SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO.1 TO CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 6, 1998

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

Delaware	1-6948	38-1016240
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

700 Terrace Point Drive, Muskegon, Michigan	49443-3301
(Address of principal executive offices)	(Zip Code)

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

The undersigned registrant hereby amends its Current Report on Form 8-K filed with the Securities and Exchange Commission on October 9, 1998 (the "Form 8-K") as set forth below:

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) Financial Statements

The Report of Independent Auditors and the accompanying Financial Statements set forth in General Signal's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and the Financial Statements set forth in General Signal's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 are attached hereto as Exhibits 99.3 and 99.4, respectively, and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial data of SPX and General Signal set forth in Amendment No. 1 to Form S-4 filed with the Securities and Exchange Commission on September 3, 1998 are attached hereto as Exhibit 99.5 and are incorporated herein by reference.

(c) Exhibits

The following Exhibits are hereby added to the Form 8-K:

Exhibit 23	Consent of Ernst & Young
Exhibit 99.3	Report of Independent Auditors and accompanying Financial Statements set forth in General Signal's Annual Report on Form 10-K for the fiscal year ended December 31, 1997
Exhibit 99.4	Financial Statements set forth in General Signal's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
Exhibit 99.5	Unaudited pro forma condensed combined financial data of SPX and General Signal set forth in Amendment No. 1 to Form S-4 filed with the Securities and Exchange Commission on September 3, 1998

SIGNATURES

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

SPX CORPORATION
(Registrant)

By: /s/Patrick J. O'Leary

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

Date: November 5, 1998

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the SPX Corporation Registration Statements on Form S-8 (Nos. 33-24043; 333-29843; 333-29851; 333-29857; 333-29855; 333-38443), and on Form S-4 (No. 333-60853), of our report dated January 23, 1998, with respect to the financial statements of General Signal Corporation included in the General Signal Corporation Annual Report (Form 10-K) for the year ended December 31, 1997, incorporated by reference in this Current Report on Form 8-K/A filed by SPX Corporation.

/s/ Ernst & Young LLP

Stamford, Connecticut
November 2, 1998

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
General Signal Corporation

We have audited the accompanying balance sheet of General Signal Corporation and consolidated subsidiaries as of December 31, 1997 and 1996, and the related statements of earnings, shareholders' equity, and cash flow for each of the three years in the period ended December 31, 1997. Our audits also included the financial statement schedule listed in Item 14(a). These financial statements and schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and schedule 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 General Signal Corporation and consolidated subsidiaries at December 31, 1997 and 1996, and the results of their operations and their cash flow for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

As discussed in the notes to the financial statements, in 1997 the company changed its method of accounting for business process reengineering costs.

/s/ Ernst & Young LLP

Stamford, Connecticut
January 23, 1998

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF EARNINGS

	YEAR ENDED DECEMBER 31, 1997	1996	1995
	(IN MILLIONS, EXCEPT PER-SHARE DATA)		
Net sales	$1,954.6	$2,065.0	$1,863.2
Cost of sales	1,378.5	1,435.7	1,308.0
Selling, general and administrative expenses	394.6	406.2	354.4
Gains on dispositions	(72.7)	(20.8)	--
Transaction and consolidation charges	--	--	20.1
Total operating costs and expenses	1,700.4	1,821.1	1,682.5
Operating earnings	254.2	243.9	180.7
Equity in earnings of EGS	11.8	--	--
Interest expense, net	(13.2)	(21.5)	(24.3)
Earnings from continuing operations before income taxes	252.8	222.4	156.4
Income taxes	121.8	89.0	56.3
Earnings from continuing operations	131.0	133.4	100.1
Earnings (loss) from disposal of discontinued operations, net of income taxes	2.3	--	(64.0)
Earnings before cumulative effect of accounting change	133.3	133.4	36.1
Cumulative effect of accounting change	(3.7)	--	--
Net earnings	$ 129.6	$ 133.4	$ 36.1
Basic earnings (loss) per share of common stock:			
Continuing operations	$ 2.61	$ 2.68	$ 2.04
Disposal of discontinued operations	0.05	--	(1.30)
Cumulative effect of accounting change	(0.08)	--	--
Basic earnings per share	$ 2.58	$ 2.68	$ 0.74
Diluted earnings (loss) per share of common stock:			
Continuing operations	$ 2.60	$ 2.62	$ 2.01
Disposal of discontinued operations	0.05	--	(1.24)
Cumulative effect of accounting change	(0.07)	--	--
Diluted earnings per share	$ 2.58	$ 2.62	$ 0.77

See accompanying notes to the financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET

	DECEMBER 31, 1997	DECEMBER 31, 1996
	(IN MILLIONS)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 50.0	$ 17.7
Accounts receivable	285.4	353.0
Inventories	156.8	240.6
Prepaid expenses and other current assets	23.2	24.7
Deferred income taxes	52.7	55.9
Total current assets	568.1	691.9
Property, plant and equipment, net of accumulated depreciation and amortization	240.7	310.0
Intangibles, net of accumulated amortization	264.3	381.3
Investment in EGS	133.1	--
Pension asset	127.5	104.9
Other assets	54.3	62.9
Total assets	$1,388.0	$1,551.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ 9.0	$ 5.6
Accounts payable	142.7	187.3
Accrued expenses	184.4	214.6
Income taxes	40.4	31.7
Total current liabilities	376.5	439.2
Long-term debt, less current maturities	207.4	201.3
Accrued post-retirement and post-employment obligations	112.4	133.2
Deferred income taxes	50.3	17.3
Other liabilities	11.7	16.2
Total long-term liabilities	381.8	368.0
Shareholders' equity:		
Common stock	78.5	78.2
Additional paid-in capital	367.2	337.1
Retained earnings	746.7	667.4
Cumulative translation adjustments and other	(11.8)	(1.4)
	1,180.6	1,081.3
Common stock in treasury	(550.9)	(337.5)
Total shareholders' equity	629.7	743.8
Total liabilities and shareholders' equity	$1,388.0	$1,551.0

See accompanying notes to the financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF SHAREHOLDERS' EQUITY

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENTS AND OTHER	COMMON STOCK IN TREASURY
	(IN MILLIONS, EXCEPT PER-SHARE DATA)				
Balance at December 31, 1994...	$77.4	$281.1	$620.5	$(12.1)	$(419.0)
Restatement for Data Switch merger......................	--	4.8	(27.7)	(0.1)	45.7
Net earnings.................	--	--	36.1	--	--
Dividends declared ($0.96 per share)......................	--	--	(46.0)	--	--
Purchase of common stock.....	--	--	--	--	(18.0)
Exercise of stock options and savings and stock ownership plan funding................	0.5	18.3	--	--	8.3
Discontinued operations......	--	--	--	7.4	--
Translation adjustments......	--	--	--	0.9	--
Balance at December 31, 1995...	77.9	304.2	582.9	(3.9)	(383.0)
Net earnings.................	--	--	133.4	--	--
Dividends declared ($0.975 per share)..................	--	--	(48.9)	--	--
Purchase of common stock.....	--	--	--	--	(1.2)
Exercise of stock options and savings and stock ownership plan funding................	0.3	12.4	--	--	9.4
Conversion of 5.75 percent convertible subordinate notes...........	--	20.5	--	--	37.3
Translation adjustments......	--	--	--	2.5	--
Balance at December 31,1996....	78.2	337.1	667.4	(1.4)	(337.5)
Net earnings.................	--	--	129.6	--	--
Dividends declared ($1.035 per share)..................	--	--	(50.3)	--	--
Purchase of common stock.....	--	--	--	--	(240.4)
Exercise of stock options and savings and stock ownership plan funding................	0.3	16.1	--	--	1.5
Conversion of 5.75 percent convertible subordinate notes.......................	--	14.0	--	--	25.5
Minimum pension liability adjustment....................	--	--	--	(1.7)	--
Translation adjustments......	--	--	--	(8.7)	--
Balance at December 31, 1997...	$78.5	$367.2	$746.7	$(11.8)	$(550.9)

See accompanying notes to the financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CASH FLOW

	INCREASE (DECREASE) YEAR ENDED DECEMBER 31,		
	1997	1996	1995
		(IN MILLIONS)	
CASH FLOW FROM OPERATING ACTIVITIES:			
Net earnings	$129.6	$133.4	$ 36.1
Adjustments to reconcile net earnings to net cash from operating activities:			
Cumulative effect of accounting change	3.7	--	--
(Earnings) loss on disposal of discontinued operations	(2.3)	--	64.0
Equity in earnings of EGS	(11.8)	--	--
Gains on dispositions	(72.7)	(20.8)	--
Asset write downs, transaction, consolidation and other charges	22.9	19.7	20.1
Deferred income taxes	22.2	43.7	32.0
Depreciation	50.7	52.6	50.3
Amortization	14.6	16.6	12.5
Pension credits	(14.7)	(8.8)	(9.3)
Other, net	(2.7)	5.5	4.4
Changes in assets and liabilities, net of effects from acquisitions and divestitures:			
Accounts receivable	(17.5)	(30.8)	(15.4)
Inventories	8.4	(10.4)	21.4
Prepaid expenses and other current assets	5.8	11.0	18.1
Accounts payable	(8.8)	28.8	(14.2)
Accrued expenses and other	(27.7)	(49.0)	(71.6)
Income taxes	9.3	0.2	12.3
Net cash from operating activities	109.0	191.7	160.7
CASH FLOW FROM INVESTING ACTIVITIES:			
Divestitures	216.9	94.4	53.4
Capital expenditures	(56.5)	(59.3)	(49.0)
Acquisitions, net of cash acquired	(11.0)	--	(272.4)
Other, net	5.5	(2.8)	15.3
Net cash from investing activities	154.9	32.3	(252.7)
CASH FLOW FROM FINANCING ACTIVITIES:			
Issuance of long-term debt	170.5	115.3	273.2
Redemption of long-term debt	(118.1)	(288.5)	(134.0)
Purchase of common stock	(240.4)	(1.2)	(18.0)
Issuance of common stock	11.4	14.7	17.1
Dividends paid	(51.7)	(47.6)	(45.6)
Net cash from financing activities	(228.3)	(207.3)	92.7
Effect of exchange rate changes on cash and cash equivalents	(3.3)	--	--
Net changes in cash and cash equivalents	32.3	16.7	0.7
Cash and cash equivalents at beginning of year	17.7	1.0	0.3
Cash and cash equivalents at end of year	$ 50.0	$ 17.7	$ 1.0
Interest paid	$ 11.6	$ 25.7	$ 27.3
Income taxes paid	87.0	44.0	15.7
Noncash investing and financing activities:			
Conversion of convertible debt into common stock	$ 39.3	$ 57.4	$ --
Contribution of GSEG's net assets to EGS joint venture	119.4	--	--

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Dollars in millions, except per-share data)

1. ACCOUNTING POLICIES

CONSOLIDATION: The financial statements include the accounts of General Signal Corporation and consolidated subsidiaries after elimination of intercompany accounts and transactions. Investments in unconsolidated companies where management exercises significant influence are accounted for using the equity method.

CASH EQUIVALENTS: The company considers its highly liquid money market investments with original maturities of three months or less to be cash equivalents.

INVENTORIES: Inventories are stated at the lower of cost or market. Cost is primarily determined using the first-in, first-out (FIFO) method. All other inventories are valued using the last-in, first-out (LIFO) method.

PROPERTY: Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of assets, which do not exceed 40 years for buildings and range from 3 to 10 years for machinery and equipment. Leasehold improvements are amortized over the life of the related asset or the life of the lease, whichever is shorter.

INTANGIBLES: Intangible assets (primarily the excess of purchase price over the fair value of net assets acquired) are amortized on a straight-line basis over periods not exceeding 40 years. Intangibles assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized if expected cash flows of the related assets are less than their carrying values.

REVENUE RECOGNITION: Revenues are primarily recognized as products are shipped and services are rendered. The percentage-of-completion method of accounting is followed for long-term contracts. Under this method, earnings accrue as contracts progress toward completion, generally based on the percentage of costs incurred or the units of product delivered.

FINANCIAL INSTRUMENTS: The company does not enter into financial instruments for speculation or trading purposes. The net amount to be paid or received under interest rate swap agreements is accrued over the life of the agreement as a separate component of interest expense. Gains and losses related to forward foreign exchange and option contracts that qualify for hedge accounting treatment are deferred and offset against losses and gains when the underlying transaction occurs. Gains or losses at the time of maturity, termination, sale or repayment of a financial instrument contract designated as a hedge are included in earnings. The fair values of interest rate swap agreements and forward foreign exchange and option contracts are not recognized in the financial statements.

ENVIRONMENTAL: The company's environmental accruals cover all anticipated costs, including investigation, remediation, and operation and maintenance of clean-up sites. Environmental obligations generally are not discounted and are not reduced by anticipated insurance recoveries.

STOCK COMPENSATION: The company accounts for the options granted under its stock incentive program by recognizing as compensation any excess of quoted market price over exercise price at the date of grant.

ACCOUNTING CHANGES: In February 1997, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share" (SFAS No. 128), which revises the methodology of calculating earnings per share. The company adopted SFAS No. 128 in the fourth quarter of 1997. Earnings per share amounts for all periods have been presented, and where appropriate, restated to conform to the SFAS No. 128 requirements.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income" (SFAS No. 130) and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131). SFAS No. 130 and SFAS No. 131 are effective for financial statements for fiscal years beginning after December 15, 1997. The company is studying the application of the new statement. The adoption of these statements will have no impact on the company's consolidated results of operations, financial position or cash flow.

In November 1997, the Emerging Issues Task Force (EITF) of the FASB issued consensus 97-13, "Accounting for Costs Incurred in Connection with a Consulting Engagement or an Internal Project that Combines Business Process Reengineering and Information Technology Transformation" (EITF 97-13). EITF 97-13 requires all previously capitalized business process reengineering costs to be expensed as a cumulative effect of a change in accounting principle. The company recorded a charge of $3.7, net of tax, in connection with EITF 97-13 in the fourth quarter of 1997.

In December 1997, the FASB issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS No. 132), which revises disclosure requirements for employers' pensions and other retiree benefits. The statement is effective for financial statements for fiscal years beginning after December 15, 1997. The company is studying the application of the new statement. The adoption of this statement will have no impact on the company's consolidated results of operations, financial position or cash flow.

USE OF ESTIMATES: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS: Certain reclassifications were made to conform prior years' data to the current presentation.

2. ACCOUNTS RECEIVABLE

Accounts receivable were net of allowances for doubtful accounts of $12.3 and $10.0 at December 31, 1997 and 1996, respectively.

3. INVENTORIES

	DECEMBER 31, 1997	DECEMBER 31, 1996
Finished goods	$ 43.9	$ 80.8
Work in process	38.3	63.2
Raw material and purchased parts	87.3	117.1
Total FIFO cost	169.5	261.1
Excess of FIFO cost over LIFO inventory value	(12.7)	(20.5)
	$156.8	$240.6

Inventories valued using LIFO were approximately $48.6 and $61.9 at December 31, 1997 and 1996, respectively. In 1996, the company recorded a LIFO liquidation, which increased net income by $1.0. In 1997, included in the gain on sale of General Signal Pump Group (GSPG) was a LIFO liquidation of $2.0. Additionally, $5.3 of the excess of FIFO cost over LIFO inventory value was transferred from General Signal Electrical Group (GSEG) to the investment in EGS Electrical Group LLC (EGS). In 1996, included in the gain on sale of the Kinney Vacuum Company (Kinney) was a LIFO liquidation of approximately $1.1. Progress payments, netted against work in process at year end, were $10.1 in 1997 and $11.0 in 1996.

4. CONTRACTS IN PROGRESS

Prepaid expenses and other current assets include contracts in progress of $3.4 and $7.8 at December 31, 1997 and 1996, respectively. Contracts in progress represent revenue recognized on a percentage-of-completion basis over related progress billings of $60.5 and $36.0 at December 31, 1997 and 1996, respectively. Substantially all contracts in progress at year end are billed during the subsequent year.

5. PROPERTY, PLANT AND EQUIPMENT

	DECEMBER 31, 1997	DECEMBER 31, 1996
Land	$ 9.5	$ 12.2
Buildings and leasehold improvements	150.7	173.7
Machinery and equipment	416.1	561.4
	576.3	747.3
Accumulated depreciation and amortization	(335.6)	(437.3)
	$ 240.7	$ 310.0

6. INTANGIBLES

	DECEMBER 31, 1997	DECEMBER 31, 1996
Excess of cost over net assets acquired	$ 298.0	$ 465.3
Other intangibles	34.3	40.4
	332.3	505.7
Accumulated amortization	(68.0)	(124.4)
	$ 264.3	$ 381.3

In the third quarter of 1997, the company sold GSPG and contributed the net assets of GSEG to EGS. As a result of these transactions, intangible assets decreased by approximately $102.

7. EGS JOINT VENTURE

In the fourth quarter of 1997, the company and Emerson Electric Company formed EGS, a joint venture combining Emerson Electric's Appleton Electric operations and the company's GSEG. The company contributed substantially all of the operating assets of GSEG in exchange for 47.5 percent of EGS. The company accounts for its investment in EGS under the equity method of accounting. EGS operates primarily in the United States, Canada and Mexico. EGS's operations for the period from September 15, 1997 to December 31, 1997 were the following:

EGS:	
Net sales	$162.0
Gross profit	62.5
Net income	24.5

The company's equity in earnings of EGS at December 31, 1997 was $11.8. The company's investment in EGS is approximately $17 less than its equity in the joint venture's net assets at December 31, 1997. This difference is being amortized on a straight-line basis over an estimated economic life of 40 years.

Condensed balance sheet information of EGS as of December 31, 1997 is as follows:

Current assets	$149.0
Noncurrent assets	241.7
Current liabilities	59.4
Noncurrent liabilities	16.0

8. ACCRUED EXPENSES

	DECEMBER 31, 1997	DECEMBER 31, 1996
Payroll and compensation	$ 53.5	$ 62.5
Environmental and legal	25.3	26.9
Dispositions and special items	9.2	23.0
Other	96.4	102.2
	$184.4	$214.6

9. INCOME TAXES

For financial reporting purposes, earnings from continuing operations before income taxes includes the following components:

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Pretax income:			
United States	$ 236.0	$ 205.6	$ 151.5
Foreign	16.8	16.8	4.9
	$252.8	$ 222.4	$ 156.4

The reconciliation of income tax from continuing operations computed at the U.S. federal statutory tax rate to the company's effective income tax rate is as follows:

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Tax at U.S. federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of U.S. federal benefit	5.3	4.2	5.5
Foreign sales corporation	(1.8)	(1.3)	(1.7)
Goodwill amortization	1.6	1.9	2.1
Income from Puerto Rican operations	(0.2)	(0.2)	(0.7)
Foreign rates and foreign dividends	0.6	0.4	(1.4)
Reduction in valuation allowance	(0.9)	--	(4.5)
Disposition basis differences	8.6	--	--
Other	--	--	1.7
	48.2%	40.0%	36.0%

The components of the provision for income taxes are as follows:

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Current:			
Federal	$ 74.3	$ 32.8	$ 14.2
Foreign	8.5	4.9	3.4
State	16.0	7.6	6.7
Total current	98.8	45.3	24.3
Deferred:			
Federal	17.5	34.2	(6.5)
Foreign	0.5	1.9	(2.6)
State	4.2	7.6	5.2
Total deferred	22.2	43.7	(3.9)
	$121.0	$ 89.0	$ 20.4

Income tax expense (income) is included in the financial statements as follows:

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Continuing operations	$121.8	$89.0	$ 56.3
Discontinued operations	1.5	--	(35.9)
Cumulative effect of accounting change	(2.3)	--	--
Total income tax expense	$121.0	$89.0	$ 20.4

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax assets and liabilities are as follows:

	DECEMBER 31, 1997	1996
Deferred tax assets:		
Acquired tax benefits and basis differences	$ 21.0	$ 29.0
Other post-retirement and post-employment benefits	53.7	58.3
Losses on dispositions and restructuring	4.0	11.7
Inventories	16.2	14.8
NOL and credit carry-forwards	21.2	32.9
Other	38.9	32.0
Total deferred tax assets	155.0	178.7
Valuation allowance	(16.7)	(30.0)
Net deferred tax assets	138.3	148.7
Deferred tax liabilities:		
Accelerated depreciation	27.9	35.7
Pension credits	49.1	39.0
Reliance gain	19.8	19.8
Basis difference in EGS	23.2	--
Other	15.9	15.6
Total deferred tax liabilities	135.9	110.1
	$ 2.4	$ 38.6

Realization of deferred tax assets associated with the net operating loss (NOL) and credit carry-forwards is dependent upon generating sufficient taxable income prior to their expiration. Management believes that there is a risk that certain of these NOL and credit carry-forwards may expire unused and, accordingly, has established a valuation allowance against them. Although realization is not assured for the remaining deferred tax assets, management believes it is more likely than not that the net deferred tax assets will be realized through future taxable earnings or alternative tax strategies. However, the net deferred tax assets could be reduced in the near term if management's estimates of taxable income during the carry-forward period are significantly reduced or alternative tax strategies are no longer viable. The valuation allowance decreased in 1997 and 1996 by $13.3 and $3.6, respectively.

At December 31, 1997, the following net federal operating loss and tax credit carry-forwards were available:

EXPIRATION DATES	OPERATING LOSSES	TAX CREDITS
1998-1999	$5.0	$8.7
2000-2001	2.1	--
2002-2003	0.6	--

Undistributed earnings of the company's foreign subsidiaries amounted to approximately $62.3 at December 31, 1997. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes or foreign withholding taxes has been made. If these earnings were distributed, the company would be subject to U.S. income taxes (subject to a reduction for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable; however, unrecognized foreign tax credit carry-overs would be available to reduce some portion of the U.S. liability. Withholding taxes of approximately $4.0 would be payable upon remittance of all previously unremitted earnings at December 31, 1997.

10. DEBT

	DECEMBER 31, 1997	DECEMBER 31, 1996
5.75% Convertible Subordinated Notes	$ --	$ 42.6
Commercial paper: 1997 at 6.1% and 1996 at 5.6%	116.4	114.5
Medium-term Notes: $25 at 7.0% due 2000, $25 at 7.114% due 2002	50.0	--
Industrial Revenue Bonds due 2000-2008; no stipulated principal repayments prior to maturity (primarily variable rate)	32.5	36.0
Other long-term borrowings	14.0	12.8
	212.9	205.9
Less current maturities	5.5	4.6
	$207.4	$201.3
Short-term notes payable to banks	$ 3.5	$ 1.0

On December 12, 1996, the company called for the redemption of its 5.75 percent convertible subordinated notes. Through December 31, 1996, notes with a face value of $57.4 had been converted into 1.5 million shares of the company's common stock, with an additional $39.3 converted into 1.0 million shares on January 2, 1997. The balance of the notes of $3.3 was redeemed for cash.

Long-term debt maturing during each of the four years after 1998 is $2.7, $35.7, $3.6 and $144.2.

The company maintains credit arrangements with banks in the U.S. and abroad which aggregated approximately $605 and $604 at December 31, 1997 and 1996, respectively. At December 31, 1997, the company had a committed revolving credit agreement of $180.0 that matures on May 28, 1998, and a committed revolving credit agreement of $360.0 that matures on May 28, 2002. The agreements permit domestic and Eurodollar borrowings at interest rates offered to investment grade customers. The agreements also are convertible into one- year term loans at maturity.

Commercial paper is classified as long-term debt as the company maintains long-term committed credit agreements to support these borrowings and intends to refinance them on a long-term basis, either through continued commercial paper borrowings or the issuance of medium-term notes.

The company has a $300.0 financing program under a universal shelf registration that permits the issuance of junior or senior debt, convertible securities, equity warrants and preferred shares under one filing without specifying any dollar amounts for any security. On April 30, 1996, the company filed a prospectus supplement which allows the company to issue medium-term senior notes or medium-term subordinated notes under the shelf registration. As of December 31, 1997, $50.0 had been issued under the shelf registration.

The company has an interest rate exchange agreement, expiring in March 2000, with a financial institution to limit exposure to interest rate volatility on the commercial paper. The transaction has a notional principal amount of $25.0 at December 31, 1997 and 1996. The company monitors the risk of default by the swap counterparty and does not anticipate non-performance. At December 31, 1997, termination of this agreement would result in a $1.5 loss.

11. FOREIGN EXCHANGE CONTRACTS

The company conducts its business in various foreign currencies. Accordingly, the company is subject to the typical currency risks and exposures that arise as a result of changes in the relative value of currencies. The risks are often referred to as transactional, commitment, translational and economic currency exposures. The company's policy stresses risk reduction and specifically prohibits speculation. The policy's three basic objectives are to reduce currency risk on a consolidated basis, to protect the functional currency value of foreign currency-denominated cash flows and to reduce the volatility that changes in foreign exchange rates may present to operating income.

The company utilizes natural hedges and offsets to reduce exposures and also combines positions to reduce the cost of hedging. The company entered into forward foreign exchange contracts to hedge net consolidated currency transaction exposure for periods consistent with the terms of the underlying transactions, extending through September 17, 1998.

Foreign currency forward or option contracts are not used for trading purposes, and these contracts do not subject the company to currency risk from exchange rate movements. At December 31, 1997, the company had approximately $15.1 of such contracts outstanding.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents, short- and long-term debt, and foreign currency contracts had fair values, based upon quoted prices or discounted cash flow analyses, that approximated their carrying amounts. Financial guarantees and letters of credit were issued by the company in the ordinary course of business, and had a fair value of approximately $104.3 as of December 31, 1997. The fair values of financial guarantees and letters of credit were based on the face value of the underlying instruments, after deducting the amount related to those instruments that are recorded as liabilities, and the related amounts accrued.

13. CONTINGENCIES AND COMMITMENTS

LITIGATION: The company and certain of its subsidiaries are defendants in legal proceedings incidental to its business. Although the ultimate disposition of these proceedings is not presently determinable, management does not expect the outcome to have a material adverse impact on the company's financial position or results of operations.

LEASES: The future minimum rental payments under leases with remaining noncancelable terms in excess of one year are:

Year ending December 31,	
1998	$10.5
1999	8.2
2000	5.8
2001	2.6
2002	3.6
Subsequent to 2002	4.6
Total minimum payments	$35.3

Total rent expense in 1997, 1996 and 1995 was $19.2, $20.3 and $21.1, respectively.

14. ENVIRONMENTAL MATTERS

The company is involved in various stages of investigation and remediation relative to environmental protection matters, arising from its own initiative, from indemnification of purchasers of divested operations, or from legal or administrative proceedings, some of which include waste disposal sites. In certain instances, the company may be exposed to joint and several liability for remedial action or damages. The company, along with several other entities, has been named as a potentially responsible party for remedial costs at certain third-party sites listed on the National Priorities List under CERCLA and state counterpart statutes.

The potential costs related to such matters and the possible impact on future operations are uncertain due in part to the complexity of government laws and regulations and their interpretations, the varying costs and effectiveness of clean-up technologies, the uncertain level of insurance or other types of recovery, and the questionable level of the company's responsibility. The company estimates that costs of investigation and remediation will be approximately $25 and has included this amount in accrued expenses in the accompanying balance sheet. It is at least reasonably possible, however, that a change in this estimate will occur. In management's opinion, after considering reserves established for such purposes, remedial actions for compliance with the present laws and regulations governing the protection of the environment are not expected to have a material adverse impact on the company's results of operations or financial position.

15. CAPITAL STOCK

PREFERRED STOCK: 10 million shares of cumulative preferred stock, par value $1.00 per share, are authorized but unissued.

COMMON STOCK: 150 million shares are authorized, with 65.0 million issued in 1997 and 64.6 million issued in 1996. The 1.96 million shares issued through 1969 have a par value of $6.67 per share. Shares issued since then have a par value of $1.00 per share.

TREASURY STOCK:

	NUMBER OF SHARES (IN MILLIONS)		
	1997	1996	1995
Balance at beginning of year	13.2	15.0	16.6
Restatement for Data Switch merger	--	--	(1.8)
Common stock reacquired	5.8	--	0.5
Common stock issued under the company's incentive compensation and savings and stock ownership plans	(0.1)	(0.3)	(0.3)
Conversion of convertible subordinated notes	(1.0)	(1.5)	--
Balance at end of year	17.9	13.2	15.0

On June 19, 1997, the Board of Directors approved a stock buy-back program of up to $150.0 subject to the consummation of the GSPG divestiture. On September 18, 1997, the Board of Directors approved an increase of this program to $300.0. The program is expected to be completed by the end of 1998. As of January 23, 1998, 3.4 million shares were repurchased under this program for $145.1.

On December 12, 1996, the Board of Directors approved a stock buy-back program of up to $100.0 to offset any shares issued as a result of the call for the redemption of the 5.75 percent convertible subordinated notes. On April 17, 1997, the program was completed with the total of 2.5 million shares repurchased for $100.0.

In March 1994, the company's Board of Directors approved a program, which concluded in March 1996, to repurchase up to 3.4 percent or 1.6 million shares of the common stock outstanding at that time. These shares were purchased systematically in open market transactions after the Board's approval and were used to offset dilution from the increased exercise of employee stock options arising from the company's executive stock ownership program. Approximately 1.1 million shares were repurchased under this program.

WARRANTS: In connection with the Data Switch merger, the company assumed 1,452 warrants that are redeemable at $34.83 per share and 14,357 warrants that are redeemable at $16.54 per share. In 1997 and 1996, 718 and 13,639, respectively, of these warrants were redeemed for shares of common stock.

SHAREHOLDER RIGHTS PLAN: On February 1, 1996, the Board of Directors declared a dividend distribution of one common stock purchase right for each share of common stock. The rights trade with the common stock and are not currently exercisable. Each right entitles the shareholder to buy the company's or the acquiring company's stock valued at $300 per share for a price of $150 per share upon the occurrence of specific events. The company may redeem the rights for 10 days (subject to a further 20-day extension) for one cent per right, after a person or entity acquires 20 percent or more of the common stock. The provisions do not apply to rights that are beneficially owned by the acquirer.

16. EMPLOYEE BENEFIT PLANS

PENSION PLANS: The company's pension plans cover substantially all salaried and hourly paid employees, including certain employees in foreign countries. The plans generally provide benefit payments using a formula based on an employee's compensation and length of service or, in some cases, stated amounts for each year of service. The company funds United States pension plans in amounts equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus additional amounts that may be approved from time to time. Substantially all plan assets are invested in cash and short-term investments or listed stocks and bonds and real estate. Plan assets and obligations of non-U.S. subsidiaries are not material. The periodic net pension income related to continuing operations is comprised of the following:

	YEAR ENDED DECEMBER 31,		
	1997	1996	1995
Service cost - benefits earned during the period	$ 11.7	$ 14.6	$ 8.9
Interest cost on projected benefit obligation	32.8	32.7	32.6
Actual return on assets	(89.5)	(77.4)	(45.7)
Net amortization and deferral	30.3	21.3	(5.1)
Net pension income	$(14.7)	$ (8.8)	$ (9.3)
The actuarial assumptions used were:			
Discount rate	7.60%	7.60%	7.00%
Rate of increase in compensation levels	5.00%	5.00%	5.00%
Expected long-term rate of return on assets	9.50%	9.50%	9.50%

The following table sets forth the plans' funded status and amounts recognized in the balance sheet:

	DECEMBER 31,			
	1997		1996	
	OVER FUNDED	UNDER FUNDED	OVER FUNDED	UNDER FUNDED
Actuarial present value of obligations:				
Vested benefit obligation	$(445.0)	$(4.6)	$(343.0)	$(71.2)
Accumulated benefit obligation	(464.8)	(5.0)	(361.2)	(73.7)
Fair value of plan assets	633.8	--	522.9	62.4
Projected benefit obligation	(483.6)	(4.4)	(377.7)	(76.1)
Plan assets in excess of (less than) projected benefit obligation	150.2	(4.4)	145.2	(13.7)
Unrecognized net (gain) loss	(3.2)	2.2	(10.5)	4.0
Prior service cost not yet recognized in net pension cost	4.9	1.1	6.0	3.1
Unrecognized net asset	(19.4)	0.2	(24.5)	(4.7)
Adjustment to recognize minimum liability	--	(4.1)	--	--
Prepaid (accrued) pension	$ 132.5	$(5.0)	$ 116.2	$(11.3)

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible assets, net of tax benefit, is reported as a reduction of shareholders' equity. At December 31, 1997, the company recorded a minimum pension liability adjustment, net of tax, of $1.7.

Under the Savings and Stock Ownership Plan and other supplemental plans, the company matches employee contributions in cash and common stock equal to a percentage of certain amounts contributed by employees. The company's contributions under these plans amounted to $13.2 in 1997, $10.6 in 1996 and $8.2 in 1995. Effective July 1, 1997, the contributions were invested in funds based on employee direction. Prior to July, the contributions were invested in shares of the company's common stock. At December 31, 1997, the plans held 2.4 million shares and 0.6 million shares were reserved for issuance.

NON-PENSION RETIREMENT BENEFITS: The company and its U.S. subsidiaries have post-retirement plans that provide health and life insurance benefits for retirees. Some of these plans require employee contributions at varying rates. Not all employees are eligible to receive these benefits, with eligibility governed by the plan(s) in effect at a particular location.

The accumulated post-retirement benefit obligation at December 31, 1997 was determined using the terms of the company's various plans, together with relevant actuarial assumptions and health care cost trend rates projected at estimated annual rates ranging from 6.6 percent in 1997 and 6.4 percent in 1998, to 5.0 percent through the year 2006, and a weighted average discount rate of 7.0 percent. Generally, where applicable, the discount rate and the actuarial assumptions used for pension plans also apply to the non-pension retirement plans. A one percent annual increase in these assumed cost trend rates would increase the accumulated post-retirement benefit obligation by approximately $0.9, and annual service costs by approximately $0.1. Certain of the company's non-U.S. subsidiaries have similar plans for retirees. The company's obligations for such plans are not material.

The net periodic post-retirement benefit cost related to continuing operations is composed of the following:

	YEAR ENDED DECEMBER 31,		
	1997	1996	1995
Service cost for benefits attributed to service during the period	$0.4	$0.6	$ 0.4
Interest cost on the accumulated post-retirement benefit obligation	6.2	6.0	4.5
Net amortization and deferral	(4.3)	(4.5)	(5.5)
Net periodic post-retirement benefits	$2.3	$2.1	$(0.6)

The following table shows the plans' funded status and amounts recognized in the balance sheet:

	DECEMBER 31,			
	1997		1996	
	HEALTH	LIFE	HEALTH	LIFE
Accumulated post-retirement benefit obligation:				
Retirees	$ (58.9)	$(16.2)	$ (55.8)	$(15.3)
Fully-eligible active plan participants	(3.1)	(1.2)	(1.3)	(0.2)
Other active plan participants	(3.2)	(1.4)	(8.2)	(3.1)
Total	(65.2)	(18.8)	(65.3)	(18.6)
Unrecognized net gain	(13.8)	(1.2)	(20.4)	(1.7)
Unrecognized prior service cost	(12.6)	--	(19.5)	--
Accrued post-retirement benefit cost	(91.6)	(20.0)	(105.2)	(20.3)
Less amounts classified as current	7.3	1.3	7.3	1.3
	$ (84.3)	$(18.7)	$ (97.9)	$(19.0)

During 1997, the company's accrued post-retirement benefit cost was reduced by curtailment gains and settlement gains of approximately $7.9 related to the disposition of GSPG and the formation of EGS. The curtailment gain recognized on the disposition of GSPG is included in the gain on sale amount. The curtailment and settlement gains resulting from the formation of EGS were included in the investment in EGS.

The unrecognized prior service cost at December 31, 1997 and 1996 represents unamortized amounts for plan amendments, resulting from revisions to company- sponsored health plans, which reduced benefit levels.

STOCK INCENTIVE PROGRAM: The company has a stock incentive program whereby executive officers and designated employees have been or may be granted restricted stock and options to purchase shares of company common stock. Restricted stock awards were granted during 1997 and 1996 for 25,000 shares and 11,568 shares of company common stock with a weighted-average price of $43.50 per share and $40.31 per share, respectively. The restricted stock awards granted in 1997 and 1996 vest at certain rates over a three-to-five- year period. Non-employee directors may elect to defer all or part of their cash compensation as directors and to receive in lieu thereof restricted stock. No restricted stock awards granted in 1997 were received by non-employee directors. In 1996, of the 11,568 shares granted, 3,068 shares of company common stock were received by three non-employee directors, subject to a five-year restriction period. Total compensation expense for restricted stock for 1997 and 1996 was $1.0 and $1.2, respectively.

Options are exercisable during specified dates at prices at least equal to 100 percent of the fair market value on the date of grant. The exercise price of General Signal stock options granted in 1997 and 1996 equaled the market value on the date of grant. All options granted have 10-year terms, and vest and become fully exercisable at the end of four years of continued employment, except for options granted to non-employee directors which vest immediately. In 1997, of the 532,000 shares granted, 14,000 shares of company common stock were received by seven non-employee directors. No options were granted to non- employee directors in 1996. As of December 31, 1997 and 1996, 4.3 million and 4.6 million shares, respectively, of company common stock were reserved for issuance under the stock incentive program.

The company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations in accounting for its employee stock options. Under APB 25, because the exercise price of the company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense has been recognized.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), which also requires that the information be determined as if the company had accounted for its employee stock options granted subsequent to December 31, 1994, under the fair-value method of SFAS No. 123. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions:

	1997	1996	1995
Risk-free interest rate	5.71%	4.77%	5.39%
Dividend yield	2.40%	2.54%	2.76%
Expected volatility of market price of company's common stock	0.233	0.235	0.20
Expected option life	5 years	5 years	5 years

The risk-free interest rate is based on treasury bill rates. For the purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The company's pro forma information is as follows:

	1997	1996	1995
Pro forma net income	$128.0	$132.5	$35.7
Pro forma basic earnings per share	$ 2.55	$ 2.67	$0.73
Pro forma diluted earnings per share	$ 2.55	$ 2.60	$0.76

These pro forma effects may not be representative of the effects on future years because of the prospective application required by SFAS No. 123, and the fact that options vest over several years and new grants generally are made each year.

OPTION ACTIVITY: The following table shows the option activity for the three years ended December 31, 1997. Options granted and exercised by Data Switch prior to the merger date are included in the 1995 activity.

	SHARES (IN MILLIONS)	OPTION PRICE PER SHARE	WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at December 31, 1994	2.2	$19.44-$37.25	$29.32
Restatement for Data Switch merger	0.2	13.94-56.63	27.46
Options granted	0.7	21.80-38.25	35.82
Options exercised	(0.5)	13.94-35.38	25.03
Options terminated	(0.2)	13.94-53.98	32.71
Options outstanding at December 31, 1995	2.4	$13.94-$56.63	$31.30
Options granted	0.4	36.50-42.63	41.26
Options exercised	(0.3)	13.94-39.64	26.71
Options terminated	(0.1)	13.94-53.98	31.42
Options outstanding at December 31, 1996	2.4	$13.94-$56.63	$33.73
Options granted	0.5	37.25-51.00	43.09
Options exercised	(0.4)	13.94-47.02	27.20
Options terminated	(0.1)	13.94-56.63	36.81
Options outstanding at December 31, 1997	2.4	$13.94-$53.98	$36.70
Options exercisable:			
1997	1.3	$13.94-$53.98	$32.91
1996	1.4	13.94-56.63	31.13
1995	1.1	13.94-56.63	29.16

The weighted-average fair value of options granted during 1997, 1996 and 1995 was $10.85 per share, $9.08 per share and $7.36 per share, respectively.

The following table summarizes information concerning currently outstanding and exercisable options:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
	(NUMBER OF SHARES IN THOUSANDS)				
$10-$20	20	5.81	$16.23	18	$16.19
$20-$30	232	2.46	25.61	224	25.72
$30-$40	1,279	4.94	34.24	996	33.89
$40-$50	883	9.09	43.56	106	41.43
$50-$60	5	6.48	52.02	2	53.98
	2,419			1,346	

17. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share from continuing operations:

	YEAR ENDED DECEMBER 31, 1997	1996	1995
Numerator:			
Numerator for basic earnings per share-earnings from continuing operations	$131.0	$133.4	$100.1
Effect of dilutive securities:			
5.75 percent convertible subordinated notes	0.2	3.5	3.8
Numerator for diluted earnings per share-income available to common shareholders after assumed conversion	$131.2	$136.9	$103.9
Denominator (shares in millions):			
Denominator for basic earnings per share-weighted-average shares	50.2	49.7	49.2
Effect of dilutive securities:			
Employee stock options	0.2	0.2	0.1
5.75 percent convertible subordinated notes	0.1	2.5	2.5
Restricted stock compensation	(0.1)	(0.1)	(0.1)
Contingent restricted stock awards	--	--	0.1
Dilutive potential common shares	0.2	2.6	2.6
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	50.4	52.3	51.8
Basic earnings per share from continuing operations	$ 2.61	$ 2.68	$ 2.04
Diluted earnings per share from continuing operations	$ 2.60	$ 2.62	$ 2.01

For additional disclosures regarding the 5.75 percent subordinated notes and the employee stock options, see pages F-13 and F-18 through F-20.

18. BUSINESS COMBINATIONS

During the three-year period ended December 31, 1997, the company acquired four entities for cash and common stock valued at $350.7 plus the assumption of liabilities. The acquisitions, except Data Switch Corporation (Data Switch), were accounted for as purchases, and, accordingly, the results of operations of the acquired companies are included in the statement of earnings for the periods during which they were owned by the company. Data Switch was accounted for as pooling of interests. The following paragraphs discuss significant mergers and acquisitions made during the three years ended December 31, 1997.

On June 13, 1995, the company completed a cash-tender offer for Best Power Technology, Inc. (Best Power). Best Power is a manufacturer of uninterruptible power supply products, which provide backup power to protect computers, information networks and other critical systems from power line disturbances. The aggregate purchase price was $206.3, creating goodwill of $167.1. The purchase price was financed through the issuance of commercial paper. The company recorded a $7.4 before-tax charge ($4.8 after-tax) during the second quarter of 1995, primarily for severance and other consolidation costs relating to the combination of General Signal and Best Power locations.

On July 27, 1995, the company acquired MagneTek Electric Inc. (Waukesha Electric) for $73.9, creating goodwill of $46.2. Waukesha Electric designs, manufactures and installs medium-power transformers and related products. The purchase price was financed through the issuance of commercial paper.

Unaudited pro forma data for the year ended December 31, 1995 giving effect to the acquisitions of Best Power and Waukesha Electric as if they had been acquired at the beginning of 1995 are shown below:

	1995
Net sales	$1,974.3
Net earnings	$ 36.2
Basic earnings per share	$ 0.74
Diluted earnings per share	$ 0.77

On November 9, 1995, the company merged with Data Switch by exchanging 1.8 million shares of company common stock and 0.2 million rights to receive company common stock for all of the outstanding common stock and related options and warrants of Data Switch. Data Switch designs, develops, manufactures, markets and services products for large-scale data center networks. As a result of the merger, the company incurred transaction costs, severance and balance sheet valuation adjustments of $12.7 ($8.1 after-tax). The transaction costs included investment banker and other professional fees. The consolidation costs included severance pay primarily for Data Switch and asset valuation adjustments.

19. DISCONTINUED OPERATIONS

In November 1994, the company adopted a plan to sell Leeds & Northrup Company (L&N), formerly a part of the Process Controls sector, and Dynapower/Stratopower (Dynapower), formerly a part of the Industrial Technology sector. These operations have been accounted for as discontinued operations, and the consolidated financial statements have reported separately their net assets and operating results. In the second and third quarters of 1995, the company recorded a total of $99.9 before-tax charges ($64.0 after- tax) for additional expected losses relating to the disposal of L&N and Dynapower. Through December 31, 1996, substantially all related assets were sold. In September 1997, $3.8 of this amount ($2.3 after-tax) was no longer required and accordingly, was reversed.

20. DISPOSITION OF BUSINESS AND OTHER SPECIAL ITEMS

In the fourth quarter of 1997, the company settled patent litigation and sold related patents for a pre-tax gain of $10.0 and sold its equity interest in a company in Mexico for a gain of $9.0. Income tax expense on the gains totaled $10.6. The effective tax rate on the Mexico gain differs from the U.S. statutory tax rate due to a difference in the book and tax basis of the equity investment sold. Additionally in the fourth quarter of 1997, the company recorded $13.8 of pre-tax charges in selling, general and administrative expenses for asset valuations, lease termination costs and other individually insignificant matters.

In August 1997, the company sold substantially all of the assets of GSPG, a unit of the Process Controls sector, to Pentair, Inc. for approximately $200 and recognized a pre-tax gain of $63.7 ($17.2 after-tax). The effective tax rate differs from the U.S. statutory tax rate due to a difference in the book and tax basis of GSPG. Additionally, during the third quarter of 1997, the company recorded charges for inventory and accounts receivable policy changes, asset write-offs, professional fees and cancellation of a facility lease. Additionally, the company reversed a restructuring reserve that was no longer needed due to the formation of EGS. The net of these charges of $14.1 were included in cost of sales ($11.1) and selling, general and administrative expenses ($3.0), with an associated income tax benefit of $5.4.

In January 1996, the company sold Kinney, a unit of the Process Controls sector, for $29.0 and recognized a pre-tax gain of $20.8. Included in the gain were transaction costs of approximately $0.5. Also during the first quarter of 1996, the company recognized $19.7 of pre-tax charges for asset write-downs, lease termination costs, severance, warranty repairs and environmental matters. The charges were included in cost of sales ($13.0) and selling, general and administrative expenses ($6.7), with an associated income tax benefit of $7.9.

21. BUSINESS SECTOR INFORMATION

The company manufactures industrial products and components in the Process Control, Electrical Control and Industrial Technology (primarily transportation and telecommunication) industries. See pages 3 through 5 of this 10-K for a description of major products and markets served.

PRODUCT SECTORS	1997	1996	1995	1994	1993
NET SALES:					
Process Controls	$ 671.9	$ 752.4	$ 719.7	$ 606.4	$ 545.8
Electrical Controls	910.9	945.3	777.0	618.6	547.1
Industrial Technology	371.8	367.3(/2/)	366.5	302.7	261.3
	$1,954.6	$2,065.0	$1,863.2	$1,527.7	$1,354.2
OPERATING EARNINGS:					
Process Controls	$ 149.9(/1/)	$ 128.9(/3/)	$ 92.0	$ 66.8(/5/)	45.1(/6/)
Electrical Controls	66.4(/1/)	86.4(/3/)	62.1(/4/)	30.7(/5/)	29.2(/6/)
Industrial Technology	64.3(/1/)	62.5(/3/)	51.1(/4/)	47.4(/5/)	44.8
Other charges and credits	--	--	--	46.2	48.0(/7/)
	280.6	277.8	205.2	191.1	167.1
Equity income	11.8	1.1	0.9	1.0	0.2
Interest expense, net	(13.2)	(21.5)	(24.3)	(11.8)	(16.6)
Unallocated expenses	(26.4)(/1/)	(35.0)	(25.4)	(20.0)	(11.6)
Earnings from continuing operations before income taxes	$ 252.8	$ 222.4	$ 156.4	$ 160.3	$ 139.1
IDENTIFIABLE ASSETS:					
Process Controls	$ 299.7	$ 434.9	$ 420.9	$ 391.4	$ 474.3
Electrical Controls	532.5	700.7	692.0	399.4	326.5
Industrial Technology	191.0	205.9	209.0	181.3	167.2
	1,023.2	1,341.5	1,321.9	972.1	968.0
General corporate assets	220.2	183.1	210.3	211.8	213.1
Assets held for sale at estimated realizable value	--	4.9	60.4	153.6	25.7
Investments in and advances to affiliates	144.6	21.5	20.6	20.4	18.1
Total assets	$1,388.0	$1,551.0	$1,613.2	$1,357.9	$1,224.9
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT(/8/):					
Process Controls	$ 17.2	$ 17.8	$ 17.9	$ 16.6	$ 12.4
Electrical Controls	20.3	22.1	19.0	14.5	13.0
Industrial Technology	10.9	10.6	11.4	6.4	6.4
Corporate and other	2.3	2.1	2.0	4.2	3.6
CAPITAL EXPENDITURES(/8/):					
Process Controls	$ 18.8	$ 21.8	$ 15.0	$ 28.7	$ 23.1
Electrical Controls	20.9	25.1	21.1	21.8	22.3
Industrial Technology	11.2	10.5	11.0	11.4	7.7
Corporate and other	5.6	1.9	1.9	12.9	2.0

(1) Includes 1997 income in Process Controls ($63.7) and unallocated expenses ($19.0) for the gain on sale of GSPG, settlement of patent litigation and sale of patents and gain on sale of equity interest in a company in Mexico. Also recorded were charges in Process Controls ($2.8), Electrical Controls ($16.7), Industrial Technology ($1.9) and unallocated expenses ($6.5) for asset valuations, restructuring charges, lease termination costs and other matters.

(2) Includes $4.2 of royalty income.

(3) Includes 1996 income in Process Controls ($22.6) and Industrial Technology ($4.2) for the gain on sale of Kinney, insurance gain on the recovery of destroyed assets and royalty income. Also recorded were charges in Process Controls ($4.0), Electrical Controls ($11.1) and Industrial Technology ($4.6) for asset write-downs, lease termination costs, severance, warranty repairs and environmental

matters.

(4) Includes 1995 charges in Electrical Controls ($7.4) and Industrial Technology ($12.7) for the acquisition of Best Power and merger with Data Switch.

(5) Includes 1994 charges in Process Controls ($11.9), Electrical Controls ($19.2) and Industrial Technology ($9.9) for the consolidation of operations, asset valuations, environmental and other.

(6) Includes 1993 charges in Process Controls ($22.1) and Electrical Controls ($10.5) for asset valuations, restructuring and transaction and consolidation charges related to Revco.

(7) Represents credits for the divested semiconductor operations ($53.2) and charges for the transportation businesses ($5.2).

(8) Excludes discontinued operations.

22. GEOGRAPHIC AREAS

	1997	1996	1995	1994	1993
NET SALES:					
United States	$1,764.3	$1,901.0	$1,699.8	$1,390.0	$1,218.9
Foreign	273.0	274.6	239.9	180.7	173.7
Intergeographic	(82.7)	(110.6)	(76.5)	(43.0)	(38.4)
	$1,954.6	$2,065.0	$1,863.2	$1,527.7	$1,354.2
OPERATING EARNINGS(/1/):					
United States	$ 193.5	$ 234.7	$ 212.0	$ 135.7	$ 113.4
Other charges and credits	72.7	20.8	(20.1)	46.2	48.0
Foreign	14.4	22.3	13.3	9.2	5.7
	$ 280.6	$ 277.8	$ 205.2	$ 191.1	$ 167.1
IDENTIFIABLE ASSETS(/2/):					
United States	$ 866.4	$1,201.0	$1,175.6	$ 875.8	$ 822.5
Foreign	156.8	140.5	146.3	96.3	145.5
	$1,023.2	$1,341.5	$1,321.9	$ 972.1	$ 968.0
Export sales to unaffiliated customers(/3/)	$ 176.8	$ 215.2	$ 199.1	$ 125.4	$ 110.9

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(1) Excludes equity income, net interest expense and unallocated expenses.
(2) Excludes general corporate assets and investments in affiliates. (3) Included in United States sales.

23. SUPPLEMENTARY INFORMATION

	YEAR ENDED DECEMBER 31,		
	1997	1996	1995
Liabilities assumed in conjunction with acquisitions:			
Fair value of assets acquired	$11.0	$ --	$332.1
Cash paid	11.0	--	(280.2)
	$ --	$ --	$ 51.9
Research and development	$45.7	$47.5	$ 46.9
Advertising expense	$16.1	$17.9	$ 14.1

24. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	FIRST		SECOND		THIRD		FOURTH	
	1997	1996	1997	1996	1997	1996	1997	1996
Net sales	$ 505.6	$ 481.7	$ 539.6	$ 515.0	$ 475.7	$ 521.6	$ 433.7	$ 546.7
Gross profit	148.3	130.3	163.7	157.7	129.2	165.4	134.9	175.9
Earnings from continuing operations	24.3	25.4[3]	34.4	31.6	36.0[1]	37.4	36.3[2]	39.0
Disposal of discontinued operations	--	--	--	--	2.3	--	--	--
Cumulative effect of accounting change	--	--	--	--	--	--	(3.7)	--
Net earnings	$ 24.3	$ 25.4	$ 34.4	$ 31.6	$ 38.3	$ 37.4	$ 32.6	$ 39.0
Basic earnings (loss) per share of common stock[4]:								
Continuing operations	$ 0.47	$ 0.51	$ 0.68	$ 0.64	$ 0.71	$ 0.75	$ 0.75	$ 0.78
Disposal of discontinued operations	--	--	--	--	0.05	--	--	--
Cumulative effect of accounting change	--	--	--	--	--	--	(0.08)	--
Net earnings	$ 0.47	$ 0.51	$ 0.68	$ 0.64	$ 0.76	$ 0.75	$ 0.67	$ 0.78
Diluted earnings (loss) per share of common stock[4]:								
Continuing operations	$ 0.47	$ 0.51	$ 0.68	$ 0.62	$ 0.71	$ 0.73	$ 0.75	$ 0.76
Disposal of discontinued operations	--	--	--	--	0.05	--	--	--
Cumulative effect of accounting change	--	--	--	--	--	--	(0.08)	--
Net earnings	$ 0.47	$ 0.51	$ 0.68	$ 0.62	$ 0.76	$ 0.73	$ 0.67	$ 0.76
Common stock price range:								
High	$46 3/4	$37 3/4	$46 3/4	$40 1/8	$ 53	$44 1/4	$44 7/8	$44 1/2
Low	38 1/2	32	36 1/8	35 1/4	37 3/16	36 1/4	36 5/8	39 3/4
Dividends declared per share	$ 0.255	$ 0.24	$ 0.255	$ 0.24	$ 0.255	$ 0.24	$ 0.27	$ 0.255
Dividends paid per share	$ 0.255	$ 0.24	$ 0.255	$ 0.24	$ 0.255	$ 0.24	$ 0.255	$ 0.24

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Earnings before cumulative effect of accounting change was $38.3 ($0.76 per share) in the third quarter of 1997.

Note: The sum of the quarters' earnings per share may not equal the full year per-share amounts.

(1) Included $63.7 gain on sale of GSPG. The company also recorded $14.1 of special charges for asset valuations, restructuring charges and other matters.

(2) Included $10.0 gain on settlement of a patent litigation and sale of patents and $9.0 gain on sale of an investment in Mexico. The company also recorded $13.8 of special charges for asset valuations, lease termination costs and other matters.

(3) Included $20.8 gain on sale of Kinney and $6.0 related to a royalty contract and an insurance gain. The company also recorded $19.7 of charges for asset write-downs, lease termination costs, severance, warranty repairs and environmental matters.

(4) The 1996 and first three quarters of 1997 earnings per share amounts have been restated to comply with SFAS No. 128.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES
INDEX

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES
Statement of Earnings

(In millions, except per-share data)
(Unaudited)

	THREE MONTHS ENDED JUNE 30, 1998	1997
Net sales	$ 401.6	$ 539.6
Cost of sales	273.6	375.9
Selling, general and administrative expenses	82.6	101.7
	356.2	477.6
Operating earnings	45.4	62.0
Equity in earnings of EGS	10.0	--
Interest expense, net	(5.4)	(4.6)
Earnings before income taxes	50.0	57.4
Income taxes	19.2	23.0
Net earnings	$ 30.8	$ 34.4
Basic earnings per share	$ 0.70	$ 0.68
Diluted earnings per share	$ 0.70	$ 0.68
Dividends declared per share	$ 0.27	$ 0.255

See accompanying notes to financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

Statement of Earnings

(In millions, except per-share data)
(Unaudited)

	SIX MONTHS ENDED JUNE 30, 1998	1997
Net sales	$ 776.1	$1,045.2
Cost of sales	538.5	733.2
Selling, general and administrative expenses	161.1	206.1
	699.6	939.3
Operating earnings	76.5	105.9
Equity in earnings of EGS	20.0	--
Interest expense, net	(8.6)	(8.0)
Earnings before income taxes	87.9	97.9
Income taxes	33.8	39.2
Net earnings	$ 54.1	$ 58.7
Basic earnings per share	$ 1.20	$ 1.15
Diluted earnings per share	$ 1.19	$ 1.14
Dividends declared per share	$ 0.54	$ 0.51

See accompanying notes to financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES
Balance Sheet
(In millions)

	(Unaudited) JUNE 30, 1998	(Audited) DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39.5	$ 50.0
Accounts receivable, net	279.1	285.4
Inventories, net	163.5	156.8
Prepaid expenses and other current assets	13.7	23.2
Deferred income taxes	47.4	52.7
Total current assets	543.2	568.1
Property, plant and equipment, net of accumulated depreciation and amortization	237.9	240.7
Intangibles, net of accumulated amortization	258.1	264.3
Investment in EGS	142.7	133.1
Pension asset	139.3	127.5
Other assets	55.1	54.3
Total assets	$ 1,376.3	$ 1,388.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	$ 9.2	$ 9.0
Accounts payable	128.4	142.7
Accrued expenses	179.5	184.4
Income taxes	28.8	40.4
Total current liabilities	345.9	376.5
Long-term debt, less current maturities	364.8	207.4
Accrued post-retirement and post-employment obligations	107.0	112.4
Deferred income taxes	57.8	50.3
Other liabilities	11.1	11.7
Total long-term liabilities	540.7	381.8
Shareholders' equity:		
Common stock	78.7	78.5
Additional paid-in capital	368.9	367.2
Retained earnings	766.3	746.7
Accumulated other comprehensive loss	(14.4)	(11.8)
Common stock in treasury	(709.8)	(550.9)
Total shareholders' equity	489.7	629.7
Total liabilities and shareholders' equity	$ 1,376.3	$ 1,388.0

See accompanying notes to financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES
Condensed Statement of Cash Flow
(In millions)
(Unaudited)

	SIX MONTHS ENDED JUNE 30, 1998	1997
CASH FLOW FROM OPERATING ACTIVITIES:		
Net earnings	$ 54.1	$ 58.7
Adjustments to reconcile net earnings to net cash from operating activities		
Equity in earnings of EGS	(20.0)	--
Deferred income taxes	12.9	14.8
Depreciation and amortization	29.3	35.6
Pension credits	(9.0)	(6.5)
Other, net	(6.6)	(1.1)
Changes in assets and liabilities, net of effects from acquisitions and divestitures	(25.8)	(43.9)
Net cash from operating activities	34.9	57.6
CASH FLOW FROM INVESTING ACTIVITIES:		
Divestitures	1.9	7.3
Capital expenditures	(24.6)	(26.3)
Other, net	0.8	1.5
Net cash from investing activities	(21.9)	(17.5)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net change in short and long-term borrowings	157.6	84.7
Dividends paid	(24.7)	(26.5)
Issuance of common stock	3.2	8.3
Purchase of common stock	(159.6)	(100.0)
Net cash from financing activities	(23.5)	(33.5)
Net change in cash and cash equivalents	(10.5)	6.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50.0	17.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 39.5	$ 24.3

See accompanying notes to financial statements.

GENERAL SIGNAL CORPORATION AND CONSOLIDATED SUBSIDIARIES
Notes to Financial Statements
(Unaudited)

1. In the opinion of management, the accompanying unaudited financial statements reflect all adjustments (consisting of normal, recurring items) necessary for the fair presentation of results for these interim periods. These results are based upon generally accepted accounting principles consistently applied with those used in the preparation of the company's 1997 Annual Report on Form 10-K. The results of operations for the six-month period ended June 30, 1998 are not necessarily indicative of the results of operations that may be expected for the full year. The financial information as of June 30, 1998 should be read in conjunction with the financial statements contained in the company's 1997 Annual Report on Form 10-K.

2. Certain reclassifications have been made to the 1997 financial statements to conform with the 1998 presentation.

3. INVENTORIES

	June 30, 1998	December 31, 1997
	(In millions)	
Finished goods	$ 46.7	$ 43.9
Work in process	49.3	38.3
Raw material and purchased parts	80.3	87.3
Total FIFO cost	176.3	169.5
Excess of FIFO cost over LIFO inventory value	(12.8)	(12.7)
Net carrying value	$ 163.5	$ 156.8

4. PROPERTY, PLANT AND EQUIPMENT

	June 30, 1998	December 31, 1997
	(In millions)	
Property, plant and equipment, at cost	$ 584.6	$ 576.3
Accumulated depreciation and amortization	(346.7)	(335.6)
Property, plant and equipment, net	$ 237.9	$ 240.7

5. CAPITAL STOCK

	June 30, 1998	December 31, 1997
	(In millions)	
COMMON STOCK:		
Shares authorized	150.0	150.0
Shares issued	65.0	65.0
Held in treasury	(21.4)	(17.9)

6. COMPREHENSIVE INCOME

As of January 1, 1998, the company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130). SFAS No. 130 establishes rules for the reporting and display of comprehensive income and its components. The adoption of this statement had no impact on the company's net income or shareholders' equity. SFAS No. 130 requires foreign currency translation adjustments to be included in a presentation of other comprehensive income. Prior year financial statements have been reclassified to conform to the requirements of SFAS No. 130.

Total comprehensive income and its components, net of related tax, for the three and six-month periods ended June 30 were as follows:

	Three Months Ended		Six Months Ended	
	1998	1997	1998	1997
	(In millions)			
Net income	$ 30.8	$ 34.4	$ 54.1	$ 58.7
Foreign currency translation adjustments	(3.7)	--	(2.6)	(4.1)
Comprehensive income	$ 27.1	$ 34.4	$ 51.5	$ 54.6

The components of accumulated other comprehensive loss, net of related tax, were as follows:

	June 30, 1998	December 31, 1997
	(In millions)	
Foreign currency translation adjustments	$ (12.7)	$ (10.1)
Minimum pension liability adjustment	(1.7)	(1.7)
Accumulated other comprehensive loss	$ (14.4)	$ (11.8)

7. BUSINESS SEGMENT INFORMATION

	Three Months Ended June 30, 1998	1997
	(In millions)	
NET SALES:		
Process Controls (a)	$ 125.3	$ 193.7
Electrical Controls (b)	179.8	257.0
Industrial Technology	96.5	88.9
	$ 401.6	$ 539.6
OPERATING EARNINGS:		
Process Controls (a)	$ 19.8	$ 28.3
Electrical Controls (b)	18.6	26.9
Industrial Technology	15.8	15.4
Total operating earnings before unallocated expenses, equity earnings and interest	54.2	70.6
Equity in earnings of EGS (b)	10.0	--
Net interest expense	(5.4)	(4.6)
Unallocated expenses	(8.8)	(8.6)
Earnings before income taxes	$ 50.0	$ 57.4

(a) In August 1997, the company sold the General Signal Pump Group (GSPG), a unit of the Process Controls sector.

(b) In September 1997, the company contributed the net assets of General Signal Electrical Group (GSEG), a unit of the Electrical Controls sector, to the EGS Electrical Group (EGS).

	Six Months Ended June 30, 1998	1997
	(In millions)	
NET SALES:		
Process Controls (a)	$ 244.4	$ 368.4
Electrical Controls (b)	343.2	493.0
Industrial Technology	188.5	183.8
	$ 776.1	$ 1,045.2
OPERATING EARNINGS:		
Process Controls (a)	$ 33.5	$ 45.4
Electrical Controls (b)	31.0	45.6
Industrial Technology	30.6	33.7
Total operating earnings before unallocated expenses, equity earnings and interest	95.1	124.7
Equity in earnings of EGS (b)	20.0	--
Net interest expense	(8.6)	(8.0)
Unallocated expenses	(18.6)	(18.8)
Earnings before income taxes	$ 87.9	$ 97.9

(a) In August 1997, the company sold the General Signal Pump Group (GSPG), a unit of the Process Controls sector.
(b) In September 1997, the company contributed the net assets of General Signal Electrical Group (GSEG), a unit of the Electrical Controls sector, to the EGS Electrical Group (EGS).

8. SUPPLEMENTAL INFORMATION - STATEMENT OF CASH FLOW

	Six Months Ended June 30, 1998	1997
	(In millions)	
The company had the following non-cash financing activity:		
Conversion of convertible debt into common stock	$ --	$ 39.3

9. EARNINGS PER SHARE

The following tables set forth the computation of basic and diluted earnings per share (in millions, except for per-share data):

	Three Months Ended June 30, 1998	1997
Numerator:		
Numerator for basic and diluted earnings per share - net income	$ 30.8	$ 34.4
Denominator:		
Denominator for basic earnings per share - weighted-average shares	43.8	50.3
Effect of dilutive securities:		
Employee stock options	0.2	0.2
Restricted stock	0.2	(0.1)
Dilutive potential common shares	0.4	0.1
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	44.2	50.4
Basic earnings per share	$ 0.70	$ 0.68
Diluted earnings per share	$ 0.70	$ 0.68

	Six Months Ended June 30, 1998	1997
Numerator:		
Numerator for basic and diluted earnings per share - net income	$ 54.1	$ 58.7
Effect of dilutive securities:		
5.75 percent convertible subordinated notes	--	0.2
Numerator for diluted earnings per share - income available to common shareholders after assumed conversion	$ 54.1	$ 58.9
Denominator:		
Denominator for basic earnings per share - weighted-average shares	45.2	51.2
Effect of dilutive securities:		
Employee stock options	0.2	0.2
5.75 percent convertible subordinated notes	--	0.1
Restricted stock	0.2	--
Dilutive potential common shares	0.4	0.3
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	45.6	51.5
Basic earnings per share	$ 1.20	$ 1.15
Diluted earnings per share	$ 1.19	$ 1.14

10. REPURCHASE OF SHARES

On June 19, 1997 the Board of Directors approved a stock buy-back program of up to $150.0 million and on September 18, 1997, the Board of Directors approved an increase of this program to $300.0 million. As of April 15, 1998, the program was completed with the total of 6.8 million shares repurchased for $300.0 million.

11. EGS JOINT VENTURE

The company owns a 47.5 percent interest in EGS Electrical Group, LLC (EGS), a joint venture with Emerson Electric Company. The company accounts for its investment in EGS under the equity method of accounting. Effective January 1, 1998, the company began accounting for its investment in EGS on a three-month lag basis. EGS' fiscal year-end is September 30, 1998. EGS' results of operations were the following (in millions):

EGS:	Jan. 1, 1998 to March 31, 1998	October 1, 1997 to March 31, 1998
Net sales	$ 136.6	$ 272.1
Gross profit	52.9	105.7
Pre-tax income	20.7	41.6

The company's investment in EGS at June 30, 1998 was approximately $17 million less than its equity in the joint venture's net assets at March 31, 1998. The difference between the company's investment and EGS' net assets is being amortized on a straight-line basis over an estimated economic life of 40 years.

Condensed balance sheet information of EGS as of March 31, 1998 was as follows (in millions):

Current assets	$ 152.8
Noncurrent assets	262.9
Current liabilities	64.3
Noncurrent liabilities	16.0

12. MERGER WITH SPX CORPORATION

On July, 20, 1998, the company announced that it had signed a definitive merger agreement for SPX Corporation (SPX) to acquire the company for cash and SPX shares. The aggregate purchase price is valued at approximately $2 billion based on the last reported trading price of SPX's common stock immediately prior to the public announcement of the execution of the merger agreement. SPX will also assume approximately $335 million of the company's debt, net of cash. Under the terms of the merger agreement, the merger consideration to be paid to the company's shareholders will consist of 60 percent of SPX stock and 40 percent of cash in the aggregate, with each shareholder able to choose among three options - all cash ($45.00 per share), all SPX stock (0.6977 shares of SPX common stock per share of the company's common stock), or a 40/60 cash/stock combination ($18.00 and 0.4186 shares of SPX common stock per share of the company's common stock), subject to proration if the all cash or all stock elections are over subscribed. SPX has received commitments, underwritten by Chase Manhattan Bank, to provide up to $1.7 billion of financing to be used to fund the cash portion of the merger and to refinance existing indebtedness of the company and SPX. The transaction, which is subject to shareholder approvals, antitrust clearance and other customary conditions, is expected to close early in the fourth quarter of 1998.

The transaction will be accounted for as a reverse acquisition as the shareholders of the company will own a majority of the shares of the combined company upon completion of the transaction. Accordingly, for accounting purposes, SPX will be treated as the acquired company and the company will be considered to be the acquiring company. The purchase price will be allocated to the assets and liabilities of SPX based on their estimated fair market values at the acquisition date. Under reverse acquisition accounting, the purchase price of SPX will be based on the fair market value of SPX's common stock at July 19, 1998, the date of the signing of the definitive merger agreement. The cash portion of the purchase price will be accounted for as a dividend by the combined company.

SPX is a global provider of Vehicle Service Solutions to franchised dealers and independent service locations, Service Support to vehicle manufacturers and Vehicle Components to the worldwide motor vehicle industry.

PRO FORMA FINANCIAL DATA INDEX

Capitalized terms used but not defined herein shall have the meaning ascribed to them in the registration statement on Form S-4 of SPX Corporation, as amended (Registration No. 333-60853).

PRO FORMA CONDENSED COMBINED
FINANCIAL DATA OF SPX AND GENERAL SIGNAL
(unaudited)
(in millions, except per share data)

The following table presents selected pro forma condensed combined statement of income and other financial data of SPX and General Signal. The information is presented as if the Merger had occurred on January 1, 1997 for statement of income and related data and on June 30, 1998 for balance sheet data. The pro forma data assumes that the Merger is effected by the exchange of 0.4186 of a share of SPX Common Stock and $18.00 in cash for each share of General Signal Common Stock, whereby an aggregate of 18.227 shares of SPX Common Stock are issued and $783.8 in cash is paid in exchange for all outstanding shares of General Signal Common Stock. Because the General Signal stockholders will own a majority of the outstanding shares of SPX Common Stock upon completion of the transaction, the Merger will be accounted for as a reverse acquisition. Accordingly, for accounting purposes, SPX is treated as the acquired company and General Signal is considered to be the acquiring company. The purchase price will be allocated to the assets and liabilities assumed of SPX based on their estimated fair market values at the acquisition date. Under reverse acquisition accounting, the purchase price of SPX is based on the fair market value of SPX Common Stock at the date that the Merger Agreement was signed. The cash portion of the Merger Consideration will be accounted for as a dividend by the combined company. SPX's financial position and results of operations will not be included in General Signal's consolidated financial statements prior to the date the Merger is consummated.

Under reverse acquisition accounting, the purchase price of SPX is based on the fair market value of SPX Common Stock. For purposes of accounting for this business combination, the fair market value of SPX Common Stock is $64.50 per share, which was the closing price of SPX Common Stock on July 17, 1998, the last trading date prior to the date the Merger Agreement was signed. The Merger Consideration includes 0.4186 of a share of SPX Common Stock for each share of General Signal Common Stock. This is a fixed exchange ratio which will not be adjusted in the event of any increase or decrease in the market price of SPX Common Stock. Consequently, changes in the market price of SPX Common Stock will not impact these pro forma financial statements.

The pro forma condensed combined financial data are intended for information purposes, and do not purport to represent what the combined entity's results of continuing operations or financial position would actually have been had the transaction in fact occurred at an earlier date, or project the results for any future date or period. Upon consummation of the Merger, the actual financial position and results of operations of the combined company will differ, perhaps significantly, from the pro forma amounts reflected herein due to a variety of factors, including changes in operating results between the date of the pro forma condensed combined financial data and the date on which the Merger is consummated and thereafter, as well as the factors discussed under "Risk Factors."

The pro forma condensed combined balance sheet reflects the estimated costs associated with change of control agreements and other costs associated with closing the corporate office of General Signal. Certain other change of control agreement costs which are triggered by the Merger and are attributable to General Signal employees who are not affected by the corporate office closing are also reflected in the pro forma condensed combined balance sheet. The pro forma condensed combined income statement does not reflect a charge for these costs as they are non-recurring and have no continuing impact. Following the Effective Time, SPX will be finalizing its strategic review of the combined company and its plans to integrate the operations of General Signal. The pro forma condensed combined financial data do not give effect to any additional integration or restructuring costs that could result from that review and the finalization of those plans. Any additional integration and rationalization of the operations of General Signal may include certain costs that in turn would result in a charge to earnings of the combined company. Such a charge, which cannot now be quantified fully, may be material and would be recognized in the period in which such a charge occurs. The costs may include severance and related employee benefits costs, costs to consolidate manufacturing and distribution facilities, facility rearrangement costs, relocation and moving costs, training costs, and gains or losses on business divestitures, among others.

The pro forma condensed combined financial data do not give effect to any cost savings that could result from the combination of the companies. SPX's and General Signal's management estimate that the combined company can achieve approximately $55.0 to $60.0 of annualized cost savings in the first full year following the acquisition. These cost savings include estimated annual savings of $35.0 associated with duplicative corporate office costs, $10.0 to $15.0 associated with combining material sourcing of the combined company, and $10.0 to $15.0 of cost reductions at the General Signal business units.

In the pro forma condensed combined financial data, SPX's and General Signal's historical information for the six months ended June 30, 1998 were derived from SPX's Second Quarter Form 10-Q and General Signal's Second Quarter Form 10-Q, respectively. For SPX's and General Signal's pro forma adjusted historical financial data for the year ended December 31, 1997, see "Pro Forma Adjusted Historical Financial Data of SPX" and "Pro Forma Adjusted Historical Financial Data of General Signal," respectively, wherein certain divestitures by the respective companies are reflected as having occurred as of January 1, 1997.

PRO FORMA CONDENSED COMBINED
FINANCIAL DATA OF SPX AND GENERAL SIGNAL
FOR THE SIX MONTHS ENDED JUNE 30, 1998
(unaudited)
(in millions, except per share data)

	SPX HISTORICAL	GENERAL SIGNAL HISTORICAL	PRO FORMA ADJUSTMENTS	PRO FORMA
STATEMENT OF INCOME DATA:				
Revenues	$ 462.0	$776.1	$ --	$1,238.1
Cost of products sold	332.7	505.7	1.7(d)	840.1
Selling, general and administrative expense	83.4	186.6	1.7(d)	271.7
Other operating expenses, net	1.7	7.3	9.0(d)	18.0
Special charges and (gains)(k)	(7.1)	--	--	(7.1)
Operating income	51.3	76.5	(12.4)	115.4
Other expense (income), net	(1.4)	--	--	(1.4)
Equity earnings of EGS	--	(20.0)	--	(20.0)
Interest expense, net	7.9	8.6	44.2(f)	60.7
Income before income taxes	44.8	87.9	(56.6)	76.1
Provision for income taxes	16.1	33.8	(18.1)(g)	31.8
Income from continuing operations	$ 28.7	$ 54.1	$ (38.5)	$ 44.3
Income per share:				
Basic	$ 2.40			$ 1.43
Diluted	2.33			1.42
Weighted average number of common shares outstanding:				
Basic	11.972		18.921(h)	30.893
Diluted	12.342		18.921(h)	31.263
Dividends per share (l)	$ --			$ --
OTHER FINANCIAL DATA:				
Capital expenditures	$ 14.6	$ 24.6	$ --	$ 39.2
Depreciation and amortization	12.0	29.3	11.5	52.8

Note: The accompanying notes are an integral part of the pro forma condensed combined financial data.

PRO FORMA CONDENSED COMBINED
FINANCIAL DATA OF SPX AND GENERAL SIGNAL
FOR THE YEAR ENDED DECEMBER 31, 1997
(unaudited)
(in millions, except per share data)

	SPX PRO FORMA ADJUSTED HISTORICAL(a)	GENERAL SIGNAL PRO FORMA HISTORICAL(b)	PRO FORMA ADJUSTMENTS	PRO FORMA
STATEMENT OF INCOME DATA:				
Revenues	$ 898.8	$1,601.5	$ --	$2,500.3
Cost of products sold	649.4	1,066.3	3.3(d)	1,719.0
Selling, general and administrative expense	174.3	376.9	3.3(d)	554.5
Other operating expenses, net	3.7	12.5	18.0(d)	34.2
Special charges and (gains)(k)	116.5	--	--	116.5
Operating income (loss)	(45.1)	145.8	(24.6)	76.1
Other expense (income), net	(2.3)	(9.0)	--	(11.3)
Equity earnings of EGS	--	(38.8)	--	(38.8)
Interest expense, net	12.9	8.2	82.0(f)	103.1
Income (loss) before income taxes	(55.7)	185.4	(106.6)	23.1
Provision (benefit) for income taxes	(20.0)	73.9	(33.7)(g)	20.2
Income (loss) from continuing operations(c)	$ (35.7)	$ 111.5	$ (72.9)	$ 2.9
Income (loss) per share:				
Basic	$ (2.80)			$ 0.09
Diluted	(2.80)			0.08
Weighted average number of common shares outstanding:				
Basic	12.754		21.014(h)	33.768
Diluted	12.754		21.565(h)	34.319
Dividends per share(l)	$ 0.10			$ 0.10
OTHER FINANCIAL DATA:				
Capital expenditures	$ 21.6	$ 48.3	$ --	$ 69.9
Depreciation and amortization	23.8	55.8	23.0	102.6

Note: The accompanying notes are an integral part of the pro forma condensed combined financial data.

PRO FORMA CONDENSED COMBINED
BALANCE SHEET OF SPX AND GENERAL SIGNAL
AS OF JUNE 30, 1998
(unaudited)
(in millions)

	SPX HISTORICAL	GENERAL SIGNAL HISTORICAL	PRO FORMA ADJUSTMENTS	PRO FORMA
ASSETS:				
Current assets	$392.1	$ 543.2	$ 10.5(i)	$ 945.8
Property, plant and equipment, net	132.9	237.9	40.1(i)	410.9
Goodwill and intangible assets	96.1	258.1	(96.1)(i) 838.2(i)	1,096.3
Other assets	21.8	337.1	32.0(i) 80.3(i) (0.6)(i)	470.6
Total assets	$642.9	$1,376.3	$ 904.4	$2,923.6
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Notes payable and current maturities of long-term debt	$ 3.2	$ 9.2	$ --	$ 12.4
Other current liabilities	279.8	336.7	--	616.5
Total long-term liabilities, excluding long-term debt	139.5	175.9	(19.4)(i) 52.4(i)	348.4
Long-term debt	258.8	364.8	890.2(e)	1,513.8
Total stockholders' equity (deficit)	(38.4)	489.7	794.0(j) (783.8)(j) (57.4)(m) 38.4(j) (10.0)(i)	432.5
Total liabilities and stockholders' equity	$642.9	$1,376.3	$ 904.4	$2,923.6

Note: The accompanying notes are an integral part of the pro forma condensed combined balance sheet.

NOTES TO PRO FORMA CONDENSED COMBINED
FINANCIAL DATA OF SPX AND GENERAL SIGNAL
(unaudited)
(in millions, except per share data)

(a) Pro forma information for the year ended December 31, 1997 includes the pro forma adjusted historical results of SPX for the year then ended which reflects SPX's February 1997 disposition of the Sealed Power division as if such disposition has occurred on January 1, 1997. See "Pro Forma Adjusted Historical Financial Data of SPX."

(b) Pro forma information for the year ended December 31, 1997 includes the pro forma adjusted historical results of General Signal for the year then ended which reflects General Signal's August 1997 disposition of GSPG and General Signal's September 1997 contribution of GSEG to a 47.5% owned joint venture as if such transactions occurred on January 1, 1997. See "Pro Forma Adjusted Historical Financial Data of General Signal."

(c) The pro forma condensed combined financial data of SPX and General Signal reflect only results from continuing operations. SPX recorded a $10.3 extraordinary item in the year ended December 31, 1997. General Signal recorded earnings from discontinued operations of $2.3 and a charge for the cumulative effect of accounting change of $3.7 in the year ended December 31, 1997.

(d) These pro forma adjustments reflect the impact of the allocation of the purchase price to the assets and liabilities of SPX on the pro forma condensed combined statement of income and other financial data. The ultimate allocation of the purchase price to the net assets acquired, goodwill and other intangible assets, liabilities assumed and in process technology of SPX is subject to final determination of their respective fair values, and as a result, these adjustments could change. The following table reflects the pro forma condensed combined statement of income impact of the purchase accounting adjustments:

	COST OF PRODUCTS SOLD	SELLING, GENERAL & ADMIN.	OTHER OPERATING EXPENSES	TOTAL
Additional depreciation.............	$2.5	$2.5	$ --	$ 5.0
Pension expense adjustment...........	0.3	0.3	--	0.6
Amortization of previously recorded goodwill..........................	--	--	(3.0)	(3.0)
Goodwill and intangible amortization on transaction.....................	--	--	21.0	21.0
Postretirement expense adjustment....	0.5	0.5	--	1.0
Year ended December 31, 1997.........	$3.3	$3.3	$18.0	$24.6
Six months ended June 30, 1998.......	$1.7	$1.7	$ 9.0	$12.4

Upon consummation of the transaction, an estimated $10.0 charge for in process technology will occur. However, this charge is not reflected in the pro forma data as the charge is non-recurring and has no significant continuing impact.

(e) This pro forma adjustment reflects the borrowings for the cash portion of the Merger Consideration, payments under change of control agreements and of other costs associated with closing the corporate office of General Signal of $57.4, and estimated transaction fees of $49.0. The cash portion of the Merger Consideration is $783.8, which represents $18.00 per share of General Signal Common Stock multiplied by 43.543 shares of General Signal Common Stock to be exchanged.

(f) These pro forma adjustments reflect the interest expense associated with the incremental borrowings ($890.2) to effect the Merger, as if the incremental borrowings had occurred at January 1, 1997. The pro forma interest expense adjustment also reflects the refinancing of existing debt under the new financing agreements as of January 1, 1997. The interest expense has been computed on an assumption that borrowings under the new credit facility will bear interest at a rate of LIBOR plus 2.65% (8.35% was used in these pro forma financial statements) and that debt issuance costs are amortized over seven years. If the interest rate used in the pro forma financial data were assumed to increase by 1/8%, the impact would be to decrease earnings by $0.5 ($0.02 per share) and by $1.2 ($0.03 per share) for the six months ended June 30, 1998 and for the year ended December 31, 1997, respectively. Average combined historical outstanding debt of SPX and General Signal, as used in this pro forma presentation, was $507.9 and $290.3 for the six months ended June 30, 1998 and for the year ended December 31, 1997, respectively.

(in millions, except per share data)

(g) These adjustments represent the estimated income tax effect of the pro forma adjustments, excluding goodwill expense which will not be deductible for tax purposes, using an effective income tax rate of 38%.

(h) These pro forma adjustments reflect the additional shares of SPX Common Stock to be issued in the transaction. The additional shares to be issued are calculated assuming that the stock component of the Merger Consideration is 0.4186 of a share of SPX Common Stock, which converts weighted average outstanding shares of General Signal Common Stock to weighted average outstanding shares of SPX Common Stock. The shares of General Signal Common Stock used in these calculations include reported weighted average outstanding shares of General Signal Common Stock. Additionally, the pro forma adjustment for diluted weighted average number of common shares outstanding for the year ended December 31, 1997 includes 0.551 equivalent shares of SPX Common Stock related to SPX stock options. These equivalent shares of SPX Common Stock are not included in the SPX Pro Forma Adjusted Historical Financial Data of SPX diluted loss per share calculation as their effect was antidilutive.

(i) These pro forma adjustments reflect the allocation to the assets and liabilities of SPX of the difference between the market value of SPX and SPX's book value (the "excess purchase price"). The market value of SPX is assumed to be the sum of the fair market value of the outstanding SPX Common Stock (less unallocated SPX Common Stock held by SPX's KSOP and restricted shares of SPX Common Stock) and the fair value of SPX's outstanding options. SPX's book value is assumed to be its stockholders' deficit adjusted by estimated transaction fees of $49.0 which are assumed to have been incurred by SPX and General Signal prior to the combination.

SPX's Market Value:		
Shares of SPX Common Stock outstanding	12.311	
Unallocated SPX Common Stock held in KSOP and Restricted SPX Common Stock	(0.621)	
Adjusted SPX Common Stock outstanding	11.690	
Market price per share of SPX Common Stock	64.50	
Market value of SPX Common Stock outstanding	$ 754.0	
Market value of outstanding options	40.0	
SPX's Market Value		$794.0
SPX's Book Value:		
June 30, 1998 stockholders' deficit	$ (38.4)	
Assumed transaction fees	(49.0)	
SPX's Book Value		(87.4)
Excess Purchase Price		$881.4

(in millions, except per share data)

This excess purchase price has been allocated to the assets and liabilities of SPX as follows:

Inventories	$ 10.5
Property, plant and equipment	40.1
Prepaid pension (other assets)	80.3
Transaction costs (other assets)	32.0
Deferred financing fees (other assets)	(0.6)
Goodwill -- previously recorded	(96.1)
Goodwill and intangible assets	838.2
In process technology	10.0
Postretirement health and life insurance liability	19.4
Deferred tax liability	(52.4)
	$881.4

The preliminary allocations of the excess purchase price are based upon current estimates and information available to SPX. Property, plant and equipment reflect the adjustment to estimated fair market values of these assets. Prepaid pension reflects the adjustment to the fair market value of the plan assets less the projected benefit obligation. Transaction costs include fees to consummate the Merger. Goodwill, previously recorded, reflects the elimination of goodwill that is included in SPX's historical balance sheet. Goodwill and intangible assets reflects the amount of excess purchase price remaining after allocations to all other assets and liabilities. In process technology represents the estimated fair market value of in process product development costs. Postretirement health and life insurance liability reflects the adjustment of the liability to the accumulated benefit obligation. The deferred tax liability reflects the deferred tax liabilities related to these allocations.

The goodwill recorded as a result of these allocations will be amortized over a 40 year life. In determining the estimated useful life, management considered the nature, competitive position, life cycle position, and historical and expected future operating income of SPX, as well as management's commitment to support SPX through continued investment in capital expenditures, operational improvements, and research and development. After the transaction, the combined company will continually review 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 combined company will use 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 write-down of goodwill to recoverable value is appropriate.

The ultimate allocation of the purchase price to the net assets acquired, goodwill, other intangible assets, liabilities assumed and in process technology is subject to final determination of their respective fair values. This final allocation will be based upon the results of appraisals and other studies that will be performed upon the consummation of the transaction. SPX's management believes the above preliminary allocations of the purchase price are reasonable and will not materially change upon completion of the appraisals and other studies.

As of June 30, 1998, there were no intercompany transactions that required elimination.

(j) These pro forma adjustments reflect the effect of reverse acquisition accounting by adding the market value of SPX ($794.0), subtracting SPX's June 30, 1998 stockholder deficit ($38.4), and subtracting the cash payout ($783.8) which is treated as a dividend by the combined company.

(k) The pro forma condensed combined financial data of SPX and General Signal for the six months ended June 30, 1998 include SPX's special gain of $13.7 realized on SPX's investment in Echlin Inc. which was liquidated during the second quarter of 1998 and $6.6 of expenses associated with SPX's offer to acquire Echlin Inc.

The pro forma condensed combined financial data of SPX and General Signal for the year ended December 31, 1997 include special charges of $110.0 recorded by SPX primarily to combine two divisions and to recognize reduced carrying value of certain assets resulting from the decision to combine the divisions and exit certain product lines and a $6.5 special charge recorded by SPX of anticipated future legal costs associated with the ongoing litigation with Snap-on Incorporated. See "Selected Historical Financial Data of SPX."

(l) Represents the historical quarterly cash dividend per share of SPX for the periods presented. In April 1997, SPX eliminated its quarterly cash dividend and stated that future distributions to stockholders would be in the form of open market purchases of SPX Common Stock when deemed appropriate by management.

(m) Represents estimated charge of $72.4, or $57.4 after-tax, that will be recorded by the combined company at the Effective Time for costs associated with change of control agreements and the closing of General Signal's corporate office. Included in this pre-tax amount are $23.7 of payments representing the difference between the exercise price and $45.00 (the per share deemed value of the General Signal Common Stock for purposes of the Merger) to cancel the General Signal Options, $11.3 of payments representing $45.00 multiplied by the number of outstanding Restricted Shares, $35.4 for salary continuation, financial planning and health care for General Signal's affected employees, and $2.0 for holding costs associated with the vacated General Signal's corporate office building. It is possible that certain of General Signal's corporate office employees will relocate to other operations of the combined company and the associated salary continuation amounts included in the disclosures above will not be paid. This aggregate charge is not reflected in the pro forma statement of income data as the charge is non-recurring and has no continuing impact. The charge does not include a pre-tax amount of $15.5 related to salary continuation benefits available under change of control agreements with General Signal's unit presidents. It is SPX's intention that these individuals will continue in their positions after the Merger is consummated.

PRO FORMA ADJUSTED HISTORICAL FINANCIAL DATA OF SPX
(unaudited)
(in millions, except per share data)

In February 1997, SPX completed the sale of substantially all of the assets and rights used in the manufacture and distribution of piston rings and cylinder liners, known as the Sealed Power division ("SPD"). The gross cash sales proceeds were $223.0.

The following historical financial data include the results of SPD through February 7, 1997, its date of disposition. The following unaudited pro forma adjusted historical financial data for the year ended December 31, 1997 reflect the disposition of this division as if it had occurred as of January 1, 1997. The pro forma adjusted historical financial data do not purport to represent what SPX's results of continuing operations would actually have been had the transaction in fact occurred as of January 1, 1997, or project the results for any future period.

The pro forma adjusted historical financial data of SPX should be read in conjunction with the financial statements and notes thereto included in SPX's 1997 Form 10-K.

PRO FORMA ADJUSTED HISTORICAL FINANCIAL DATA OF SPX
FOR THE YEAR ENDED DECEMBER 31, 1997
(unaudited)
(in millions, except per share data)

		PRO FORMA ADJUSTMENTS		PRO FORMA
	HISTORICAL	DIVEST(a)	OTHER	ADJUSTED
STATEMENT OF INCOME DATA:				
Revenues	$922.3	$(23.5)	$ --	$898.8
Cost of products sold	669.0	(19.6)	--	649.4
Selling, general and administrative	175.3	(1.0)	--	174.3
Other operating expenses, net	3.9	(0.2)	--	3.7
Special charges(e)	116.5	--	--	116.5
Operating income (loss)	(42.4)	(2.7)	--	(45.1)
Other (income) expense	(74.2)	--	71.9(b)	(2.3)
Interest expense, net	13.9	--	(1.0)(c)	12.9
Income (loss) before income taxes	17.9	(2.7)	(70.9)	(55.7)
Provision (benefit) for income taxes	21.3	(1.0)	(40.3)(d)	(20.0)
Income (loss) from continuing operations(f)	$ (3.4)	$ (1.7)	$(30.6)	$(35.7)
Income (loss) per share:				
Basic	$(0.27)			$(2.80)
Diluted	(0.27)			(2.80)
Weighted average number of common shares outstanding:				
Basic	12.754			12.754
Diluted	12.754			12.754
OTHER FINANCIAL DATA:				
Capital expenditures	$22.6	$ (1.0)		$21.6
Depreciation and amortization	25.0	(1.2)		23.8

(a) This column removes the operating results of SPD for the period January 1, 1997 to February 7, 1997, its date of disposition.

(b) Adjustment to exclude the gain on the sale of SPD.

(c) Adjustment to interest expense, net assuming the use of net proceeds to reduce revolving credit and other debt.

(d) Adjustment to income tax expense to reflect the tax effect of the adjustments.

(e) Reflects a reclassification to special charges of $6.5 of legal costs to special charges that were previously classified as other expense (income), net in SPX's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997.

(f) Income excludes extraordinary item of $10.3, net of taxes.

PRO FORMA ADJUSTED HISTORICAL FINANCIAL DATA OF GENERAL SIGNAL
(unaudited)
(in millions, except per share data)

In August 1997, General Signal sold substantially all of the assets of GSPG, a unit of the Process Controls sector. The gross cash proceeds were approximately $200.0.

In September 1997, General Signal and Emerson formed EGS, a joint venture combining Emerson's Appleton Electric operations and GSEG's operations. General Signal contributed substantially all of the operating assets of GSEG in exchange for 47.5 percent of EGS.

The following historical financial data include the results of GSPG through August 23, 1997 (its date of disposition) and the results of GSEG through September 15, 1997 (the date of contribution of the operations to the joint venture). The following unaudited pro forma adjusted historical financial data for the year ended December 31, 1997 reflect these transactions as if they had occurred as of January 1, 1997. The pro forma adjusted historical financial data do not purport to represent what General Signal's results of continuing operations would actually have been had the transactions in fact occurred as of January 1, 1997, or project the results of any future period.

The pro forma adjusted historical financial data should be read in conjunction with the financial statements and notes thereto included in General Signal's 1997 Form 10-K.

PRO FORMA ADJUSTED HISTORICAL FINANCIAL DATA OF GENERAL SIGNAL
FOR THE YEAR ENDED DECEMBER 31, 1997
(unaudited)
(in millions, except per share data)

	PRO FORMA ADJUSTMENTS			
	HISTORICAL	DIVEST(a)	OTHER	PRO FORMA ADJUSTED
STATEMENT OF INCOME DATA:				
Net sales	$1,954.6	$(353.1)	$ --	$1,601.5
Cost of sales	1,313.6	(247.3)	--	1,066.3
Selling, general and administrative	444.9	(68.0)	--	376.9
Other operating expenses, net	14.6	(2.1)	--	12.5
Operating earnings	181.5	(35.7)	--	145.8
Other expense (income)	(72.7)	--	63.7(b)	(9.0)
Equity in earnings of EGS	(11.8)	--	(27.0)(c)	(38.8)
Interest expense, net	13.2	--	(5.0)(d)	8.2
Earnings from continuing operations before income taxes	252.8	(35.7)	(31.7)	185.4
Income taxes	121.8	(13.7)	(34.2)(e)	73.9
Earnings from continuing operations(f)	$ 131.0	$ (22.0)	$ 2.5	$ 111.5
Income per share:				
Basic	$ 2.61			$ 2.22
Diluted	2.60			2.21
Weighted average number of common shares outstanding:				
Basic	50.2			50.2
Diluted	50.4			50.4
OTHER FINANCIAL DATA:				
Capital expenditures	$ 56.5	$ (8.2)	--	$ 48.3
Depreciation and amortization	65.3	(9.5)	--	55.8

(a) This column removes the operating results of GSPG for the period January 1, 1997 to August 23, 1997, its date of disposition. This column also removes the operating results of GSEG for the period January 1, 1997 to September 15, 1997, its date of contribution to EGS.

(b) Adjustment to exclude the gain on GSPG. No gain or loss was recorded on the contribution of GSEG to EGS.

(c) Adjustment to recognize General Signal's estimated share of EGS' pro forma earnings from January 1, 1997 to September 15, 1997.

(d) Adjustment to interest expense, net assuming the use of net proceeds to reduce debt.

(e) Adjustment to income tax expense to reflect the tax effect of the adjustments.

(f) Earnings from continuing operations excludes earnings from discontinued operations of $2.3, and a charge for the cumulative effect of accounting changes of $3.7.