \$725,000 in 1991. Starting in 1994, the company matching contribution will consist of unallocated ESOP shares.

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(11) RELATED PARTY TRANSACTIONS

Since the creation of SPT on May 30, 1989, the company has continued to provide certain administrative and insurance services to SPT. The costs associated with these services are identified and recovered from the partnership.

In addition, the company's former Sealed Power Replacement division purchased replacement engine parts, principally piston rings, cylinder sleeves and valve lifters from SPT at arm's-length prices. Purchases from the partnership during 1993 through October 22 (date of sale of SPR), 1992 and 1991 were \$21.5 million, \$27.8 million and \$27.0 million, respectively.

(12) RECEIVABLES

Changes in the reserve for losses on receivables were as follows:

	1993	1992	1991
	-----	-----	-----
	(IN THOUSANDS)		
Balance at beginning of year.....	\$10,789	\$ 9,541	\$ 9,521
Recorded in acquisition of SPT and due to consolidation of SP Europe.....	747	--	--
Amount charged to income.....	3,609	3,788	2,876
	-----	-----	-----
Accounts written off, net of recoveries.....	\$15,145	\$13,329	\$12,397
Reduction resulting from sale of SPR and Truth divisions.....	(2,398)	(2,495)	(2,878)
Reclassifications and other.....	(3,588)	--	--
	18	(45)	22
	-----	-----	-----
Balance at end of year.....	\$ 9,177	\$10,789	\$ 9,541
	-----	-----	-----

The company has a three year agreement, expiring in April 1994, with a financial institution whereby the company agreed to sell undivided fractional interests in designated pools of domestic trade accounts receivable, in an amount not to exceed \$30 million. In order to maintain the balance in the designated pools of trade accounts receivable sold, the company sells participating interests in new receivables as existing receivables are collected. At December 31, 1993 and 1992, the company had sold \$25.9 million and \$30 million of trade accounts receivable under this program. Under the terms of this agreement, the company is obligated to pay fees which approximate the purchasers' cost of issuing a like amount in commercial paper plus certain administrative costs. The amount of such fees in 1993 and 1992 were \$1,215,000 and \$1,465,000 respectively. These fees are included in other expense, net.

(13) INVENTORIES

Domestic inventories, amounting to \$122.6 and \$141.3 million at December 31, 1993 and 1992, respectively, are based on the last-in, first-out (LIFO) method. Such inventories, if priced on the first-in, first-out (FIFO) method, would have been approximately \$17.7 and \$34.8 million greater at December 31, 1993 and 1992, respectively. During 1993 and 1992, certain inventory quantities were reduced resulting in liquidations of LIFO inventory quantities carried at lower costs prevailing in prior years. The effect was to increase net income in 1993 by \$455,000 and in 1992 by \$1.8 million. Foreign inventories are valued at FIFO costs. None of the inventories exceed realizable values.

The components of inventory at year-end were as follows:

	1993	1992
	-----	-----
	(IN THOUSANDS)	
Finished products.....	\$ 94,478	\$128,043
Work in process.....	29,324	16,835
Raw materials and supplies.....	35,421	26,744
	-----	-----
	\$159,223	\$171,622
	-----	-----

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(14) INCOME TAXES

The provision (benefit) for income taxes consists of the following (in thousands):

	1993	1992	1991
	-----	-----	-----
U.S. Federal:			
Current.....	\$32,817	\$ 8,180	\$(4,925)
Deferred.....	(9,521)	2,217	(4,842)
State.....	4,411	1,363	1,060
Foreign.....	1,748	1,673	1,535
	-----	-----	-----
Total.....	\$29,455	\$13,433	\$(7,172)
	-----	-----	-----

A reconciliation of the effective rate for income taxes shown in the consolidated statements of income with the U.S. statutory rate of 35% in 1993 and 34% in 1992 and 1991 is shown below:

	1993	1992	1991
	-----	-----	-----
Amount computed at statutory rate.....	35.0%	34.0%	(34.0)%
Increase (decrease) in taxes resulting from:			
U.S. rate change on net deferred taxes.....	2.0	--	--
Tax credits and incentives.....	(0.5)	(0.6)	(1.6)
Foreign losses not tax benefited.....	22.8	6.1	3.1
Foreign tax rates less than the statutory rate.....	(1.8)	(1.1)	(1.9)
State income taxes, net of federal income tax benefit.....	5.8	2.5	2.8
Amortization of goodwill and other acquisition costs.....	3.6	3.2	4.0
Tax benefit of the Foreign Sales Corporation.....	(2.0)	(3.1)	(3.4)
Special charge items not tax benefited.....	--	--	8.6
Other, net.....	1.1	(1.5)	(2.6)
	-----	-----	-----
	66.0%	39.5%	(25.0)%
	-----	-----	-----

No provision has been made for income and withholding taxes which would become payable upon distribution of the undistributed earnings of foreign subsidiaries and affiliates. It is the company's present intention to permanently reinvest these earnings in its foreign operations. The amount of undistributed earnings which have been reinvested in foreign subsidiaries and affiliates at December 31, 1993, was \$26.7 million. It is not practical to determine the hypothetical U.S. federal income tax liability if all such earnings were remitted, but distribution as dividends at the end of 1993 would have resulted in payment of withholding taxes of approximately \$1.4 million.

The following summarizes the detail of the deferred income tax provision (benefit) for 1991, which has not been restated in accordance with SFAS No. 109:

	1991

	(IN THOUSANDS)
Receivable reserves.....	\$ (110)
Inventories.....	(568)
Depreciation.....	306
Health and medical costs.....	(170)
Pension.....	146
Employee benefit programs.....	(342)
Special charge.....	(3,191)
Other, net.....	459

	\$ (3,470)

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(14) INCOME TAXES (CONTINUED)

The components of the net deferred income tax assets (liabilities) were as follows:

	DECEMBER 31, 1993	DECEMBER 31, 1992
	(IN THOUSANDS)	
Deferred income tax asset:		
Receivables reserve.....	\$ 6,736	\$ 3,088
Inventory.....	5,835	7,505
Debt extinguishment reserves.....	13,000	--
Compensation and benefit-related.....	3,004	1,100
Restructuring reserves.....	4,226	--
Divestiture-related reserves.....	5,580	--
Workers' compensation.....	1,708	1,270
Warranty reserve.....	2,216	2,786
Other liabilities.....	6,584	(175)
	-----	-----
Current deferred tax asset.....	\$ 48,889	\$ 15,574
	-----	-----
Non-current deferred tax:		
Depreciation.....	\$ (24,300)	\$ (13,570)
Postretirement health and life.....	38,900	6,300
Book basis investment greater than tax basis investment in affiliates.....	(31,400)	(46,906)
Other.....	(3,987)	--
Net operating loss carryforwards.....	14,700	4,800
Capital loss carryforwards.....	--	8,900
Valuation allowance.....	(14,700)	(13,700)
	-----	-----
Non-current deferred tax liability.....	\$ (20,787)	\$ (54,176)
	-----	-----
Net deferred tax asset (liability).....	\$ 28,102	\$ (38,602)
	-----	-----

Included on the consolidated balance sheets are U.S. federal income tax refunds of \$5.6 million in 1993 and \$3.0 million in 1992.

At December 31, 1993, the company has net operating loss carryforwards attributable to foreign operations of approximately \$32.5 million that are available to offset future taxable income. These loss carryforwards expire as follows: \$.6 million in 1994, \$0 in 1995, \$0 in 1996, \$2.4 million in 1997, \$1.5 million in 1998 and \$28.0 million thereafter. During 1993, the company utilized \$2.8 million of net operating loss carryforwards attributable to foreign operations, resulting in tax benefits of \$1.2 million. The deferred tax asset related to the net operating loss carryforwards have been reserved in the valuation allowance.

During the fourth quarter of 1993, the company settled a dispute with the Internal Revenue Service regarding the company's tax deferred treatment of the 1989 transaction in which several operating units were contributed to SPT. The settlement of approximately \$5 million in tax eliminates the IRS contention that one half of the 1989 transaction was currently taxable. The settlement and interest will be paid during the second quarter of 1994 and is adequately provided for in the company's deferred income tax accounts.

(15) INVESTMENTS

As of December 31, 1993, investments, as shown on the consolidated balance sheet, include equity investments in non-majority owned subsidiaries. These investments include the company's 50% owned interest in a U.S. joint venture, two 50% owned interests in joint ventures in Japan, a 40% interest in a Mexican company and a 50% interest in a German company. All of these investments are accounted for using the equity method. These investments, both individually and collectively, are not material to the company's consolidated financial statements.

Until December 31, 1993, the company held a 49% interest in SPT. The pro rata share of earnings or losses and the amortization of the company's investment in SPT is reflected as "SPT equity losses" on the consolidated statements of income (see Note 5).

Until December 31, 1993, the company reported that it held a 50% interest in SP Europe. As of December 31, 1993, Riken's pending 20% participation in SP Europe reverted to the company in connection with the transaction to acquire Riken's 49% interest in SPT. SP Europe had not been previously consolidated due to the company's deemed temporary control and because nonrecourse (to the partners)

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(15) INVESTMENTS (CONTINUED)

financing was being pursued. Up to December 31, 1993, the company carried its investment in SP Europe at zero. Due to the resulting 70% ownership, the company is recording its share of cumulative losses since the partnership formation in mid-1991 of \$21.5 million. As of December 31, 1993, the balance sheet of this partnership is included in the consolidated financial statements, reflecting the company's 70% ownership and Mahle GmbH's 30% minority interest. Beginning in the first quarter of 1994, results of operations of SP Europe will be reflected in the consolidated statements of income and cash flows.

(16) PROPERTY, PLANT, AND EQUIPMENT AND RELATED ACCUMULATED DEPRECIATION

The company uses principally the straight line method for computing depreciation expense over the useful lives of the property, plant and equipment. For income tax purposes, the company uses accelerated methods where permitted. Asset additions and improvements are added to the property accounts while maintenance and repairs, which do not renew or extend the lives of the respective assets, are expensed currently. Upon sale or retirement of depreciable properties, the related cost and accumulated depreciation are removed from the property accounts. The net gain or loss on disposition of property is reflected in income.

Changes in property, plant, and equipment accounts and in related accumulated depreciation for the three years ended December 31, 1993 were as follows:

PROPERTY, PLANT & EQUIPMENT, AT COST	LAND	BLDGS.	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
	-----	-----	-----	-----	-----
	(IN THOUSANDS)				
BALANCE AT DECEMBER 31, 1990.....	\$ 6,586	\$50,378	\$123,392	\$ 6,398	\$186,754
Additions, at cost.....	245	4,362	14,788	33	19,428
Retirements, at cost.....	(1,283)	(699)	(2,380)	--	(4,362)
Reclassifications and other.....	699	63	(454)	--	308
BALANCE AT DECEMBER 31, 1991.....	\$ 6,247	\$54,104	\$135,346	\$ 6,431	\$202,128
Additions, at cost.....	18	2,314	18,415	(396)	20,351
Retirements, at cost.....	(48)	(515)	(5,376)	--	(5,939)
Reclassifications and other.....	280	2,417	(1,132)	--	1,565
BALANCE AT DECEMBER 31, 1992.....	\$ 6,497	\$58,320	\$147,253	\$ 6,035	\$218,105
Additions, at cost.....	840	1,920	10,998	1,358	15,116
Recorded in acquisitions of ATP and SPT and due to consolidation of SP Europe.....	4,551	40,552	169,903	1,253	216,259
Assets sold in connection with divestiture of units.....	(1,174)	(15,280)	(55,241)	(3,325)	(75,020)
Retirements, at cost.....	(15)	(502)	(5,541)	--	(6,058)
Reclassifications and other.....	81	(474)	448	(625)	(570)
BALANCE AT DECEMBER 31, 1993.....	\$10,780	\$84,536	\$267,820	\$ 4,696	\$367,832

ACCUMULATED DEPRECIATION	BLDGS.	MACHINERY AND EQUIPMENT	TOTAL
	-----	-----	-----
	(IN THOUSANDS)		
BALANCE AT DECEMBER 31, 1990.....	\$10,797	\$ 58,045	\$ 68,842
Additions-charged to income.....	2,443	16,449	18,892
Deductions-retirements, renewals, transfers, dispositions and replacements...	(43)	(2,086)	(2,129)
Reclassifications and other.....	226	(22)	204
BALANCE AT DECEMBER 31, 1991.....	\$13,423	\$ 72,386	\$ 85,809
Additions-charged to income.....	3,196	16,393	19,589
Deductions-retirements, renewals, transfers, dispositions and replacements...	(201)	(4,549)	(4,750)
Reclassifications and other.....	1,156	(494)	662
BALANCE AT DECEMBER 31, 1992.....	\$17,574	\$ 83,736	\$101,310
Additions-charged to income.....	2,611	16,476	19,087
Additions-carryover basis in SPT.....	15,810	75,661	91,471
Deductions-retirements, renewals, transfers, dispositions and replacements...	(245)	(2,782)	(3,027)
Deductions-assets sold in connection with divestitures of units.....	(4,499)	(34,508)	(39,007)
Reclassifications and other.....	--	(147)	(147)
BALANCE AT DECEMBER 31, 1993.....	\$31,251	\$138,436	\$169,687

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(17) COSTS IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED

At December 31, 1993 and 1992, total costs in excess of net assets of businesses acquired were \$223.3 and \$113.2 million, respectively, and accumulated amortization of costs in excess of net assets of businesses acquired was \$19.2 and \$18.3 million, respectively. The increase is attributable to the acquisition of ATP and AGL, \$16.3 million, and the acquisition of 51% of SPT, \$97.1 million. Amortization was \$3.4 million in 1993, \$3.4 million in 1992 and \$3.1 million in 1991.

The company amortizes costs in excess of the net assets of businesses ("goodwill") acquired on a straight-line method over the estimated periods benefitted, not to exceed 40 years. After an acquisition, the company continually reviews whether subsequent events and circumstances have occurred that indicate the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable. If events and circumstances indicate that goodwill related to a particular business should be reviewed for possible impairment, the company uses projections to assess whether future operating income on a non-discounted basis (before goodwill amortization) of the unit is likely to exceed the goodwill amortization over the remaining life of the goodwill, to determine whether a writedown of goodwill to recoverable value is appropriate.

At December 31, 1993, \$74 million of goodwill relates to the Automotive Diagnostics division (which is composed of Bear Automotive and Allen Testproducts, which was acquired in 1993). This division has incurred significant operating losses in 1993 and in prior years. The company projects that, in the near future, the cost savings, market synergies and other factors which, in part, will be realized from the Bear Automotive and Allen Testproducts combination will result in non-discounted operating income sufficient to exceed goodwill amortization. However, should such projections require downward revision based on changed events or circumstances, this division's goodwill may require writedown. Although having no cash flow impact, the resulting charge, if any, could materially reduce the company's future reported results of operations and shareholders' equity. At this time, based upon present information, projections and strategic plans, the company has concluded that there has been no permanent impairment of the Automotive Diagnostics division's tangible or intangible assets.

(18) COMMITMENTS AND CONTINGENT LIABILITIES

The company leases certain offices, warehouses and equipment under lease agreements which expire at various dates through 2006. Future minimum rental commitments under non-cancelable operating leases are \$10.9 million for 1994, \$8.8 million for 1995, \$6.3 million for 1996, \$4.0 million for 1997, \$2.9 million for 1998 and aggregate \$14.5 million thereafter. Rentals on these leases were approximately \$12.9 million in 1993, \$9.3 million in 1992 and \$10.8 million in 1991.

Certain claims, including environmental matters, suits and complaints arising in the ordinary course of business, have been filed or are pending against the company. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the company if disposed of unfavorably. Additionally, the company has insurance to minimize its exposures of this nature.

The company's operations and products are subject to federal, state and local regulatory requirements relating to environmental protection. It is the company's policy to comply fully with all such applicable requirements. As part of its effort to comply, management has established an ongoing internal compliance auditing program which has been in place since 1989. Based on current information, management believes that the company's operations are in substantial compliance with applicable environmental laws and regulations and the company is not aware of any violation that could have a material adverse effect on the business, financial condition or results of operations of the company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the company's business or operations in the future.

The company is also subject to potential liability for the costs of environmental remediation. This liability may be based upon the ownership or operation of industrial facilities where contamination may be found as well as contribution to contamination existing at offsite, non-owned facilities. These offsite remediation costs cannot be quantified with any degree of certainty. At this time, management can estimate the environmental remediation costs only in terms of possibilities and probabilities based on available information.

The company is involved as a potentially responsible party ("PRP") under the Comprehensive, Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, or similar state superfund statutes in eight active proceedings involving off-site waste disposal facilities. At three of these sites it has been established that the company is a de minimis contributor. A determination has not been made with respect to the remaining five sites, but the company believes that it will be found to be a de minimis contributor at three of them. Based on information available to the company, which in most cases includes estimates from PRPs and/or federal or state regulatory agencies for the investigation, clean up costs at these sites, data related to the

quantities and characteristics of materials generated at or shipped to each site, the company believes that the costs for each site are not material and in total the anticipated clean up costs of current PRP actions would not have a material adverse effect on the company's financial condition or operations.

In the case of contamination existing upon properties owned or controlled by the company, the company has established reserves which it deems adequate to meet its current remediation obligations.

There can be no assurance that the company will not be required to pay environmental compliance costs or incur liabilities that may be material in amount due to matters which arise in the future or are not currently known to the company.

During 1988, the company's Board of Directors adopted executive severance agreements which create certain liabilities in the event of the termination of the covered executives following a change of control of the company. The aggregate commitment under these executive severance agreements should all 7 covered employees be terminated is approximately \$10 million.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(19) NOTES PAYABLE AND DEBT

The following table summarizes the company's current and long-term debt obligations as they existed at December 31, 1993 and 1992. During the first quarter of 1994, the company significantly restructured this debt. Refer to Note 23 for further explanation of this subsequent refinancing.

	1993	1992
	-----	-----
(IN THOUSANDS)		
SPX		
Senior Notes, 9.72%, due in annual installments from 1994 through 2000.....	\$ 53,000	\$ 53,000
Senior Notes, 9.58%, \$5 million due in 1993, the remainder due in 1995.....	22,000	27,000
Revolving Credit Loans.....	--	17,000
Industrial Revenue Bonds, with interest rates established monthly based on an index of short-term municipal bond interest rates, due 2010 to 2025.....	15,200	15,200
Note to Allen Group, 8.0%, due in annual installments from 1994 through 1996.....	19,737	--
Bank loans, LIBOR plus 7/8%, due May 1994.....	50,000	--
Long-Term Debt -- ESOP Guarantee.....	42,062	44,275
Other.....	17,957	17,844
	-----	-----
Total SPX debt.....	\$219,956	\$174,319
	-----	-----
SPT		
Senior subordinated debentures, 14.5%, due May 15, 1999, with mandatory sinking fund payment of \$50 million on May 15, 1998.....	\$100,000	\$ --
Term bank loan, with interest rates established periodically based on prime or LIBOR rates, due in varying quarterly installments through September 30, 1996.....	78,863	--
Revolving Credit Loans.....	30,000	--
Other.....	1,343	--
	-----	-----
Total SPT debt.....	\$210,206	\$ --
	-----	-----
Total Consolidated debt.....	\$430,162	\$174,319
Less current maturities.....	93,975	13,999
	-----	-----
Total Long-Term Debt.....	\$336,187	\$160,320
	-----	-----

Aggregate maturities of total debt are as follows before the debt refinancing described in Note 23:

	SPX	SPT	TOTAL
	-----	-----	-----
(IN THOUSANDS)			
1994.....	\$67,275	\$26,700	\$ 93,975
1995.....	43,700	28,900	72,600
1996.....	9,500	54,600	64,100
1997.....	11,200	--	11,200
1998.....	3,400	50,000	53,400
Thereafter.....	84,881	50,006	134,887

SPX

Revolving credit loans, under revolving credit agreements dated July 1, 1991 as amended, aggregating \$75 million with five banks, have terms of one year. During the period of the revolving credit loans, the borrowings will bear interest at negotiated rates not to exceed prime. The company has agreed to pay the banks commitment fees of 3/8% per annum of the unused portion of the credit commitments. The credit agreements do not require the company to maintain any additional balances at the participating banks, and the agreements can be reduced in amount or terminated at any time at the option of the company. At December 31, 1993, the company had unused lines of revolving credit of \$75 million. This facility was replaced by a new revolving credit agreement dated March 1994 (see Note 23).

The company has guaranteed a note purchase agreement with certain insurance companies under its ESOP. This loan bears interest at 9.04%. Principal is payable in fifteen annual installments commencing June 1990. The company's semiannual contributions to the

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(19) NOTES PAYABLE AND DEBT (CONTINUED)

ESOP trust enable the trust to make interest and principal payments. Additionally, dividends on the ESOP's unallocated shares are used to make interest and principal payments and are deductible for income tax purposes. Dividends on unallocated shares were \$545,000 in 1993, \$590,000 in 1992 and \$1,113,000 in 1991. Beginning in 1993, as a result of new ESOP accounting, these dividends are no longer reflected as dividends in the consolidated financial statements and are accounted for as direct principal payments. This facility will be terminated by the end of March 1994 and will be replaced by the new revolving credit agreement.

The company is subject to a number of restrictive covenants under the various debt agreements. At December 31, 1993 without consideration of the availability of the new revolving credit agreement, the company is in default on the following restrictive covenants due to the consolidation of SP Europe and the purchase of Riken's 49% ownership interest in SPT; (a) the company is required to maintain a consolidated fixed charge ratio of 1.5 to 1.0, at December 31, 1993 it is .54 to 1.0, (b) the company is required to maintain consolidated net tangible assets of at least 160% of consolidated funded indebtedness, at December 31, 1993 it is 122%, (c) the company will not declare dividends that exceed the sum of \$40 million plus cumulative consolidated net income since May 31, 1989, at December 31, 1993, cumulative dividends exceeded the limitation by \$32 million, and (d) the company is required to maintain consolidated current assets of at least 150% of current liabilities, at December 31, 1993 it was 130%. These restrictive covenant defaults pertain to the \$53 million of senior notes, the \$22 million of senior notes, the \$75 million revolving credit line, the \$19.7 million note to the Allen Group, Inc. and the guaranteed \$42.1 million ESOP note and make the debt payable on demand should the conditions of default continue after notification. However, in March 1994, the company obtained a new revolving credit facility of \$250 million and will utilize this facility to repay this defaulted debt (see Note 23). As the new credit facility expires in 1999, the debt existing at December 31, 1993 has been classified as long-term.

Included in interest expense, net, was \$1.5 million in 1993, \$0.5 million in 1992 and \$0.5 million in 1991 of interest income.

SPT

The Term Bank Loan and the Revolving Credit Loans are provided by a syndicate of ten banks. SPT has unused available credit of up to \$25 million on the revolving credit agreement as of December 31, 1993, subject to receivable and inventory balances. Additionally, \$16 million of financing is available through the Deferred Term Loan Facility under the Bank Credit Agreement to make payments on borrowings under the Term Loan Facility should funds not be sufficient to make scheduled amortization payments due under the Term Loan Facility. SPT also has \$5 million available on a swingline loan facility used to manage daily cash receipts and disbursements. Loans under this facility are payable in 5 days. Management believes the facilities are adequate to cover the 1994 financing requirements of SPT.

SPT has entered into hedging arrangements which fix the interest rate of approximately \$70 million of the bank borrowings at 11 1/2% for a period ranging from one to three years. The unhedged bank loans bear interest at 1 1/4% over the prime rate or 2 1/4% over the LIBOR rate. The rates are set, at SPT's option, for various periods up to one year in length. Substantially all of SPT's assets are pledged as collateral for loans under the Bank Credit Agreement.

SPT is subject to a number of restrictive covenants under the Bank Credit Agreement, as amended, and the Indenture related to the subordinated debentures. Under the most restrictive of these covenants as of year-end, SPT must: (a) meet a fixed charge coverage ratio of 1.10 to 1; (b) meet a cash interest expense coverage ratio of 1.90 to 1; (c) meet a current ratio of 1.5 to 1; and (d) limit capital expenditures for the year ended December 31, 1993 to \$18 million. At year-end, SPT's actual fixed charge ratio was 1.12 to 1; its cash interest expense coverage ratio was 2.04 to 1; its current ratio was 1.5 to 1 and net capital expenditures were approximately \$17.8 million. The cash interest expense coverage ratio becomes more restrictive in future periods. The covenants also restrict distributions to the partners.

Financing costs incurred by SPT were being amortized over the life of the respective borrowings. Amortization of \$1.2 million was recorded in 1993, 1992 and 1991 with the remaining \$3.9 million written off as part of the debt extinguishment charge (see Note 8).

At December 31, 1993, substantially all of SPT's assets are pledged as collateral under SPT's bank credit agreements. The distribution of these assets, as well as partnership distributions, to the company from SPT are restricted. The company's planned second quarter issuance of \$260 million of senior subordinated notes and concurrent payment to the SPT lenders will remove this restriction. Should the notes not be issued, the SPT indebtedness will remain in place, including the restrictions.

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(20) CAPITAL STOCK

Authorized shares of common stock (par value \$10.00) total 50,000,000 shares. Common shares issued and outstanding are summarized in the table below.

SHARES OF COMMON STOCK	DECEMBER 31		
	1993	1992	1991
	(IN THOUSANDS)		
Issued.....	15,556	15,536	15,471
In treasury.....	(1,633)	(1,633)	(1,633)
Outstanding.....	13,923	13,903	13,838
ESOP trust -- unallocated.....	1,246	1,361	1,476

The company's treasury stock was purchased in the last half of 1989 at an average cost of \$30 5/8 per share using \$50 million of proceeds from the creation of the company's leveraged ESOP.

The company has 3,000,000 shares of preferred stock, no par value, authorized, but no shares have been issued.

In June 1989, the company established an employee stock ownership plan (ESOP). 1,746,725 shares of common stock were issued to the ESOP trust in exchange for \$50 million. These shares were issued at market value (\$28 5/8 per share) and the appropriate amounts are included in common stock and paid in capital.

The company restated, amended and renamed its 1982 Stock Option Plan to the 1992 Stock Compensation Plan, effective December 15, 1992. Under the new Stock Compensation Plan, up to 700,000 shares of the company's common stock may be granted to key employees with those shares still available for use under the 1982 Stock Option Plan being carried forward and forming a part of the 700,000 shares. Awards of incentive stock options, nonqualified stock options, stock appreciation rights (SAR's), performance units and restricted stock may be made under the Plan although no more than 200,000 shares may be granted in the form of restricted stock. The Plan also authorizes the granting of stock options to directors.

Stock options may be granted to key employees in the form of incentive stock options or nonqualified stock options at an option price per share of no less than the fair market value of the common stock of the company on the date of grant. The options become exercisable six months after the date of the grant and expire no later than 10 years from the date of grant (or 10 years and 1 day with respect to nonqualified stock options).

SAR's may be granted to key employees either in conjunction with the awarding of nonqualified stock options or on a stand-alone basis. The SAR's entitle the holder to receive a cash payment equal to the excess of the fair market value of a share of common stock of the company over the exercise price of the right at the date of exercise of the right.

Performance units, which are equivalent to a share of common stock, may be granted to key employees and may be earned, in whole or in part, dependent upon the attainment of performance goals established at the time of grant.

Restricted stock may be granted to key individuals to recognize or foster extraordinary performance, promotion, recruitment or retention. At the time of the grant, restrictions are placed on ownership of the shares for a stated period of time during which a participant will not be able to dispose of the restricted shares. Upon lapse of the restriction period, complete ownership is vested in the participant and the shares become freely transferable.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(20) CAPITAL STOCK (CONTINUED)

A summary of common stock options, SAR's, and restricted stock issued under the company's Stock Compensation Plan is as follows:

	1993	1992	1991
Stock Options:			
Outstanding at beginning of year.....	877,140	735,818	634,729
Granted.....	148,400	215,750	281,350
Exercised.....	(21,903)	(74,428)	--
Surrendered/canceled.....	(79,337)	--	(180,261)
Outstanding at end of year.....	924,300	877,140	735,818
Price of options exercised and outstanding.....	\$ 11.38- 28.00	\$ 11.38- 28.00	\$ 11.38- 28.00
Restricted stock granted during year.....	--	--	12,000
Shares reserved and available for future grants.....	442,387	511,450	74,375
Stock Appreciation Rights:			
Outstanding at beginning of year.....	--	--	171,100
Granted.....	--	--	--
Exercised.....	--	--	--
Surrendered/canceled.....	--	--	(171,100)
Outstanding at end of year.....	--	--	--

Preferred stock is issuable in series with the Board of Directors having the authority to determine, among other things, the stated value of each series, dividend rate, conversion rights and preferences in liquidation or redemption.

On June 25, 1986, the company entered into a Rights Agreement which was amended and restated as of October 20, 1988. Pursuant to the Rights Agreement, in July 1986, the company issued a dividend of one preferred stock purchase right on each outstanding share of common stock. Each right entitles the holder, upon the occurrence of certain events, to purchase one one-hundredth of a share of a new series of junior participating preferred stock for \$100. Furthermore, if the company is involved in a merger or other business combination at any time after the rights become exercisable, the rights will entitle the holder to buy the number of shares of common stock of the acquiring company having a market value of twice the then current exercise price of each right. Alternatively, if a 20% or more shareholder acquires the company by means of a reverse merger in which the company and its stock survive, or engages in self-dealing transactions with the company, or if any person acquires 20% or more of the company's common stock, then each right not owned by a 20% or more shareholder will become exercisable for the number of shares of common stock of the company having a market value of twice the then current exercise price of each right. The rights, which do not have voting rights, expire on July 15, 1996, and may be redeemed by the company at a price of \$.05 per right at any time prior to their expiration.

(21) SPX CREDIT CORPORATION

In June of 1993, the company acquired Allen Group Leasing from The Allen Group Inc. (see Note 4). The company's SP Financial division was merged with this lease financing unit and has been renamed SPX Credit Corporation ("SPX CC"). SPX CC provides direct financing leasing alternatives to primarily electronic diagnostic, emissions testing, and wheel service equipment customers in the United States and Canada.

SPX CC purchases equipment for lease to others from the company's Specialty Service Tools divisions, its sole supplier, at prices comparable to those to third parties. The aggregate cost of equipment purchased from Specialty Service Tools divisions amounted to approximately \$16.0 million in 1993. The company's Specialty Service Tools divisions charge a commission representing an origination fee for providing leases and for the cost of services provided to SPX CC with respect to the negotiation and consummation of new leases in the amount of \$521,000 for 1993 (since the acquisition). SPX CC has an agreement with Specialty Service Tools divisions for the repurchase of repossessed equipment at amounts determined to approximate realizable value by the Specialty Service Tools divisions. In 1993 (since the acquisition), approximately \$5.8 million of equipment was repurchased under this agreement.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(21) SPX CREDIT CORPORATION (CONTINUED)

Information regarding lease receivables included in the consolidated balance sheets is as follows (amounts in thousands):

DECEMBER 31, 1993	CURRENT	LONG-TERM	TOTAL
Direct financing lease receivables.....	\$ 36,661	\$ 60,263	\$ 96,924
Residual value of lease equipment.....	469	2,862	3,331
Other leasing assets.....	9,159	192	9,351
Unearned lease finance income.....	(10,427)	(10,825)	(21,252)
Allowance for credit losses.....	(2,028)	(1,479)	(3,507)
	\$ 33,834	\$ 51,013	\$ 84,847

The aggregate maturities of direct financing lease receivables as of December 31, 1993 were \$36.7 million in 1994, \$28.4 million in 1995, \$18.0 million in 1996, \$10.3 million in 1997 and \$3.5 million in 1998.

Essentially all of SPX CC's direct financing lease receivables are with companies or individuals operating within the automotive repair industry, including automotive dealerships, garages and similar repair and inspection facilities, and approximately one-third of lease receivables are with lessees located in the state of California.

The company has a program whereby certain lease receivables are sold to financial institutions with limited recourse. In the event of default by a lessee, the financial institution has recourse equal to their net lease receivable. In return, the company receives the collateralized lease equipment. In 1993, 1992 and 1991, \$5,613,000, \$21,390,000 and \$18,705,000 of gross lease receivables were sold to financial institutions generating revenues of \$846,000, \$1,386,000 and \$2,936,000. At December 31, 1993 and 1992, financial institutions held lease receivables, which are subject to limited recourse, of \$42,766,000 and \$49,235,000. Correspondingly, allowances for recourse liabilities, net of recoverable value, were \$3,743,000 and \$2,225,000 at December 31, 1993 and 1992.

(22) CASH FLOWS FROM OPERATING ACTIVITIES

The following provides supplementary information comprising the company's cash flows from operating activities:

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(IN THOUSANDS)		
Cash flows from operating activities:			
Net income (loss) from operating activities.....	\$(40,600)	\$ 14,860	\$(21,560)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities --			
Cumulative effect of change in accounting methods.....	31,800	5,700	--
Extraordinary loss.....	24,000	--	--
Depreciation and amortization.....	24,370	25,277	23,771
SPT equity losses.....	26,845	2,407	8,532
SP Europe equity losses.....	21,500	--	--
Increase (decrease) in deferred income taxes.....	(15,306)	7,644	(5,286)
(Increase) decrease in receivables.....	(15,523)	(1,061)	30,842
Decrease in inventories.....	11,609	2,560	22,800
(Increase) decrease in prepaid and other current assets.....	2,136	(1,380)	(848)
Increase (decrease) in accounts payable.....	(1,623)	3,945	307
Decrease in accrued liabilities.....	(7,238)	(787)	(6,172)
Increase in income taxes payable.....	4,529	4,457	52
Increase in lease finance receivables.....	(9,154)	--	--
Gain on sale of businesses, net of taxes.....	(64,200)	--	--
Restructuring and special charges.....	27,500	--	18,200
Increase in long-term liabilities.....	6,803	2,131	--
Other, net.....	(2,163)	1,736	(3,189)
Net cash provided by operating activities.....	\$ 25,285	\$ 67,489	\$ 67,449

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(23) SUBSEQUENT EVENT -- REFINANCING

Late in the fourth quarter of 1993, the company determined that virtually all existing SPX and SPT debt should be refinanced in anticipation of the purchase of Riken's 49% interest in SPT, due to favorable prevailing interest rates, scheduled and accelerated debt maturities, and to maintain the flexibility of the company to grow through internal investments and acquisitions. The plan of refinancing (the "Refinancing") includes two elements, a new \$225 million revolving bank facility and the issuance of \$260 million of senior subordinated notes. The Refinancing is expected to be completed by the end of the second quarter of 1994.

In March of 1994, the first portion of the Refinancing was completed when the company closed a \$250 million revolving credit facility with The First National Bank of Chicago, as agent for a syndicate of banks. This revolving credit facility bears interest at LIBOR plus 1.0% or the prime rate (at the company's option) and expires in 1999. Upon completion of the senior subordinated note offering, this revolving credit facility is to be reduced to \$225 million of maximum availability. Proceeds from this revolving credit facility will be used to extinguish SPX debt as follows: Senior Notes aggregating \$75 million, the \$19.7 million note to the Allen Group, the company's ESOP trust's note of \$42.1 million and \$68 million of miscellaneous debt, much of which was technically in default of covenant provisions. Also, \$15.2 million of letters of credit securing the Industrial Revenue Bonds were renegotiated.

By June 30, 1994, the company expects to have completed its \$260 million offering of senior subordinated notes. These notes are anticipated to bear interest at a rate of approximately 10% and will be due in or after the year 2002. At that time, the proceeds will be used to retire existing SPT borrowings, including the \$100 million of 14.5% senior subordinated debentures, the Term Bank Loan, and the revolving credit loans. Excess proceeds will be used to pay down the company's new revolving credit facility at that time.

The revolving credit agreement contains covenants, the most restrictive of which are as follows: (a) maintain a leverage ratio of 78% in 1994, declining on a graduated scale to 65% in 1999, (b) maintain an interest expense coverage ratio of 2.0 to 1.0 in 1994 rising on a graduated scale to 3.5 to 1.0 in 1998 and thereafter, (c) maintenance of a fixed charge coverage ratio, as defined in the revolving credit agreement, of 1.75 to 1.0 in 1994 and 1995, and 2.0 to 1.0 thereafter, and (d) dividends are limited to \$8 million for the five quarters starting with the first quarter of 1994, and are limited to 10% of operating income plus depreciation and amortization (EBITDA) thereafter. The revolving credit agreement also limits capital expenditures, investments, and transactions with affiliates.

If the company does not issue senior subordinated notes, provisions have been made so that the revolving credit facility will remain at \$250 million and the rate of interest would become LIBOR plus 1.5% or the prime rate plus .5% (at the company's option) and the facility would be secured by substantially all of SPX's assets. Also, the existing SPT debt would remain outstanding in its current form, including security interests in SPT's assets. The financial covenants, the most restrictive of which, will require the company (excluding SPT) to: (a) maintain a leverage ratio of 55% in 1994 and 1995, and 50% thereafter, (b) maintain an interest expense coverage ratio of 3.0 to 1.0 in 1994, 4.0 to 1.0 in 1995 and 5.0 to 1.0 thereafter, (c) maintenance of a fixed charge coverage ratio, as defined in the revolving credit agreement, of 2.0 to 1.0 in 1994, 1995 and 1996 and 2.25 to 1.0 thereafter, and (d) dividends declared before March 31, 1995 and paid before June 30, 1995 are limited to \$8 million, and thereafter are limited to 10% of operating income plus depreciation and amortization (EBITDA) during the preceding twelve months. The revolving credit agreement also limits capital expenditures, investments, transactions with affiliates, and transactions with SPT.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(24) SEALED POWER TECHNOLOGIES -- SELECTED FINANCIAL INFORMATION

As discussed in Note 5, the company consolidated SPT's balance sheet at December 31, 1993. The company's 49% share of SPT's results of operations has been recognized on the equity method of accounting. Selected historical financial information on SPT is as follows:

	1993	1992	1991
	-----	-----	-----
	(IN MILLIONS)		
OPERATING DATA:			
Revenues.....	\$391.6	\$355.2	\$319.8
Gross profit.....	53.8	56.9	45.3
Selling, distribution, & administrative expenses.....	28.2	26.7	24.0
Other (income), net.....	(2.0)	(2.8)	(2.0)
	-----	-----	-----
Earnings before interest.....	\$ 27.6	\$ 33.0	\$ 23.3
Interest expense, net.....	27.1	29.3	32.1
	-----	-----	-----
Income (loss) before cumulative effect of change in accounting method.....	\$.5	\$ 3.7	\$ (8.8)
Cumulative effect of change in accounting method*.....	(89.5)	--	--
	-----	-----	-----
Income (loss).....	\$(89.0)	\$ 3.7	\$ (8.8)
	-----	-----	-----
Depreciation and amortization.....	20.4	19.1	18.7
Capital expenditures, net.....	17.8	12.9	13.1
Research and development.....	3.4	3.8	3.6
Pension expense.....	.1	--	.2
Lease rental expense.....	.9	.9	9
Incremental SFAS No. 106 expense.....	6.1	--	--
BALANCE SHEET DATA (AT PERIOD END):			
Current assets.....	\$ 76.7	\$ 74.6	\$ 73.0
Net property, plant and equipment.....	91.4	91.1	94.4
Other assets.....	13.7	15.1	17.3
	-----	-----	-----
	\$181.8	\$180.8	\$184.7
	-----	-----	-----
Current liabilities.....	\$ 80.0	\$ 66.6	\$ 57.6
Long-term liabilities*.....	97.5	3.0	--
Long-term debt.....	183.5	199.1	218.7
Partners' capital (deficit).....	(179.2)	(87.9)	(91.6)
	-----	-----	-----
	\$181.8	\$180.8	\$184.7
	-----	-----	-----

* In 1993, SPT adopted SFAS No. 106, "Employers Accounting for Postretirement Benefits other than Pensions."

(25) FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments" requires disclosure of an estimate of the fair value of certain financial instruments. The following methods and assumptions were used by the company in estimating its fair value disclosures:

Cash and temporary cash investments: The carrying amount reported on the consolidated balance sheet approximates its fair value.

Lease Finance Receivables: The carrying amount, which is net of deferred future lease finance income and reserves for credit losses, approximates fair value.

Notes payable and current maturities of long-term debt and Long-term debt: The fair value of the company's debt either approximates its carrying value or represents the carrying value plus the early extinguishment costs to be paid in the first quarter of 1994 or to be paid during the second quarter of 1994.

Interest rate swaps: The fair value represents the early extinguishment costs required to terminate the arrangement in 1994.

Letters of Credit: The company utilizes letters of credit to back certain financing instruments and insurance policies. The Letters of Credit reflect fair value as a condition of their underlying purpose and are subject to fees competitively determined in the marketplace.

SPX CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1993

(25) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and fair values of the company's financial instruments at December 31, 1993 are as follows (amounts in thousands):

	CARRYING AMOUNT	FAIR VALUE
	-----	-----
Cash and temporary cash investments.....	\$117,843	\$ 117,843
Lease finance receivables.....	84,847	84,847
Notes payable and current maturities of long-term debt and long-term debt.....	(430,162)	(457,662)
Off-Balance Sheet Financial Instruments:		
Interest rate swaps.....	--	(4,500)
Letters of Credit.....	--	(44,700)

(26) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The first three quarters of 1993 and each quarter of the years 1992 and 1991 have been restated to reflect the company's previous 49% share of SPT income or losses and the effect of amortizing the difference between its investment balance and its share of SPT's initial partnership capital deficit. The first three quarters of 1993 have also been restated to reflect new accounting for the company's ESOP.

	1993				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
Revenues.....	\$179,164	\$212,548	\$195,079	\$169,354	\$756,145
Gross profit.....	57,388	70,848	65,265	54,612	248,113
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss.....	357	5,428	(20,256)*	29,671**	15,200
Cumulative effect of change in accounting method, net of taxes.....	(31,800)	--	--	--	(31,800)
Extraordinary loss, net of taxes.....	--	--	--	(24,000)	(24,000)
Net income (loss).....	(31,443)	5,428	(20,256)	5,671	(40,600)
Income (loss) per share:					
Before cumulative effect of change in accounting method and extraordinary loss, net of taxes.....	\$ 0.02	\$ 0.43	\$ (1.61)*	\$ 2.34**	\$ 1.20
Cumulative effect of change in accounting method, net of taxes.....	(2.52)	--	--	--	(2.52)
Extraordinary loss, net of taxes.....	--	--	--	(1.90)	(1.90)
Net income (loss).....	\$ (2.50)	\$ 0.43	\$ (1.61)	\$ 0.44	\$ (3.22)

* Includes a pretax restructuring charge of \$27.5 million, \$18.5 million aftertax and \$1.47 per share.

** Includes SP Europe equity losses, \$21.5 million after tax and \$1.71 per share. Also includes a pretax gain on the sale of businesses of \$105.4 million, \$64.2 million aftertax and \$5.07 per share.

	1992				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR

	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
Revenues.....	\$175,230	\$217,627	\$237,262	\$171,050	\$801,169
Gross profit.....	58,716	75,166	76,365	57,753	268,000
Income before cumulative effect of change in accounting methods.....	948	8,366	9,289	1,957	20,560
Cumulative effect of change in accounting methods, net of taxes.....	(5,700)	--	--	--	(5,700)
Net income (loss).....	(4,752)	8,366	9,289	1,957	14,860
Income (loss) per share:					
Before cumulative effect of change in accounting methods.....	\$.07	\$.60	\$.67	\$.14	\$ 1.48
Cumulative effect of change in accounting methods, net of taxes.....	(.41)	--	--	--	(.41)
Net income (loss).....	\$ (.34)	\$.60	\$.67	\$.14	\$ 1.07

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(26) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED) (CONTINUED)

	1991				
	FIRST	SECOND	THIRD	FOURTH	TOTAL
	QUARTER	QUARTER	QUARTER	QUARTER	YEAR
	(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)				
Revenues.....	\$156,731	\$177,513	\$172,000	\$167,224	\$673,468
Gross profit.....	51,570	59,117	52,275	48,880	211,842
Net income (loss).....	(4,460)	2,769	(16,539)*	(3,327)	(21,557)
Net income (loss) per share.....	\$ (.32)	\$.20	\$ (1.20)*	\$ (.24)	\$ (1.56)

* Includes a pretax special charge of \$18.2 million, \$14.7 million aftertax and \$1.06 per share.

(27) SUPPLEMENTARY FINANCIAL INFORMATION

PROFIT AND LOSS

	CHARGED TO COSTS AND EXPENSES		
	1993	1992	1991
	(IN THOUSANDS)		
Maintenance and repairs.....	\$ 7,539	\$ 9,643	\$ 6,254
Depreciation and amortization.....	24,370	25,277	23,771
Payroll taxes.....	14,705	12,039	10,244
Advertising.....	5,821	6,151	6,278
Research and development costs.....	17,569	14,718	13,113

BALANCE SHEET

	1993	1992
	(IN THOUSANDS)	
	Accrued payrolls.....	\$27,554
Warranty reserve.....	7,060	8,300
Automotive Diagnostics restructuring reserve.....	14,533	--
Debt extinguishment reserves.....	32,000	--
Amount payable for SPT acquisition.....	41,700	--

SPX CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1993

(28) SP EUROPE-- SELECTED FINANCIAL INFORMATION (UNAUDITED)

Selected historical financial information on SP Europe is as follows:

	1993	1992	1991*
	-----	-----	-----
	(IN MILLIONS)		
OPERATING DATA:			
Revenues.....	\$ 40.6	\$49.6	\$19.2
Gross profit.....	(4.0)	(5.4)	(3.9)
Selling, distribution, & administrative expenses.....	9.1	5.8	1.5
Other (income), net.....	0.5	(2.4)	(0.7)
	-----	-----	-----
Earnings (loss) before interest.....	\$(13.6)	\$(8.8)	\$(4.7)
Interest expense, net.....	0.9	0.1	0.0
	-----	-----	-----
Income (loss).....	\$(14.5)	\$(8.9)	\$(4.7)
	-----	-----	-----
Depreciation and amortization.....	(1.0)	(2.0)	(0.3)
Capital expenditures, net.....	4.2	1.1	0.6
BALANCE SHEET DATA (AT PERIOD END):			
Current assets.....	\$ 15.7	\$16.1	\$17.0
Net property, plant and equipment.....	5.1	1.5	0.8
Other assets.....	0.7	(0.6)	(5.1)
	-----	-----	-----
	\$ 21.5	\$17.0	\$12.7
	-----	-----	-----
Current liabilities.....	\$ 10.4	\$18.0	\$12.8
Long-term liabilities.....	2.2	3.1	3.9
Long-term debt.....	19.6	1.6	0.2
Partners' capital (deficit).....	(10.7)	(6.7)	(4.2)
	-----	-----	-----
	\$ 21.5	\$17.0	\$12.7
	-----	-----	-----

* Operating data include the results of SP Europe since acquisition in July, 1991.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Sealed Power Management Corp.:

We have audited the accompanying consolidated balance sheets of Sealed Power Technologies Limited Partnership (a Delaware limited partnership) and Subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of operations, partners' capital and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sealed Power Technologies Limited Partnership and Subsidiaries as of December 31, 1993 and 1992 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As explained in the notes to the consolidated financial statements, effective January 1, 1993, the Partnership changed its method of accounting for postretirement benefits to adopt the provisions of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 17, 1994

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	1993	1992
	(THOUSANDS OF DOLLARS)	
ASSETS		
Current Assets:		
Cash.....	\$ 187	\$ 198
Trade accounts receivable, less allowances for doubtful accounts of \$656 and \$567, respectively.....	40,323	33,514
Accounts receivable--Affiliate.....	0	578
Inventories:		
Finished products.....	6,479	9,174
Work in process.....	7,099	6,872
Raw materials and supplies.....	7,379	6,995
Prepaid expenses and other current assets.....	15,184	17,230
	\$ 76,651	\$ 74,561
Investment in affiliates.....	10,250	9,626
Property, plant and equipment, at cost.....	274,353	265,844
Less: Accumulated depreciation.....	(182,960)	(174,738)
	\$ 91,393	\$ 91,106
Other assets.....	3,476	5,542
	\$ 181,770	\$ 180,835
	-----	-----
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)		
Current Liabilities:		
Bank overdrafts.....	\$ 3,771	\$ 1,348
Accounts payable.....	18,930	20,754
Current maturities of long-term debt.....	26,693	19,159
Accrued liabilities.....	30,620	25,362
	\$ 80,014	\$ 66,623
Long-Term Debt.....	183,513	199,144
Post-employment Benefits.....	92,951	0
Other Long-Term Liabilities.....	4,550	3,000
Partners' Capital (Deficit):		
General Partners.....	(1,462)	364
Limited Partners.....	(177,796)	(88,296)
	\$ (179,258)	\$ (87,932)
	\$ 181,770	\$ 180,835
	-----	-----

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
NET SALES:			
Customers.....	\$370,072	\$327,410	\$292,824
Affiliate.....	21,497	27,823	27,024
	\$391,569	\$355,233	\$319,848
COSTS AND EXPENSES:			
Costs of products sold.....	337,771	298,364	274,535
Selling, distribution & administrative expenses.....	28,271	26,653	24,046
Other expense (income), net.....	(2,031)	(2,757)	(1,987)
EARNINGS BEFORE INTEREST.....	\$ 27,558	\$ 32,973	\$ 23,254
Interest expense, net.....	27,058	29,273	32,054
Income (loss) before cumulative effect of change in accounting method.....	\$ 500	\$ 3,700	\$ (8,800)
Cumulative effect of change in accounting method.....	(89,500)	0	0
INCOME (LOSS).....	\$(89,000)	\$ 3,700	\$ (8,800)

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

	GENERAL PARTNERS	LIMITED PARTNERS	TOTAL
	-----	-----	-----
	(THOUSANDS OF DOLLARS)		
Partners' Capital (Deficit) at December 31, 1990.....	\$ 466	\$ (93,284)	\$ (92,818)
Loss for the Year Ended December 31, 1991.....	(176)	(8,624)	(8,800)
Contributed Capital.....	0	10,014	10,014
Return of Capital.....	0	(28)	(28)
-----	-----	-----	-----
Partners' Capital (Deficit) at December 31, 1991.....	\$ 290	\$ (91,922)	\$ (91,632)
Income for the Year Ended December 31, 1992.....	74	3,626	3,700
-----	-----	-----	-----
Partners' Capital (Deficit) at December 31, 1992.....	\$ 364	\$ (88,296)	\$ (87,932)
Loss for the Year Ended December 31, 1993.....	(1,780)	(87,220)	(89,000)
Distribution of Capital.....	(46)	(2,244)	(2,290)
Return of Capital.....	0	(36)	(36)
-----	-----	-----	-----
Partners' Capital (Deficit) at December 31, 1993.....	\$ (1,462)	\$ (177,796)	\$ (179,258)
-----	-----	-----	-----

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Cash Flows From Operating Activities:			
Income (loss).....	\$(89,000)	\$ 3,700	\$ (8,800)
Adjustments to reconcile income (loss) to net cash provided by operations:			
Cumulative effect of change in accounting method.....	89,500	0	0
Depreciation and amortization.....	20,377	19,090	18,655
Decrease (increase) in accounts receivable.....	(6,231)	(4,068)	71
Decrease in inventories.....	2,084	3,618	3,622
Decrease (increase) in prepaid expenses and other current assets.....	2,046	(1,066)	(2,876)
(Decrease) increase in bank overdrafts.....	2,423	(1,881)	(1,319)
(Decrease) increase in accounts payable.....	(1,824)	4,595	(971)
Increase in accrued liabilities.....	5,258	504	1,420
Earnings of affiliate.....	(292)	(690)	(467)
Dividends from affiliates.....	0	0	1,005
Increase in long term liabilities.....	5,001	357	1,322
Other.....	(835)	(72)	365
Net cash provided by operating activities.....	\$ 28,507	\$ 24,087	\$ 12,027
Cash Flows From Investing Activities:			
Capital expenditures, net.....	\$(17,763)	\$(12,870)	\$(13,144)
Investment in affiliates.....	(332)	(63)	(300)
Net cash used for investing activities.....	\$(18,095)	\$(12,933)	\$(13,444)
Cash Flows From Financing Activities:			
Capital contributed in cash.....	0	0	10,014
Bank payments, net.....	(8,097)	(11,157)	(8,554)
Distribution.....	(2,326)	0	(28)
Net cash provided by (used for) financing activities.....	\$(10,423)	\$(11,157)	\$ 1,432
Net increase (decrease) in cash.....	(11)	(3)	15
Cash at beginning of period.....	198	201	186
Cash at end of period.....	\$ 187	\$ 198	\$ 201

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

Sealed Power Technologies Limited Partnership (the "Partnership" or "Sealed Power Technologies") began operating at the end of May 1989, upon completion of a plan in which SPX Corporation ("SPX") contributed the Sealed Power, Contech, Filtran and Hy-Lift divisions of SPX (the "Contributed Operations") to the Partnership. SPX retained a 49% interest in the Partnership. The Partnership obtained financing on the basis of the Contributed Operations through a combination of bank debt and subordinated debentures (the "Financing") with no recourse to SPX. Proceeds from the Financing of \$245 million were distributed by the Partnership to SPX at the end of May 1989. SPX retained \$15 million of accounts receivable from the Contributed Operations. The transactions described above are collectively referred to as the "Transactions."

The consolidated financial statements include the assets and liabilities of the Sealed Power, Contech, Hy-Lift and Filtran divisions of Sealed Power Technologies Limited Partnership and two wholly owned subsidiaries and are stated on the basis of historical cost at the time of contribution. Prior to May 31, 1989, the assets and liabilities of the Sealed Power, Contech, Hy-Lift, and Filtran divisions were part of SPX and had no separate legal status.

Effective December 31, 1993, SPX acquired Riken Corporation's 49% interest in Sealed Power Technologies for \$39 million. Additionally, the Partnership intends to redeem the 2% management interest in Sealed Power Technologies for approximately \$3 million. As a result of this transaction, SPX is accounting for Sealed Power Technologies as a wholly owned subsidiary beginning with the consolidation of the Sealed Power Technologies balance sheet as of December 31, 1993.

(2) SUMMARY OF ACCOUNTING POLICIES

The accounting and financial policies which affect significant elements of the consolidated financial statements of the Partnership and which are not apparent on the face of the statements, or in other notes to consolidated financial statements, are described below.

A. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Sealed Power Technologies and wholly-owned subsidiaries after elimination of all significant intercompany accounts and transactions. Certain amounts shown for 1992 and 1991 have been reclassified to conform with the 1993 presentation in order to provide a more meaningful basis for comparison with 1993.

B. INVENTORIES

Inventories are stated at the lower of cost or market and include material, labor and factory overhead. Inventories are based on the last-in, first-out (LIFO) method. Inventories, if priced on the first-in, first-out (FIFO) method, which approximates market, would have been approximately \$6,995,000 and \$8,761,000 greater at December 31, 1993 and 1992, respectively. During 1993, 1992 and 1991, certain inventory quantities were reduced, resulting in liquidations of LIFO inventory quantities carried at lower costs. The effect was to increase income by \$1,453,000, \$1,554,000 and \$1,560,000 in 1993, 1992 and 1991, respectively.

C. PROPERTY, PLANT AND EQUIPMENT

The Partnership principally uses the straight-line method for computing depreciation expense. For income tax purposes, the Partnership generally has used accelerated methods where permitted.

Asset additions and improvements are added to the property accounts at cost while maintenance and repairs which do not renew or extend the lives of the respective assets are expensed currently. Upon sale or retirement of depreciable properties, the related cost and accumulated depreciation are removed from the accounts. The net gain or loss on disposition of property is credited or charged to income.

D. DEFERRED CHARGES

Pre-operating costs of \$8,154,000 are being amortized on a straight line basis over a period of five years. The accumulated amortization of these costs were \$7,425,000, \$5,805,000 and \$4,185,000 as of December 31, 1993, 1992 and 1991, respectively.

E. INCOME TAXES

As a limited partnership, Sealed Power Technologies is not liable for state or federal income taxes. Subject to certain restrictions, the Partnership will distribute cash to the partners in an amount that approximates the tax liability of the partners' arising from the operations of the Partnership. The Partnership expects to distribute approximately \$5 million in 1994 relating to 1993 taxable income. The Partnership distributed \$2.3 million in 1993 relating to 1992 taxable income. No distributions were required for 1991 or 1990.

F. PARTNERS' CAPITAL

The Managing General Partner of the Partnership is Sealed Power Management Corp. SPX owns 96% of the limited partnership interest and a 2% general

partnership interest in the Partnership. Members of management of the Partnership collectively own approximately a 2% limited partnership interest. Earnings or losses of the Partnership are shared by the general and limited partners in proportion to their ownership interests. Partnership interests are subject to restrictions and are not publicly traded.

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(3) INDEBTEDNESS

Long-term debt at December 31, 1993 and 1992, consisted of the following:

	DECEMBER 31,	
	1993	1992
	----- (THOUSANDS OF DOLLARS)	
Senior subordinated debentures, 14 1/2%, due May 15, 1999, with mandatory sinking fund payment of \$50,000 on May 15, 1998.....	\$100,000	\$100,000
Term bank loan, with interest rates established periodically based on prime or LIBOR rates, due in varying quarterly installments through September 30, 1996.....	78,863	98,925
Mortgage loan, 9 5/8%, due in monthly installments through September 30, 1994.....	1,343	1,378
Revolving credit loans.....	30,000	18,000

Total.....	\$210,206	\$218,303
Less: current maturities.....	26,693	19,159

	\$183,513	\$199,144

The Term Bank Loan and the Revolving Credit Loans are provided by a syndicate of ten banks. The Partnership has available up to \$25 million of revolving credit as of December 31, 1993, subject to receivable and inventory balances. Additionally, \$16 million of financing is available through the Deferred Term Loan Facility under the Bank Credit Agreement to make payments on borrowings under the Term Loan Facility should funds not be sufficient to make scheduled amortization payments due under the Term Loan Facility. The Partnership also has \$5 million available on a swingline loan facility used to manage daily cash receipts and disbursements. Loans under this facility are payable in 5 days. Management believes the facilities are adequate to cover the 1994 cash requirements of the Partnership.

The Partnership has entered into hedging arrangements which fix the interest rate of approximately \$70 million of the bank borrowings at 11 1/2% for a period ranging from one to three years. The unhedged bank loans bear interest at 1 1/4% over the prime rate or 2 1/4% over the LIBOR rate. The rates are set, at the option of the Partnership, for various periods up to one year in length. Substantially all assets of the Partnership are pledged as collateral for loans under the Bank Credit Agreement.

The Partnership is subject to a number of restrictive covenants under the Bank Credit Agreement, as amended, and the Indenture related to the subordinated debentures. Under the most restrictive of these covenants as of year-end, the Partnership must: (a) meet a fixed charge coverage ratio of 1.10 to 1; (b) meet a cash interest expense coverage ratio of 1.90 to 1; (c) meet a current ratio of 1.5 to 1; and (d) limit net capital expenditures for the year ended December 31, 1993, to \$18 million. At year end, the Partnership's actual fixed charge ratio was 1.12 to 1; its cash interest expense coverage ratio was 2.04 to 1; its current ratio was 1.5 to 1 and net capital expenditures were approximately \$17.8 million. The cash interest expense coverage ratio becomes more restrictive in future periods. The covenants also restrict distributions to the partners.

Under Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments", the Partnership is required to report the amounts at which its debt securities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair market value of the Partnership's senior subordinated debentures was \$108,000,000 at December 31, 1993. With respect to the term loan and related hedging agreement, the Partnership has determined that the book value is not materially different than the fair market value.

Financing costs incurred by the Partnership at the time of the Transactions are being amortized over the life of the respective borrowings. Amortization of \$1.2 million was recorded in 1993, 1992 and 1991.

The aggregate amounts of long-term debt due in each of the next five years are as follows:

YEAR	AMOUNT DUE
----	-----
	(THOUSANDS OF DOLLARS)
1994.....	\$26,693
1995.....	28,906
1996.....	54,607
1997.....	0
1998.....	50,000
Thereafter.....	50,000

The aggregate amount of cash payments for interest for the years ended

December 31, 1993, 1992 and 1991 was \$25.9 million, \$28.1 million and \$30.9 million, respectively.

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(4) PENSION PLANS AND POSTRETIREMENT BENEFITS

Upon the contribution of the net assets from SPX to the Partnership on May 31, 1989, the Partnership assumed the liability for employees' prior service with SPX and the pension funds associated with those liabilities.

The policy of the Partnership is to record pension expense in accordance with Statement of Financial Accounting Standards No. 87 subject to the minimum funding requirements of ERISA. Contributions in excess of pension expense are considered prepayments for financial accounting purposes.

Substantially all employees of the Partnership are covered by defined benefit or defined contribution pension plans. The Partnership's defined benefit plans provide pension benefits that are principally based on the employee's years of credited service.

Pension expense for the defined benefit plans consisted of:

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Service cost-benefit earned during the period.....	\$ 2,671	\$ 2,569	\$ 2,206
Interest cost on projected benefit obligation.....	7,597	7,021	6,604
Actual return on assets.....	(16,425)	(8,104)	(28,542)
Net amortization and deferral.....	6,217	(1,476)	19,936
Net periodic pension cost.....	\$ 60	\$ 10	\$ 204

Assumptions used to determine pension expense:

	1993	1992	1991
Discount rates.....	7.5 %	8.3 %	8.3 %
Rates of increase in compensation levels			
To age 40.....	5.0	7.0	7.0
To age 50.....	5.0	6.0	6.0
After age 50.....	5.0	4.5	4.5
Expected long-term rate of return on assets.....	9.5	9.5	9.5

The following table sets forth the funded status and amounts recognized in the Partnership's consolidated balance sheet at December 31, 1993 and 1992. Plan assets consist principally of equity and fixed income security investments.

	DECEMBER 31, 1993		DECEMBER 31, 1992	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
	(THOUSANDS OF DOLLARS)			
Actuarial present value of benefit obligations				
Vested benefit obligation.....	\$ 80,672	\$ 2,707	\$ 68,421	\$ 2,156
Accumulated benefit obligation.....	\$ 97,596	\$ 3,342	\$ 82,129	\$ 2,590
Projected benefit obligation.....	\$ 107,190	\$ 3,342	\$ 91,382	\$ 2,590
Plan assets at fair value.....	120,836	2,898	109,119	2,384
Projected benefit obligation (in excess of) or less than plan assets.....	\$ 13,646	\$ (444)	\$ 17,737	\$ (206)
Unrecognized net (gain) loss.....	(18,074)	108	(20,300)	(105)
Prior service cost not yet recognized in net periodic pension cost.....	8,981	173	6,994	195
Unrecognized net obligation at January 1, 1985.....	(1,856)	34	(1,999)	40
Prepaid pension cost (pension liability) recognized in the consolidated balance sheet.....	\$ 2,697	\$ (129)	\$ 2,432	\$ (76)

In addition to the defined benefit plans, cash contributions to defined contribution pension plans were \$291,000 in 1993, \$227,000 in 1992, and \$223,000 in 1991.

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(4) PENSION PLANS AND POSTRETIREMENT BENEFITS (CONTINUED)

Under the Partnership's Retirement Savings Plan, income tax is deferred on amounts contributed by employees under Section 401(k) of the Internal Revenue Code. An eligible employee may contribute up to 6% of his regular cash compensation and the Partnership contributes, on a matching basis, 50% of the employees' contributions. Eligible employees also are permitted to make additional unmatched contributions under the Retirement Savings Plan of up to another 9% of their total cash compensation. The Partnership's expense for the Retirement Savings Plan for the years ended December 31, 1993, 1992 and 1991, was \$951,000, \$845,000, and \$818,000, respectively.

In addition to providing the above described benefits, the Partnership provides postretirement health care and life insurance benefits for certain retired employees. Prior to 1993, the cost of these benefits was recognized as expense as claims or premiums were paid. The total cost of these postretirement benefits charged to income was \$2,766,000 and \$2,338,000 for 1992 and 1991, respectively.

Effective January 1, 1993, the Partnership adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires recognition, during the employees' service with the company, of the cost of their retiree health and life insurance benefits.

The Partnership elected to immediately recognize the cumulative effect of the change in accounting for postretirement benefits of \$89.5 million, which represents the accumulated postretirement benefit obligation (APBO) existing at January 1, 1993. The APBO represents the present value of estimated future benefits payable to current retirees, and the earned portion of estimated benefits payable to active employees after retirement. Ongoing additional charges for active employees are accrued annually to the date of full eligibility.

The following tables summarize the components of net periodic benefit cost and the plans' funded status (all dollar amounts in thousands):

NET PERIODIC POSTRETIREMENT BENEFIT COST	FOR 1993
-----	-----
Service Cost.....	\$1,579
Interest Cost.....	7,430
Expected Return on Assets.....	(48)
Net Cost.....	\$8,961

FINANCIAL POSITION	DECEMBER 31, 1993
-----	-----
Accumulated Postretirement Benefit Obligation:	
Retirees.....	\$ (43,896)
Actives Fully Eligible.....	(8,331)

APBO Fully Eligible.....	\$ (52,227)
Actives--Not Fully Eligible.....	(20,840)

Total APBO.....	\$ (73,067)
Assets.....	845

Unfunded Status.....	\$ (72,222)
Unrecognized:	
Prior Service Cost.....	(24,194)
Net (Gain) Loss.....	865

Accrued Postretirement Benefit Cost.....	\$ (95,551)

The APBO was actuarially determined based on assumptions regarding the discount rate and health care trend rates. The health care trend assumption applies to postretirement medical and dental benefits. Different trend rates are used for pre-age 65 and post-age 65 medical claims and for expected dental claims. The trend rate used for the medical plan was 15% initially, grading to a 6% ultimate rate by 1% each year for pre-age 65 claims; and 10.5% grading to 6% by .5% each year for post-age 65 claims. The trend rate for the dental plan was 6% each year. The liability was discounted using a 7.5% interest rate. A 1% increase in the health care cost inflation trend rate would cause the APBO to increase by approximately \$6 million and would increase the periodic expense provision by approximately \$1 million.

Effective January 1, 1994, the Partnership must adopt Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." The Partnership's preliminary assessment of this statement indicates that it should not have a significant impact on the financial position or results of operations of the Partnership.

(5) COMMITMENTS AND CONTINGENT LIABILITIES

The Partnership leases certain facilities and equipment under lease agreements which expire at various dates through 1998. Minimum rental commitments on these leases are \$807,000 for 1994, \$615,000 for 1995, \$386,000 for 1996, \$160,000 for 1997, and

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(5) COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

\$129,000 for 1998. Rentals on these leases were approximately \$903,000, \$889,000, and \$892,000 for the years ended December 31, 1993, 1992 and 1991, respectively.

The Partnership is guarantor of certain debt securities, amounting to \$2.5 million issued by its U.S. joint venture.

Certain claims, including environmental matters, suits and complaints arising in the ordinary course of business, have been filed or are pending against the Partnership. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Partnership if disposed of unfavorably. Additionally, the Partnership has insurance to minimize its exposures of this nature.

The Partnership's operations and products are subject to federal, state and local regulatory requirements relating to environmental protection. It is the Partnership's policy to comply fully with all such applicable requirements. As part of its effort to comply, management has established an ongoing internal compliance auditing program which has been in place since 1989. Based on current information, management believes that the Partnership's operations are in substantial compliance with applicable environmental laws and regulations and the Partnership is not aware of any violation that could have a material adverse effect on the business, financial conditions, or results of operations of the Partnership. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the Partnership's business or operations in the future.

In addition, it is the Partnership's practice to reduce use of environmentally sensitive materials as much as possible. First, it reduces the risk to the environment in that such use could result in adverse environmental affects either from operations or utilization of the end product. Second, a reduction in environmentally sensitive materials reduces the ongoing burden and resulting cost of handling, controlling emissions, and disposing of wastes that may be generated from such materials.

The Partnership is also subject to potential liability for the costs of environmental remediation. This liability may be based upon the ownership or operation of industrial facilities where contamination may be found as well as contribution to contamination existing at offsite, non-owned facilities. These offsite remediation costs cannot be quantified with any degree of certainty. At this time, management can estimate the environmental remediation costs only in terms of possibilities and probabilities based on available information.

The Partnership has been identified as a potentially responsible party with respect to six separate sites which involve CERCLA type environmental remediation. In all but one of these sites, it has been established that the Partnership falls into the category of de minimus contributor, and thus, it believes its liabilities, both individually and in the aggregate, are not material. A determination has not been made at the other site, where the Partnership may be found to be a Superfund contributor, however, it does not believe its liability for remediation costs would exceed \$150,000.

In the case of contamination existing upon properties owned or controlled by the Partnership, the Partnership has established reserves which it deems adequate to meet its current remediation obligations.

There can be no assurance that the Partnership will not be required to pay environmental compliance costs or incur liabilities that may be material in amount due to matters which arise in the future or are not currently known to the Partnership.

(6) OPTION SHARES

The Partnership has an Employee Option Plan which provides Limited Partnership Shares (the "Option Shares") to key employees of the Partnership. Options expire no later than 10 years from the date of grant. Following exercise of the options, the Management Partners and other key employees of the Partnership are expected to own, in the aggregate, 10% of the Partnership interests. Option Shares will be reserved for the Management Partners to maintain their 2% aggregate Partnership interest. Employee options vest over time and after the Partnership achieves certain financial targets. Under the Plan, 8,601 options are authorized for grant, of which 7,875 have been granted and are outstanding. In 1993, no options were granted. In 1992 and 1991, 900 and 780 options were granted at an average price of \$484 and \$550 per share, respectively. Options vested under the plan were 2,861 through December 31, 1993. There were 110 options exercised and no options canceled in 1993. There were 178 options exercised and no options canceled in 1992. No options were exercised or canceled in 1991. There were 290, 200 and 1,330 options forfeited in 1993, 1992 and 1991, respectively.

(7) BUSINESS

The Partnership is in one line of business. It manufactures engine, transmission and steering column components and distributes these components to manufacturers of transportation equipment and distributors of aftermarket parts.

Sales to various plants, divisions or subsidiaries of General Motors and

Ford were approximately 25% and 23%, respectively, of 1993 sales, 27% and 20%, respectively, of 1992 sales, and 31% and 15%, respectively, of 1991 net sales. Sales to SPX were 5%, 8%, and 8%, of 1993, 1992, and 1991 net sales, respectively. No other customer or group of customers under common control accounted for 10% or more of net sales in 1993. See Note 12 for a discussion of sales to related parties. Export sales were less than 10% of net sales for 1993, 1992, and 1991.

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(8) INVESTMENT IN AFFILIATES

As of December 31, 1993 and 1992, investments as shown on the consolidated balance sheet included the Partnership's 40% interest in a Mexican affiliate and 50% interest in a U. S. joint venture for the production and sale of engine parts. The remaining 50% of the U.S. joint venture is owned equally by SPX and Riken. These investments are accounted for under the equity method. As of December 31, 1993 and 1992, approximately \$1,818,000 and \$1,527,000, respectively, of the Partnership's capital consisted of undistributed earnings of the investments. At December 31, 1993, the Partnership's prorata share of the Mexican affiliate's equity exceeded the carrying value of the investment recorded in the consolidated financial statements by approximately \$1.8 million.

Summarized combined financial information from the unaudited financial statements of the two affiliates was as follows:

	DECEMBER 31,	
	1993	1992
	(THOUSANDS OF DOLLARS)	
Current assets.....	\$13,352	\$13,745
Non-current assets.....	31,810	33,680
Current liabilities.....	8,706	10,056
Non-current liabilities.....	6,316	8,856
Equity.....	30,140	28,514

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Net sales.....	\$36,005	\$35,953	\$34,680
Costs and expenses.....	32,395	31,488	28,854
Earnings before interest.....	3,610	4,197	5,834
Interest expense, net.....	862	1,388	2,016
Net income.....	1,309	1,879	3,795

(9) SUPPLEMENTARY FINANCIAL INFORMATION

PROFIT AND LOSS

	CHARGED TO COSTS AND EXPENSES FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(THOUSANDS OF DOLLARS)		
Maintenance and repairs.....	\$29,578	\$28,517	\$25,844
Depreciation and amortization.....	20,377	19,090	18,655
Taxes, other than income taxes			
Payroll taxes.....	10,484	9,895	8,514
Other taxes.....	4,146	4,664	4,175
Research and Development.....	3,429	3,835	3,599

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(9) SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

BALANCE SHEET

	DECEMBER 31,	
	1993	1992
	(THOUSANDS OF DOLLARS)	
ASSETS		
Prepaid tooling.....	\$9,212	\$11,306

	DECEMBER 31,	
	1993	1992
	(THOUSANDS OF DOLLARS)	
LIABILITIES		
Accrued payrolls.....	\$10,199	\$8,620
Accrued employee benefit programs.....	7,521	8,431
Accrued interest.....	4,428	4,530

(10) RESERVE FOR LOSSES ON RECEIVABLES

Changes in the reserve for losses on receivables were as follows:

	(THOUSANDS OF DOLLARS)
BALANCE AT DECEMBER 31, 1990.....	\$ 873
Amount charged to operations.....	96
Accounts written off, net of recoveries.....	6

BALANCE AT DECEMBER 31, 1991.....	\$ 975
Amount charged to operations.....	94
Accounts written off, net of recoveries.....	(502)

BALANCE AT DECEMBER 31, 1992.....	\$ 567
Amount charged to operations.....	48
Accounts written off, net of recoveries.....	41

BALANCE AT DECEMBER 31, 1993.....	\$ 656

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(11) PROPERTY, PLANT AND EQUIPMENT AND RELATED ACCUMULATED DEPRECIATION

Changes in property, plant and equipment accounts and in related accumulated depreciation for the years ended December 31, 1993, 1992 and 1991, are shown below:

PROPERTY, PLANT & EQUIPMENT, AT COST	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	TOTAL
			(THOUSANDS OF DOLLARS)	
BALANCE AT DECEMBER 31, 1990.....	\$1,447	\$ 48,347	\$191,109	\$240,903
Additions and transfers, at cost.....	50	3,019	10,485	13,554
Retirements and other, at cost.....	0	0	(335)	(335)
BALANCE AT DECEMBER 31, 1991.....	\$1,497	\$ 51,366	\$201,259	\$254,122
Additions and transfers, at cost.....	5	1,117	11,973	13,095
Retirements and other, at cost.....	0	0	(1,373)	(1,373)
BALANCE AT DECEMBER 31, 1992.....	\$1,502	\$ 52,483	\$211,859	\$265,844
Additions and transfers, at cost.....	0	607	18,992	19,599
Retirements and other, at cost.....	0	(3,020)	(8,070)	(11,090)
BALANCE AT DECEMBER 31, 1993.....	\$1,502	\$ 50,070	\$222,781	\$274,353

PROPERTY, PLANT & EQUIPMENT, ACCUMULATED DEPRECIATION	BUILDINGS	MACHINERY AND EQUIPMENT	TOTAL
		(THOUSANDS OF DOLLARS)	
BALANCE AT DECEMBER 31, 1990.....	\$25,662	\$118,206	\$143,868
Additions-charged to operations.....	1,191	14,562	15,753
Deductions-retirements, renewals, transfers, dispositions, replacements.....	0	76	76
BALANCE AT DECEMBER 31, 1991.....	\$26,853	\$132,844	\$159,697
Additions-charged to operations.....	2,267	13,953	16,220
Deductions-retirements, renewals, transfers, dispositions, replacements.....	0	(1,179)	(1,179)
BALANCE AT DECEMBER 31, 1992.....	\$29,120	\$145,618	\$174,738
Additions-charged to operations.....	2,222	15,254	17,476
Deductions-retirements, renewals, transfers, dispositions, replacements.....	(2,065)	(7,189)	(9,254)
BALANCE AT DECEMBER 31, 1993.....	\$29,277	\$153,683	\$182,960

The Partnership's plant, property and equipment and related accumulated depreciation for 1993 were impacted by the write-down to estimated fair market value of a foundry, which is scheduled to be closed in 1994, and the accelerated depreciation of assets used in the production of a product line scheduled to be discontinued. The impact of the foundry write-down on plant, property and equipment retirements was \$3 million on buildings and \$7.2 million on machinery and equipment, and the impact on accumulated depreciation retirement was \$2.1 million on buildings and \$6.3 million on machinery and equipment. The impact of the accelerated depreciation of assets used in the production of a product line scheduled to be discontinued was to increase additions to accumulated depreciation by \$1.8 million.

(12) RELATED PARTY TRANSACTIONS

Sales to and purchases from affiliates, primarily with the aftermarket operations of SPX, are based upon negotiated prices. Sales to affiliates were \$21, \$28, and \$27 million during the years ended December 31, 1993, 1992 and 1991, respectively. Sales to SPX were discontinued effective November 1, 1993, as a result of SPX's sale of its aftermarket operations. Purchases from affiliates were \$2, \$3, and \$4 million during the years ended December 31, 1993, 1992 and 1991, respectively.

Receivables from affiliates represent uncollected sales to the aftermarket operation of SPX, and unpaid management fees related to SPT (Europe).

The Partnership has entered into service agreements with SPX whereby SPX administered certain insurance and administrative programs for the Partnership during 1993, 1992, and 1991. Costs of the insurance programs are based upon paid or accrued claims that relate directly to the Partnership.

In July 1991, the Partnership began managing a European piston ring and cylinder sleeve business which was acquired in June 1991 by a partnership formed by SPX. In October 1992, a new partner effectively contributed its European piston ring business to this partnership in exchange for an equity ownership in the European partnership. The business produces piston rings and cylinder sleeves for

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(12) RELATED PARTY TRANSACTIONS (CONTINUED)

European original equipment and replacement markets. It has manufacturing facilities in Barsinghausen, Germany; Vilanova, Spain; and Pringy, France. The Partnership receives a fee for managing the European business.

(13) SUBSEQUENT EVENT

Late in the fourth quarter of 1993, SPX determined that virtually all existing Partnership debt should be refinanced in anticipation of the purchase of Riken's 49% interest in the Partnership (Note 1), due to favorable prevailing interest rates, scheduled debt maturities, and to maintain the flexibility to grow through internal investments and acquisitions. The plan of refinancing includes an offering by SPX of \$260 million of senior subordinated notes, which SPX expects to have completed by June 30, 1994. These notes are anticipated to bear interest at a rate of approximately 10% and will be due in or after the year 2002. At that time, the proceeds will be used to retire existing Partnership borrowings, including the \$100 million of 14.5% Senior Subordinated Debentures, the Term Bank Loan, and the Revolving Credit Loans. Excess proceeds will be used to pay down the SPX revolving credit facility at that time.

(14) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

PARTNERSHIP RESULTS 1993:	TOTAL YEAR -----	FOURTH QUARTER -----	THIRD QUARTER -----	SECOND QUARTER -----	FIRST QUARTER -----
(IN MILLIONS OF DOLLARS)					
Net sales.....	\$391.6	\$94.5	\$91.5	\$103.8	\$101.8
Gross profit.....	56.5	12.9	13.0	16.1	14.5
Income before interest.....	27.6	3.1	7.1	9.7	7.7
Interest.....	27.1	6.7	6.8	6.9	6.7
Income (loss) before cumulative change in accounting method.....	0.5	(3.6)	0.3	2.8	1.0
Cumulative effect of change in accounting method.....	(89.5)	0.0	0.0	0.0	(89.5)
Income (Loss).....	(89.0)	(3.6)	0.3	2.8	(88.5)
PARTNERSHIP RESULTS 1992:	TOTAL YEAR -----	FOURTH QUARTER -----	THIRD QUARTER -----	SECOND QUARTER -----	FIRST QUARTER -----
(IN MILLIONS OF DOLLARS)					
Net sales.....	\$355.2	\$83.5	\$87.2	\$ 97.9	\$ 86.6
Gross profit.....	56.9	11.6	13.9	17.8	13.6
Income before interest.....	33.0	7.0	9.1	10.5	6.4
Interest.....	29.3	6.9	7.3	7.5	7.6
Income (Loss).....	3.7	.1	1.8	3.0	(1.2)
PARTNERSHIP RESULTS 1991:	TOTAL YEAR -----	FOURTH QUARTER -----	THIRD QUARTER -----	SECOND QUARTER -----	FIRST QUARTER -----
(IN MILLIONS OF DOLLARS)					
Net sales.....	\$319.8	\$79.2	\$82.2	\$ 82.0	\$ 76.4
Gross profit.....	45.3	11.0	12.0	12.4	9.9
Income before interest.....	23.3	5.5	6.4	7.4	4.0
Interest.....	32.1	7.9	8.2	7.9	8.1
Income (Loss).....	(8.8)	(2.4)	(1.8)	(.5)	(4.1)