

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 10, 1994

REGISTRATION NO. 33-52833

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
Under
The Securities Act of 1933

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

Delaware
(State or other jurisdiction of
incorporation or organization)

38-1016240
(I.R.S. Employer
Identification No.)

700 Terrace Point Drive
Muskegon, Michigan 49443
(616) 724-5000
(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

James M. Sheridan
Vice President, Administration and General Counsel
700 Terrace Point Drive
Muskegon, Michigan 49443
(616) 724-5000
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

George C. McKann
Gardner, Carton & Douglas
321 North Clark Street
Chicago, Illinois 60610
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Skadden, Arps, Slate, Meagher & Flom
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED MAY 10, 1994

PROSPECTUS

[LOGO] \$260,000,000

SPX CORPORATION
% SENIOR SUBORDINATED NOTES DUE 2002

Interest on the % Senior Subordinated Notes due 2002 (the "Notes") of SPX Corporation ("SPX" or the "Company") is payable semi-annually on and of each year, commencing , 1994. The Notes will mature on , 2002. The Notes will be subject to redemption at the option of the Company, in whole or in part, at any time on or after 1998 at the redemption prices set forth herein, together with accrued and unpaid interest, if any, to the date of redemption. Prior to , 1996, up to 30% of the aggregate principal amount of the Notes outstanding on the date of the Indenture (as defined herein) will be redeemable at the option of the Company from the net proceeds of a Public Equity Offering (as defined herein) at % of the principal amount to be redeemed, together with accrued and unpaid interest, if any, to the date of redemption. Upon a Change of Control (as defined herein), (i) the Company will have the option to redeem the Notes, in whole or in part, at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption, plus the Applicable Premium (as defined herein) and (ii) subject to certain conditions, the Company will be required to make an offer to purchase each holder's Notes at 101% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase. There can be no assurance that the Company will have sufficient funds to satisfy its repurchase obligations upon a Change of Control. Under certain circumstances, the Company may become obligated to offer to repurchase the Notes at 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of purchase with the net proceeds of certain Asset Sales (as defined herein). See "Description of the Notes."

The Notes will be unsecured senior subordinated obligations of the Company, senior in right of payment to Subordinated Indebtedness (as defined herein) of the Company and subordinated in right of payment to all existing and future Senior Indebtedness (as defined herein) of the Company. The Company conducts a significant portion of its operations through subsidiaries, and the Notes will be effectively subordinated to all liabilities of these subsidiaries, including trade payables. As of March 31, 1994, on a pro forma basis after giving effect to the Refinancing (as defined herein), including the sale of the Notes offered hereby (the "Offering") and the application of the estimated net proceeds therefrom, the aggregate principal amount of Senior Indebtedness outstanding of the Company and indebtedness and trade payables of the Company's subsidiaries that effectively rank senior to the Notes would have been approximately \$200 million. The Indenture will limit, but not prohibit, the incurrence by the Company of additional Senior Indebtedness or Pari Passu Indebtedness (as defined herein).

SEE "INVESTMENT CONSIDERATIONS" FOR A DISCUSSION OF CERTAIN FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS IN EVALUATING AN INVESTMENT IN THE NOTES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNT (2)	PROCEEDS TO COMPANY (1)(3)
Per Note.....	%	%	%
Total.....	\$	\$	\$

(1) Plus accrued interest, if any, from , 1994.

(2) The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(3) Before deducting expenses payable by the Company estimated at \$991,156.

The Notes are offered by the several Underwriters, subject to prior sale, when, as and if issued by the Company and accepted by the Underwriters, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Notes will be made in New York, New York on or about , 1994.

MERRILL LYNCH & CO.

DONALDSON, LUFKIN & JENRETTE
SECURITIES
CORPORATION

WERTHEIM SCHRODER & CO.
INCORPORATED

The date of this Prospectus is , 1994.

[Insert Pictures]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements, including the related notes, appearing elsewhere in this Prospectus. An investment in the Notes involves certain risks which should be considered by prospective purchasers. See "Investment Considerations." Prospective purchasers are urged to read this Prospectus in its entirety. Unless the context otherwise requires, the terms "SPX" and the "Company" refer to SPX Corporation and its consolidated subsidiaries. References herein to "pro forma" information reflect adjustments giving effect to the 1993 Transactions and the Refinancing (as such terms are defined herein), except that references herein to "pro forma" information as of March 31, 1994 and for the three months ended March 31, 1994 reflect adjustments giving effect only to the Refinancing.

THE COMPANY

The Company is a global leader in the design, manufacture and marketing of specialty service tools for the franchised dealers of vehicle manufacturers and of piston rings and automatic transmission filters for original equipment manufacturers ("OEMs"). The Company also is a designer, manufacturer and marketer of electronic engine diagnostic equipment, emission testing equipment, wheel service equipment and other specialty service tools for independent vehicle aftermarket users in North America and Europe. The Company also provides numerous other original equipment components, including cylinder sleeves, die cast parts, valve train components and solenoid valves, to OEMs, and specialty service tools to other non-vehicle markets. In 1993, on a pro forma basis, the Company sold approximately one-third of its products to new vehicle manufacturers, and substantially all of the balance to the vehicle aftermarket.

The Company operates in two principal business segments: specialty service tools and original equipment components. The specialty service tools segment designs, manufactures and markets a wide range of specialty service tools and diagnostic equipment through widely recognized brand names, such as Allen Testproducts, Bear(R), Kent-Moore(R), Lowener, Miller Special Tools, OTC(R), Power Team(R), Robinair(R) and V.L. Churchill. These products include specialty hand-held mechanical tools, gauges, hand-held electronic diagnostic instruments, wheel service equipment, performance test equipment, emission testing equipment, refrigerant recovery and recycling equipment, battery testing equipment, high-pressure hydraulics, engine coolant recovery and recycling systems and air conditioning and refrigeration service equipment. The Company's specialty service tools are primarily sold to the vehicle maintenance and repair market and are used primarily by the OEMs' franchised dealers and other independent service technicians to diagnose and service a wide range of vehicle systems and equipment. The Company's sales of specialty service tools represented approximately 52% of its total sales in 1993, on a pro forma basis.

The original equipment components segment designs, manufactures and markets component parts for vehicles. These parts primarily fall into five product lines: (i) piston and transmission rings, cylinder sleeves and other castings, (ii) precision die castings, (iii) tappets, valve guides and roller rocker arms, (iv) automatic transmission fluid filters and other filter products and (v) solenoid valves. The Company sells these products to OEMs directly and to the replacement parts market ("aftermarket") through private brand organizations, which include the service divisions of OEMs. The Company's sales of original equipment components represented approximately 46% of its total sales in 1993, on a pro forma basis.

The Company believes that it is a technological leader in the design and manufacture of its principal products and that it is one of the highest quality manufacturers of specialty service tools and original equipment components in its markets. The Company is a "Tier 1" supplier to many OEMs and has received numerous quality awards and certifications from General Motors, Ford, Chrysler and other OEM customers. Suppliers that design, engineer, manufacture and conduct quality control testing are generally referred to as "Tier 1" suppliers.

The Company believes that the markets it serves offer significant growth opportunities for its businesses. The Company's business strategy is to focus on and invest in these core markets for specialty service tools and original equipment components and to expand its leading market positions. The key elements of this strategy include: (i) implementation of structural changes to operations, (ii) operational improvements, (iii) increased specialty service tool offerings and (iv) leveraging of long-term relationships with existing customers.

Implementation of Structural Changes to Operations. In 1993, the Company completed several transactions which increased the Company's revenues by approximately 25% from approximately \$801 million in 1992 to \$1.0 billion on a pro forma basis in 1993. These transactions, described below, were completed in order to increase the Company's product offerings, strengthen its sales and service capabilities and better position the Company to capitalize on prevailing market and industry trends and opportunities.

- Created the Automotive Diagnostics division through the acquisition of Allen Testproducts and its combination with the Company's Bear Automotive business. This new division will enhance the Company's electronic engine diagnostics, emission testing and wheel service equipment capabilities and is expected to result in annualized cost savings to the Company, through consolidation of operations and work force reductions, in excess of \$20 million.
- Created SPX Credit Corporation through the acquisition of the leasing company affiliated with Allen Testproducts and its combination with the Company's existing leasing operations. This business supports the Automotive Diagnostics division by providing customers with a leasing option when purchasing the division's products.
- Divested the Company's aftermarket parts distribution business and the Company's window and door hardware manufacturing business. These divestitures generated approximately \$189 million in net cash proceeds which the Company used to reduce indebtedness and to further invest in its core businesses.
- Acquired the 49% interest in Sealed Power Technologies Limited Partnership ("SPT") held by Riken Corporation ("Riken"), a Japanese corporation (the "SPT Purchase"). SPT represents substantially all of the Company's original equipment components segment.

The foregoing transactions, together with the consolidation of Sealed Power Technologies (Europe) Limited Partnership ("SP Europe") into the Company's financial statements, are referred to herein as the "1993 Transactions."

Operational Improvements. The Company continually explores ways to increase its operational efficiency while maintaining its reputation as a manufacturer of high-quality products. Ongoing programs to meet this objective include the addition of new machinery, consolidation of facilities and other productivity improvements.

Increased Specialty Service Tool Offerings. The market for the Company's specialty service tools has increased as a result of several recent trends: (i) the increase in the frequency of new model introductions by OEMs, (ii) the advance in the engineering, computerization and technological complexity of these new introductions and (iii) the increase in service dollars spent at franchise dealers as a result of extended new vehicle warranty periods. By continuing to strengthen its involvement in the design phase of OEM product development and identifying applications for new and existing specialty service tools, the Company believes it can capitalize on these trends. In addition, the growing number of environmental laws and regulations have created a demand for new technologies and products, including the Company's refrigerant recycling systems and vehicle exhaust emission testing equipment. The Company will continue to aggressively pursue this market by continuing to develop new products and technologies.

Leveraging of Long-Term Relationships With Existing Customers. The trend of OEMs to contract sourcing of components to fewer outside suppliers favors larger, more efficient suppliers with high-quality products. The Company historically has had strong relationships, some of which date back 80 years, with major OEMs, including General Motors, Ford and Chrysler. In addition, the Company believes that its status as a Tier 1 supplier to many OEMs, which permits the Company to assume primary responsibility for the design, engineering, manufacturing and quality control of certain product or product assembly programs, will continue to provide the Company with opportunities to offer products to its customers at a lower cost and afford the Company a competitive advantage in securing new business for both of its business segments.

The Company has international operations located in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom. It also has a 70% interest in SP Europe, which has operations in France, Germany and Spain, a 50% interest in two Japanese corporations, a 50% interest in a German corporation and a 40% interest in a Mexican corporation. See "Business--International Operations." In addition, the Company is involved in a joint venture located in the United States and will continue to pursue other joint venture and investment relationships as opportunities inside and outside the United States arise.

THE REFINANCING

The Offering is part of a refinancing plan (the "Refinancing") designed to provide the Company with additional financial and operating flexibility and better position the Company to implement its business strategy. The Refinancing will increase the Company's available cash flow by reducing scheduled principal amortization payments. The Company believes the Refinancing will increase its operating flexibility by, among other things, permitting the Company to capitalize on internal and external growth opportunities. The Refinancing consists of the:

- (i) execution of a new credit agreement (the "Bank Credit Agreement") in March 1994 which provides the Company with a \$250 million revolving credit facility (the "Revolving Credit Facility") which, upon consummation of the Offering, will be reduced to provide the Company with up to \$225 million of borrowing capacity;
- (ii) borrowing of approximately \$174 million under the Revolving Credit Facility which, in combination with \$31 million in cash, will be used to repay approximately \$205 million of the Company's outstanding indebtedness, and the use of approximately \$65 million of cash to consummate the SPT Purchase for \$39 million and pay prepayment and other fees and expenses relating to these transactions aggregating approximately \$26 million; and
- (iii) sale of \$260 million aggregate principal amount of the Notes offered hereby and the application of the net proceeds therefrom (estimated to be \$251 million) to (a) reduce the outstanding borrowings under the Revolving Credit Facility from approximately \$174 million to approximately \$141 million, (b) repay all outstanding indebtedness of SPT, aggregating approximately \$208 million, and (c) pay approximately \$11 million of certain prepayment fees related to these transactions.

Upon completion of the Refinancing, the Company expects to have approximately \$84 million of remaining borrowing capacity under the Revolving Credit Facility. See "Use of Proceeds."

The following table sets forth the sources and uses of funds in the Refinancing, including the Initial Transactions (as defined herein) and the Final Transactions (as defined herein). See "Capitalization."

	FIRST QUARTER INITIAL TRANSACTIONS	SECOND QUARTER INITIAL TRANSACTIONS	FINAL TRANSACTIONS	COMPLETE REFINANCING
	(in millions)			
SOURCES:				
Bank Credit Agreement.....	\$ 35.0	\$138.9	\$(32.7)	\$ 141.2
The Notes.....	--	--	260.0	260.0
Cash.....	94.2	2.3	--	96.5
Total Sources.....	\$129.2	\$141.2	\$227.3	\$ 497.7
USES:				
Existing SPX debt.....	\$ 80.1	\$124.7	--	\$ 204.8
Existing SPT debt.....	--	--	207.8	207.8
Payment to consummate SPT Purchase.....	39.0	--	--	39.0
Payment of fees and expenses related to the Refinancing.....	10.1	16.5	19.5	46.1
Total Uses.....	\$129.2	\$141.2	\$227.3	\$ 497.7

THE OFFERING

Notes Offered.....	\$260,000,000 aggregate principal amount of % Senior Subordinated Notes due 2002.
Maturity Date.....	, 2002.
Interest Payment Dates.....	and of each year, commencing , 1994.
Mandatory Redemption.....	None.
Optional Redemption.....	The Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after , 1998 at the redemption prices set forth herein, plus accrued and unpaid interest, if any, to the date of redemption. Prior to , 1996, up to 30% of the aggregate principal amount of the Notes outstanding on the date of the Indenture will be redeemable at the option of the Company from the net proceeds of a Public Equity Offering at % of the principal amount to be redeemed, together with accrued and unpaid interest, if any, to the date of redemption. See "Description of the Notes--Optional Redemption."
Change of Control.....	Upon a Change of Control, (i) the Company will have the option to redeem the Notes, in whole or in part, at a redemption price equal to the principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption, plus the Applicable Premium and (ii) subject to certain conditions, the Company will be required to make an offer to purchase each holder's Notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. The Company will not, however, be obligated to make such an offer to purchase each holder's Notes if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements applicable to such an offer made by the Company and purchases all Notes validly tendered and not withdrawn under such an offer. See "Description of the Notes--Certain Covenants--Purchase of Notes Upon Change of Control," "Investment Considerations-- Substantial Indebtedness" and "Investment Considerations--Change of Control."
Ranking.....	The Notes will be unsecured senior subordinated obligations of the Company, subordinated to all existing and future Senior Indebtedness, which includes borrowings under the Bank Credit Agreement. The Notes will rank pari passu with any existing and future senior subordinated indebtedness of the Company and will rank senior to all other Subordinated Indebtedness (as defined herein). As of March 31, 1994, on a pro forma basis, the aggregate principal amount of Senior Indebtedness outstanding of the Company and indebtedness and trade payables of the Company's subsidiaries that effectively rank senior to the Notes would have been approximately \$200 million. See "Description of the Notes--Subordination."
Restrictive Covenants.....	The Indenture pursuant to which the Notes will be issued will contain certain covenants, including, but not limited to, covenants with respect to the following matters: (i) limitation on indebtedness, (ii) limitation on dividends and other restricted payments, (iii) limitation on redemption of capital stock of the Company and of certain subordinated obligations of the Company, (iv) limitation on liens, (v) limitation on

disposition of proceeds of asset sales, (vi) restriction on transfer of assets, (vii) limitation on issuance and sale of capital stock by restricted subsidiaries, (viii) limitation on transactions with affiliates, (ix) limitation on dividend and other payment restrictions affecting restricted subsidiaries, (x) limitation on guarantees by restricted subsidiaries, (xi) limitation on certain other subordinated indebtedness and (xii) restrictions on mergers, consolidations and the transfer of all or substantially all of the assets of the Company to another person. See "Description of the Notes--Certain Covenants."

Use of Proceeds.....

The net proceeds to the Company from the sale of the Notes offered hereby will be used to: (i) reduce the outstanding borrowings under the Revolving Credit Facility from approximately \$174 million to approximately \$141 million, (ii) repay all outstanding indebtedness under SPT's existing credit facilities, aggregating approximately \$107 million, and certain other indebtedness of SPT, aggregating approximately \$1 million, (iii) redeem \$100 million aggregate principal amount of SPT's 14 1/2% Senior Subordinated Debentures due May 15, 1999 (the "SPT Debentures") and (iv) pay approximately \$11 million of certain prepayment fees related to these transactions. See "Use of Proceeds" and "Capitalization."

Absence of Public Market.....

There is no public market for the Notes and the Company does not intend to apply for listing of the Notes on any national securities exchange or for quotation of the Notes on the Nasdaq Stock Market ("Nasdaq"). The Company has been advised by the Underwriters that, following the completion of the initial offering of the Notes, the Underwriters presently intend to make a market in the Notes; however, the Underwriters are under no obligation to do so and may discontinue such market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public market does not develop, the market price and liquidity of the Notes may be adversely affected.

Prior to making an investment decision, prospective purchasers should consider all of the information set forth in this Prospectus and should evaluate the factors set forth in "Investment Considerations" herein.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following table presents summary historical consolidated financial data for the periods indicated. The financial data for the five years ended December 31, 1993 have been derived from the audited Consolidated Financial Statements of the Company for such periods. The financial data for the three months ended March 31, 1994 and March 31, 1993 are unaudited, but in the opinion of the Company reflect all adjustments necessary for a fair presentation of such data. The data for the three months ended March 31, 1994 and March 31, 1993 are not necessarily indicative of results of operations for the fiscal year. The following summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of the Company and related notes thereto included elsewhere or incorporated by reference in this Prospectus.

	THREE MONTHS ENDED MARCH 31		YEAR ENDED DECEMBER 31				
	1994	1993	1993	1992	1991	1990	1989
	(dollars in millions)						
OPERATING DATA:							
Revenues.....	\$277.5	\$179.2	\$ 756.1	\$801.2	\$673.5	\$708.2	\$632.0
Costs and expenses:							
Cost of products sold.....	207.4	121.8	508.0	533.2	461.6	466.7	419.1
Selling, general and administrative.....	54.2	50.8	207.6	209.9	194.0	193.9	172.1
Other, net.....	0.6	1.5	7.5	6.6	3.1	1.5	1.8
Restructuring and special charges (1).....	-	-	27.5	-	18.2	-	-
SPT equity losses (2).....	-	0.6	26.9	2.4	8.5	5.3	4.7
SP Europe equity losses (3).....	-	-	21.5	-	-	-	-
Operating income (loss).....	15.3	4.5	(42.9)	49.1	(11.9)	40.8	34.3
Interest expense, net.....	10.2	3.9	17.8	15.1	16.8	17.7	9.9
(Gain) on sale of businesses (4).....	-	-	(105.4)	-	-	-	(8.9)
Income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss.....	5.1	0.6	44.7	34.0	(28.7)	23.1	33.3
Provision (benefit) for income taxes.....	2.0	0.2	29.5	13.4	(7.1)	8.8	12.7
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss.....	3.1	0.4	15.2	20.6	(21.6)	14.3	20.6
Cumulative effect of change in accounting methods, net of taxes (5).....	-	(31.8)	(31.8)	(5.7)	-	-	-
Extraordinary loss, net of taxes (6).....	-	-	(24.0)	-	-	-	-
Discontinued operations, net of taxes.....	-	-	-	-	-	-	57.7
Net income (loss).....	\$ 3.1	\$(31.4)	\$(40.6)	\$ 14.9	\$(21.6)	\$ 14.3	\$ 78.3
Ratio of earnings to fixed charges (7).....	1.46x	1.24x	5.15x	2.98x	-	2.30x	4.05x
FINANCIAL RATIOS AND OTHER DATA:							
EBITDA (8).....	\$ 25.1	\$ 11.5	\$ 57.4	\$ 76.8	\$ 38.6	\$ 66.0	\$ 58.7
Depreciation.....	8.1	5.2	19.1	19.6	19.4	16.0	16.2
Amortization.....	1.7	1.2	5.3	5.7	4.4	3.9	3.5
Capital expenditures.....	10.3	3.9	15.1	20.4	19.4	26.7	41.0
Ratio of EBITDA to interest expense, net (9).....	2.46x	2.95x	3.22x	5.09x	2.30x	3.73x	5.93x
BALANCE SHEET DATA (AT PERIOD END):							
Working capital.....	\$123.1	\$207.0	\$ 119.4	\$182.2	\$195.1	\$260.7	\$186.1
Property, plant and equipment, net.....	198.4	115.4	198.1	116.8	116.3	117.9	109.1
Total assets.....	947.9	580.5	1,024.4	560.3	579.3	624.1	574.6
Long-term debt.....	338.5	179.4	336.2	160.3	199.7	226.2	152.7
Shareholders' equity.....	148.0	157.3	145.4	185.5	180.7	210.6	202.1

(footnotes on next page)

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- (1) In 1993, the Company recognized a \$27.5 million (\$18.5 million aftertax) restructuring charge to combine its Bear Automotive operation with Allen Testproducts. In 1991, an \$18.2 million (\$14.7 million aftertax) special charge was recorded for organizational and facility consolidation of two operating units, the write off of certain capitalized computer software development costs, charges associated with further globalization of the Company's original equipment components affiliated businesses with an overseas partner, and charges for losses associated with certain project development investments and notes receivable related to previous sales of certain business units.
 - (2) Fiscal years 1989 through 1992 were restated to record the Company's previous 49% share of SPT's income or losses, the effect of amortizing the difference between its investment balance and its share of SPT's initial partnership capital deficit and an adjustment required to record the Company's previous investment in SPT at historical cost. Previously, because SPT indebtedness was non-recourse to the Company, the Company properly did not reflect its share of equity losses of SPT and did not amortize the difference between its investment balance and its share of SPT's initial partnership capital deficit. The cumulative effect of this 1989 through 1992 restatement was a pretax charge of \$15.9 million (or a \$10.1 million aftertax reduction) to previously reported shareholders' equity.
 - (3) Until December 31, 1993, the Company reported that it held a 50% interest in SP Europe. As of December 31, 1993, Riken's pending participation in SP Europe reverted to the Company in connection with the transaction to acquire Riken's 49% interest in SPT. SP Europe had not been previously consolidated due to the Company's deemed temporary control and because non-recourse (to the partners) financing was being pursued. Up to December 31, 1993, the Company carried its investment in SP Europe at zero. Due to the resulting 70% ownership, the Company is recording its share of cumulative losses since the partnership formation in mid-1991 of \$21.5 million.
 - (4) During 1993, the Company divested its aftermarket parts distribution and window and door hardware manufacturing businesses. See "Business--Business Strategy." During 1989, the Company divested five small businesses.
 - (5) In the first quarter of 1993, the Company adopted new accounting methodology for its employee stock ownership plan ("ESOP") and reflected its 49% share of SPT's 1993 adoption of SFAS No. 106 regarding accounting for postretirement benefits other than pensions. In 1992, the Company adopted new accounting methodology for postretirement benefits other than pensions, and income taxes.
 - (6) Reflects costs associated with prepayment of certain Company and SPT indebtedness.
 - (7) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss, plus SPT equity losses, SP Europe equity losses and fixed charges. Fixed charges consist of interest expense, net (including amortization of deferred financing costs), and that portion of rental expense estimated to be representative of the interest factor. Earnings were insufficient to cover fixed charges by \$20.2 million in 1991.
 - (8) EBITDA represents operating income (loss) before restructuring and special charges, SPT equity losses, SP Europe equity losses, depreciation and amortization. EBITDA is not presented herein as an alternative measure of operating results, cash flow (as defined by generally accepted accounting principles) or liquidity and does not necessarily represent the cash available to fund cash requirements of the Company. EBITDA is instead included because it is one measure used by certain investors as an indicator of a company's operating performance and its ability to service its indebtedness.
 - (9) For purposes of determining the ratio of EBITDA to interest expense, net, amortization of deferred financing costs was excluded from interest expense, net.

SUMMARY PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table presents unaudited summary pro forma consolidated financial data for the periods indicated. The pro forma financial data are derived from the Consolidated Financial Statements included elsewhere in this Prospectus. The following pro forma information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes thereto included elsewhere or incorporated by reference in this Prospectus. The unaudited pro forma operating data and financial ratios assume that (i) the Refinancing and the 1993 Transactions occurred as of April 1, 1993 and January 1, 1993 for the last twelve months ended March 31, 1994 and the year ended December 31, 1993, respectively, and (ii) the Refinancing occurred as of January 1, 1994 for the three months ended March 31, 1994. The unaudited pro forma balance sheet data assume that the Refinancing occurred as of the balance sheet dates. The unaudited pro forma information does not purport to represent what the results of operations or financial position of the Company would actually have been if the Refinancing and the 1993 Transactions had in fact occurred on such dates. For additional information, see "Pro Forma Consolidated Financial Statements."

	LAST TWELVE MONTHS ENDED MARCH 31, 1994	THREE MONTHS ENDED MARCH 31, 1994	YEAR ENDED DEC. 31, 1993

	(dollars in millions)		
OPERATING DATA:			
Revenues.....	\$1,031.0	\$277.5	\$1,003.7
Costs and expenses:			
Cost of products sold.....	774.4	207.4	752.7
Selling, general and administrative.....	210.4	54.2	210.7
Other, net.....	4.5	0.6	4.2
Restructuring and special charges (1).....	27.5	-	27.5
	-----	-----	-----
Operating income (loss).....	14.2	15.3	8.6
Interest expense, net.....	39.5	9.9	39.0
	-----	-----	-----
Income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss.....	(25.3)	5.4	(30.4)
Provision (benefit) for income taxes.....	(4.2)	2.1	(5.3)
	-----	-----	-----
Net income (loss) (2).....	\$ (21.1)	\$ 3.3	\$ (25.1)
	-----	-----	-----
Ratio of earnings to fixed charges (3).....	-	1.50x	-
FINANCIAL RATIOS AND OTHER DATA:			
EBITDA (4).....	\$ 82.7	\$ 25.6	\$ 77.1
Depreciation.....	32.5	8.1	32.5
Amortization.....	8.5	2.2	8.5
Capital expenditures.....	33.8	10.3	30.6
Ratio of EBITDA to interest expense, net (5).....	2.21x	2.72x	2.08x
BALANCE SHEET DATA (AT PERIOD END):			
Working capital.....	\$ 192.0	\$192.0	\$ 180.3
Property, plant and equipment, net.....	198.4	198.4	198.1
Total assets.....	954.6	954.6	932.4
Long-term debt.....	416.4	416.4	410.2
Shareholders' equity.....	148.0	148.0	145.4

(footnotes on next page)

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- (1) In 1993, the Company recognized a \$27.5 million (\$18.5 million aftertax) restructuring charge to combine its Bear Automotive operation with Allen Testproducts.
- (2) Net income excludes a \$31.8 million charge for the cumulative effect of change in accounting methods, net of taxes recorded in the first quarter of 1993 and a \$24 million extraordinary loss, net of taxes recorded in the fourth quarter of 1993.
- (3) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss, plus SPT equity losses, SP Europe equity losses and fixed charges. Fixed charges consist of interest expense, net (including amortization of deferred financing costs) and that portion of rental expense estimated to be representative of the interest factor. Earnings were insufficient to cover fixed charges by \$25.3 million in pro forma last twelve months ended March 31, 1994 and by \$30.4 million in pro forma year ended December 31, 1993. If the 1993 restructuring charge is excluded from pro forma last twelve months ended March 31, 1994 earnings, the pro forma ratio of earnings to fixed charges would have been 1.05x.
- (4) EBITDA represents operating income (loss) before restructuring and special charges, SPT equity losses, SP Europe equity losses, depreciation and amortization. EBITDA is not presented herein as an alternative measure of operating results, cash flow (as defined by generally accepted accounting principles) or liquidity and does not necessarily represent the cash available to fund cash requirements of the Company. EBITDA is instead included because it is one measure used by certain investors as an indicator of a company's operating performance and its ability to service its indebtedness.
- (5) For purposes of determining the ratio of EBITDA to interest expense, net, amortization of deferred financing costs was excluded from interest expense, net. The amount of amortization of deferred financing costs included in interest expense, net was \$2.0 million in the last twelve months ended March 31, 1994, \$0.5 million in the three months ended March 31, 1994 and \$2.0 million in the year ended December 31, 1993.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Notes should consider carefully the investment considerations set forth below as well as the other information contained in this Prospectus before purchasing the Notes.

SUBSTANTIAL INDEBTEDNESS

The Company will have significant debt service obligations after completion of the Refinancing. On a pro forma basis, assuming that the Refinancing had occurred on March 31, 1994, the Company would have had total outstanding long-term indebtedness (including the current portion thereof) and total shareholders' equity of approximately \$416 million and \$148 million, respectively. See "Capitalization." The Company would have had, subject to certain conditions, up to \$84 million of additional borrowing capacity under the Bank Credit Agreement as of that date.

The Company's indebtedness could have important consequences to holders of the Notes, including the following: (i) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired, (ii) a portion of the Company's cash flow from operations will be dedicated to the payment of principal and interest on its indebtedness, thereby reducing the funds available to the Company for its operations and future business opportunities, (iii) a portion of the Company's borrowings under the Bank Credit Agreement will be at floating rates of interest, which could result in higher interest expense in the event of an increase in interest rates, (iv) such indebtedness contains financial and restrictive covenants which, if violated, may result in an event of default which, if not cured or waived, could have a material adverse effect on the Company, (v) the Company may be more vulnerable to general economic and industry downturns, (vi) the Company's ability to purchase the Notes upon a Change of Control may be impaired and (vii) all of the indebtedness under the Bank Credit Agreement will become due prior to the maturity of the Notes. In addition, the Bank Credit Agreement contains certain covenants which could limit the Company's operating and financial flexibility. See "Description of the Bank Credit Agreement" and "Description of the Notes."

SUBORDINATION OF THE NOTES

The payment of principal of, premium, if any, and interest on, and any other amounts owing in respect of, the Notes will be subordinated to the prior payment in full of all existing and future Senior Indebtedness, which includes indebtedness under the Bank Credit Agreement. As of March 31, 1994, on a pro forma basis, the aggregate principal amount of Senior Indebtedness outstanding of the Company and indebtedness and trade payables of the Company's subsidiaries that effectively rank senior to the Notes would have been approximately \$200 million. In the event of the bankruptcy, liquidation, dissolution, reorganization or other winding up of the Company, the assets of the Company will be available to pay obligations in respect of the Notes only after all Senior Indebtedness has been paid in full, and there may not be sufficient assets remaining to pay amounts due on any or all of the Notes. In addition, the Company may not pay the principal of, premium, if any, or interest on, and any other amounts owing in respect of, the Notes, or purchase, redeem or otherwise retire the Notes, if a default in payment exists with respect to Senior Indebtedness. Under certain circumstances, no payments may be made for a specific period with respect to the principal of, premium, if any, or interest on, and any other amounts owing in respect of, the Notes if a nonpayment default exists with respect to certain Senior Indebtedness, including indebtedness under the Bank Credit Agreement. See "Description of the Notes--Subordination."

The Company conducts a substantial portion of its operations through its subsidiaries, including SPT, and depends, in significant part, on the earnings and cash flow of, and dividends from, such subsidiaries to pay its obligations, including payments of principal of, premium, if any, and interest on the Notes. Any right of the Company and its creditors (including the holders of the Notes) to participate in the assets of any of the Company's subsidiaries upon any liquidation or reorganization of any such subsidiary will be subject to the prior claims of that subsidiary's creditors (except the Company, to the extent it may itself be a creditor of such subsidiary), including trade creditors. Accordingly, the Notes will be effectively subordinated to the claims of creditors of the Company's subsidiaries. Upon completion of the Refinancing, including the prepayment of

SPT's bank indebtedness and the SPT Debentures, the subsidiaries of the Company will not be contractually restricted from paying dividends to the Company, although the Bank Credit Agreement imposes certain limitations on such subsidiaries' ability to make advances to the Company in the form of loans.

The indebtedness under the Revolving Credit Facility is unsecured, and the Bank Credit Agreement contains a negative covenant limiting the Company's right to grant security interests in its assets. The Notes will not be secured by any assets of the Company, and the Company will have the right under the Indenture to grant security interests in substantially all of its assets to secure Senior Indebtedness. See "Description of the Bank Credit Agreement" and "Description of the Notes."

RECENT LOSSES; FIXED CHARGE COVERAGE

The Company reported a net loss in fiscal year 1993 of approximately \$41 million. Included in this loss was a restructuring charge, and equity losses in SPT and SP Europe aggregating approximately \$57 million aftertax, changes in accounting methods of approximately \$32 million aftertax and an extraordinary loss of approximately \$24 million (which includes costs related to the early retirement of the Company's indebtedness), offset by an aftertax gain of approximately \$64 million on the sale of two businesses. On a pro forma basis, the Company would have had a net loss of approximately \$25 million in 1993. There can be no assurance that the Company will not continue to have net losses in the future. The Company believes, however, that such losses will not continue and that net income and cash available to it from future operations will be sufficient to enable it to meet debt service requirements of the Notes and other indebtedness. In the quarter ended March 31, 1994, net income of the Company was \$3.1 million. Operating income before restructuring and special charges, SPT equity losses, SP Europe equity losses and depreciation and amortization for the fiscal years ended December 31, 1991, 1992 and 1993 was approximately \$39 million, \$77 million and \$57 million, respectively, and for the quarter ended March 31, 1994 was approximately \$25 million. If the Company does experience additional net losses for a sustained period, it may be unable to meet such obligations while attempting to withstand competitive pressures or adverse economic conditions.

On a pro forma basis, the Company's earnings before fixed charges would have been inadequate to cover its fixed charges by approximately \$25 million in the twelve month period ended March 31, 1994. If the 1993 restructuring charge of approximately \$28 million is excluded from pro forma earnings in the twelve month period ended March 31, 1994, the pro forma ratio of earnings to fixed charges would have been 1.05x. However, there can be no assurance that the Company will have earnings before fixed charges sufficient to cover fixed charges in the future, including interest payments on the Notes.

MOTOR VEHICLE INDUSTRY CYCLICALITY

Approximately one-third of the Company's operations are directly related to domestic and foreign motor vehicle production, which is cyclical and dependent on general economic conditions and other factors. Any significant reduction in motor vehicle production would have an adverse effect on the level of the Company's sales to OEMs and the Company's business and financial results. In addition, there is substantial and continuing pressure from the major OEMs to reduce sourcing costs, including costs associated with outside suppliers such as the Company.

RELIANCE ON MAJOR CUSTOMERS

The Company's worldwide sales in 1993 to General Motors, Ford and Chrysler would have constituted approximately 17%, 10% and 8%, respectively, of its consolidated sales on a pro forma basis. No other customers accounted for more than 5% of the Company's consolidated sales in 1993. See "Business--Significant Customers."

Although the Company has had long-standing relationships with General Motors, Ford and Chrysler and sells a variety of products to various divisions of each company, if the Company lost any significant portion of its sales to any of these customers, such loss would have a material adverse effect on the financial condition and results of operations of the Company.

COMPETITION

The Company competes globally with a number of other manufacturers and distributors. Quality, technological innovation and price are the primary elements of competition. These competitors include vertically integrated units of the Company's major OEM customers, as well as a large number of independent domestic and international suppliers. A number of these companies are larger and have greater resources than the Company. A number of the Company's major OEM customers manufacture for their own use products that compete with certain of the Company's products. Although these OEM customers have indicated that they will continue to rely on outside suppliers, the OEMs could elect to manufacture such products to meet their own requirements or to compete with the Company. There can be no assurance that the Company will not be adversely affected by increased competition in the markets in which it operates. The competitive environment also has changed dramatically over the past few years as the Company's traditional U.S. OEM customers, faced with intense international competition, have expanded their worldwide sourcing of components with the stated objective of better competing with lower-cost imports. As a result, the Company has experienced competition from suppliers in other parts of the world which enjoy certain competitive advantages such as lower labor costs, lower health care costs and, in some cases, export or raw material subsidies.

ABSENCE OF PUBLIC MARKET

There is no public market for the Notes and the Company does not intend to apply for listing of the Notes on any national securities exchange or for quotation of the Notes on Nasdaq. The Company has been advised by the Underwriters that, following the completion of the initial offering of the Notes, the Underwriters presently intend to make a market in the Notes; however, the Underwriters are under no obligation to do so and may discontinue such market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public market does not develop, the market price and liquidity of the Notes may be adversely affected.

CHANGE OF CONTROL

In the event of a Change of Control, subject to certain conditions, each holder of Notes will be entitled to require the Company to repurchase any or all of the Notes held by such holder at the prices stated herein. Prepayment of the Notes pursuant to a Change of Control, however, will constitute a default under the Bank Credit Agreement and, therefore, the lenders will have the right to require repayment in full of the borrowings under the Bank Credit Agreement. The Company's obligations under the Bank Credit Agreement are senior in right of payment to the Notes and the Bank Credit Agreement will not permit the purchase of the Notes in the event of a Change of Control absent consent of the lenders. In addition, even if the Company is permitted by such lenders to purchase the Notes in the event of a Change of Control, there can be no assurance that the Company will have available funds sufficient to purchase all of the Notes that might be delivered by holders of Notes seeking to accept the Company's offer to repurchase the Notes. See "Description of the Notes--Certain Covenants--Purchase of Notes upon Change of Control."

RECENT DEVELOPMENTS

On March 17, 1994, SPX consummated the SPT Purchase by acquiring the 49% ownership interest in SPT owned by Riken for \$39 million. The SPT Purchase was effective as of December 31, 1993. SPT constitutes substantially all of the Company's original equipment components segment.

USE OF PROCEEDS

The proceeds to the Company from the sale of the Notes, net of the estimated discount to the Underwriters and expenses related to the Offering, are estimated to be approximately \$251 million and will be used to: (i) reduce the outstanding borrowings under the Revolving Credit Facility from approximately \$174 million to approximately \$141 million, (ii) repay all outstanding indebtedness under SPT's existing credit facilities, aggregating approximately \$107 million, and certain other indebtedness of SPT, aggregating approximately \$1 million, (iii) redeem \$100 million aggregate principal amount of the SPT Debentures and (iv) pay approximately \$11 million of certain prepayment fees related to these transactions.

Borrowings under the Revolving Credit Facility mature on March 15, 1999, and bear interest, at the Company's option, either at (i) the greater of (x) the rate announced as the corporate base rate of the agent bank and (y) the applicable federal funds rate plus 0.5% or (ii) a Eurodollar rate plus 1%. On March 31, 1994, the interest rate under this facility was 4.69%. The Revolving Credit Facility obligates the Company to enter into hedging arrangements which fix the interest rate of approximately \$75 million of borrowings thereunder at 8% for an average weighted maturity of at least two years. As of March 31, 1994, borrowings under the Revolving Credit Facility aggregating approximately \$35 million and available cash were used by the Company to repay approximately \$80 million of the existing indebtedness of the Company (excluding indebtedness of SPT). In the second quarter of 1994, borrowings under the Revolving Credit Facility will be used to repay the remaining \$125 million of existing indebtedness of the Company (excluding indebtedness of SPT). The indebtedness of SPT will be repaid from the proceeds of the Offering.

The existing credit facilities of SPT being repaid consist of a term loan facility, under which approximately \$74 million was outstanding as of March 31, 1994, and a revolving loan facility, under which approximately \$33 million was outstanding as of such date. Both credit facilities mature on September 30, 1996 and bear interest at a rate equal to, at the option of SPT, either LIBOR (adjusted for statutory reserves) plus 2 1/4% or an alternate base rate (which approximates the prime lending rate) plus 1 1/4%, which interest rate as of March 31, 1994, was 6.0%. However, SPT has entered into hedging arrangements that fix the interest rate on approximately \$70 million of these facilities, as of March 31, 1994, at 11 1/4%.

The SPT Debentures bear interest at the rate of 14 1/2% per annum and mature on May 15, 1999. Upon consummation of the Offering, the Company will deposit sufficient funds in trust with the trustee for the SPT Debentures to redeem the SPT Debentures. Upon such deposit, the indenture relating to the SPT Debentures will be discharged.

The Bank Credit Agreement allows the Company to borrow up to \$225 million under the Revolving Credit Facility upon consummation of the Offering. At such time, the Company expects to have approximately \$84 million of remaining borrowing capacity under the Revolving Credit Facility.

CAPITALIZATION

In connection with the SPT Purchase, the Company entered into the Bank Credit Agreement. The Revolving Credit Facility made available under this agreement provided the Company with borrowing availability of \$250 million, the primary purpose of which was to make additional working capital available and to permit the repayment of certain indebtedness of the Company, which, as a result of the SPT Purchase, could otherwise have been accelerated by the lenders thereof. In the first quarter of 1994, the Company borrowed approximately \$35 million under the Revolving Credit Facility which, together with \$45 million in cash, the Company used to repay approximately \$80 million of its outstanding indebtedness. In addition, the Company used approximately \$49 million of cash to (i) consummate the SPT Purchase for \$39 million and (ii) pay prepayment and other fees and expenses relating to these transactions amounting to approximately \$10 million. The foregoing transactions are sometimes referred to as the "First Quarter Initial Transactions." In the second quarter of 1994, the Company will borrow approximately \$139 million under the Revolving Credit Facility which, together with approximately \$2 million of cash, the Company will use to repay approximately \$125 million of its outstanding indebtedness and to pay related prepayment fees and expenses amounting to approximately \$16 million. The foregoing transactions are sometimes referred to as the "Second Quarter Initial Transactions" and, together with the First Quarter Initial Transactions, are sometimes referred to collectively as the "Initial Transactions."

The Company will use the net proceeds from the Offering to: (i) reduce the outstanding borrowings under the Revolving Credit Facility from \$174 million to \$141 million, (ii) repay all outstanding indebtedness of SPT, aggregating approximately \$208 million and (iii) pay approximately \$11 million of certain prepayment and other fees and expenses related to these transactions. See "Use of Proceeds." The foregoing transactions are sometimes referred to as the "Final Transactions." The Initial Transactions and the Final Transactions collectively constitute the Refinancing.

The following table sets forth the historical consolidated capitalization of the Company and as adjusted to give effect to the Second Quarter Initial Transactions as though such transactions were consummated on March 31, 1994, and as further adjusted for the Final Transactions. The table should be read in conjunction with the Consolidated Financial Statements and the notes thereto and "Selected Historical Consolidated Financial Information" included elsewhere in this Prospectus.

	MARCH 31, 1994				
	HISTORICAL	SECOND QUARTER INITIAL TRANSACTIONS	AS ADJUSTED	FINAL TRANSACTIONS	PRO FORMA
	(in millions)				
NOTES PAYABLE AND CURRENT MATURITIES OF LONG-TERM DEBT:					
SPX					
Senior notes, 9.72%.....	\$ 5.0	\$ (5.0)	\$ -		\$ -
Note to Allen Group, 8.0%.....	6.6	(6.6)	-		-
ESOP guarantee.....	0.7	(0.7)	-		-
Other debt.....	3.9	(3.9)	-		-
Total SPX.....	16.2		-		-
SPT					
Term bank loan.....	26.7		26.7	\$ (26.7)	-
Mortgage note, 9.625%.....	1.3		1.3	(1.3)	-
Total SPT.....	28.0		28.0		-
Total notes payable and current maturities of long-term debt.....	44.2		28.0		
LONG-TERM DEBT:					
SPX					
Bank Credit Agreement.....	35.0	138.9	173.9	(32.7)	141.2
Senior notes, 9.72% and 9.58%.....	70.0	(70.0)	-		-
Industrial revenue bonds.....	15.2		15.2		15.2
Note to Allen Group, 8.0%.....	13.1	(13.1)	-		-
ESOP guarantee.....	11.9	(11.9)	-		-
Other debt.....	13.5	(13.5)	-		-
Notes offered hereby.....	-		-	260.0	260.0
Total SPX.....	158.7		189.1		416.4
SPT					
Senior subordinated debentures, 14.5%.....	100.0		100.0	(100.0)	-
Term bank loan.....	46.8		46.8	(46.8)	-
Revolving credit loans.....	33.0		33.0	(33.0)	-
Total SPT.....	179.8		179.8		-
Total long-term debt.....	338.5		368.9		416.4

Total debt.....	382.7	396.9	416.4

SHAREHOLDERS' EQUITY:			
Common stock, par value \$10 per share, 50,000,000 shares authorized; 15,555,835 shares issued.....	155.8	155.8	155.8
Paid-in capital.....	58.6	58.6	58.6
Retained earnings.....	22.1	22.1	22.1
Other.....	(88.5)	(88.5)	(88.5)

Total shareholders' equity.....	148.0	148.0	148.0

Total capitalization.....	\$530.7	\$544.9	\$564.4

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following Pro Forma Consolidated Financial Statements of the Company are unaudited and are derived from the Consolidated Financial Statements included elsewhere in this Prospectus.

The Unaudited Condensed Pro Forma Consolidated Statements of Operations (i) for the three months ended March 31, 1994 have been adjusted to give effect to the Refinancing as if the Refinancing had occurred on January 1, 1994 and (ii) for the year ended December 31, 1993 have been adjusted to give effect to the Refinancing and the 1993 Transactions as if such transactions had occurred on January 1, 1993. The Unaudited Condensed Pro Forma Consolidated Balance Sheet at March 31, 1994 has been adjusted to give effect to the Refinancing as if the Refinancing had occurred on March 31, 1994. The pro forma adjustments are based upon available information and certain assumptions that the management of the Company believes are reasonable. The Pro Forma Consolidated Financial Statements do not purport to represent what the Company's financial position or results of operations would actually have been if the transactions had occurred on the dates specified or to project the Company's financial position or results of operations for any future period.

The Pro Forma Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of the Company and related notes thereto, and other information pertaining to the Company, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere or incorporated by reference in this Prospectus.

UNAUDITED CONDENSED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31, 1994		
	HISTORICAL	PRO FORMA ADJUSTMENTS	PRO FORMA
	(in millions)		
Revenues.....	\$277.5	\$ -	\$ 277.5
Costs and expenses:			
Cost of products sold.....	207.4	-	207.4
Selling, general and administrative.....	54.2	-	54.2
Other, net.....	0.6	-	0.6
Operating income.....	15.3	-	15.3
Interest expense, net.....	10.2	(0.3)(1)	9.9
Income before income taxes.....	5.1	0.3	5.4
Provision (benefit) for income taxes.....	2.0	0.1(2)	2.1
Net income.....	\$ 3.1	\$ 0.2	\$ 3.3

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- (1) Adjustment to interest expense, net, to reflect estimated interest expense assuming that the Revolving Credit Facility and the Notes were outstanding on January 1, 1994. Pro forma adjustments also reflect amortization of deferred financing fees.
- (2) Adjustment to income tax expense to reflect a consolidated effective rate of 39%.

UNAUDITED CONDENSED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 1993							PRO FORMA ADJUSTMENTS	PRO FORMA
	HISTORICAL	ATP & AGL (1)	SPR (2)	TRUTH (3)	SP EUROPE (4)	SPT (5)			
	(in millions)								
Revenues.....	\$ 756.1	\$32.4	\$(137.9)	\$ (79.1)	\$ 40.6	\$391.6	\$ -	\$1,003.7	
Costs and expenses:									
Cost of products sold....	508.0	14.1	(89.5)	(57.5)	44.6	337.8	(6.8)(1) 2.0 (5)	752.7	
Selling, general and administrative.....	207.6	20.5	(37.2)	(7.3)	9.1	28.2	(10.2)(1)	210.7	
Other, net.....	7.5	-	.2	(.4)	.5	(2.0)	.3 (1) (4.3)(4) 2.4 (5)	4.2	
Restructuring charge.....	27.5	-	-	-	-	-	-	27.5	
SPT equity losses.....	26.9	-	-	-	-	-	(26.9)(5)	-	
SP Europe equity losses.....	21.5	-	-	-	-	-	(21.5)(4)	-	
Operating income (loss)....	(42.9)	(2.2)	(11.4)	(13.9)	(13.6)	27.6	65.0	8.6	
Interest expense, net....	17.8	1.6	-	-	.9	27.1	(8.4)(6)	39.0	
(Gain) on sale of businesses.....	(105.4)	-	-	-	-	-	105.4(7)	-	
Income (loss) before income taxes.....	44.7	(3.8)	(11.4)	(13.9)	(14.5)	.5	(32.0)	(30.4)	
Provision (benefit) for income taxes.....	29.5	-	-	-	-	-	(34.8)(8)	(5.3)	
Net income (loss) (9).....	\$ 15.2	\$(3.8)	\$ (11.4)	\$ (13.9)	\$ (14.5)	\$.5	\$ 2.8	\$ (25.1)	

- (1) Historical results of Allen Testproducts ("ATP") and its related leasing company, Allen Group Leasing ("AGL"), through June 10, 1993, the date of acquisition. Pro forma adjustments include a \$6.8 million reduction in cost of products sold resulting primarily from work force reductions; a \$10.2 million reduction in selling, general and administrative resulting primarily from work force reductions; and \$.3 million additional goodwill amortization.
- (2) Results of the Company's aftermarket parts distribution business, Sealed Power Replacement ("SPR"), through October 22, 1993, the date of divestiture.
- (3) Results of the Company's window and door hardware manufacturing business, Truth Hardware ("Truth"), through November 5, 1993, the date of divestiture.
- (4) SP Europe was consolidated as of December 31, 1993. This pro forma adds the results of operations for the full year. Pro forma adjustments include the minority owner's share of losses, \$4.3 million, and \$21.5 million to reverse the Company's share of equity losses as SP Europe is consolidated in the pro forma.
- (5) SPT was consolidated as of December 31, 1993. This pro forma adds the results of operations for the full year. Pro forma adjustments include \$2.0 million of additional depreciation expense resulting from purchase accounting; \$2.4 million to reflect goodwill amortization resulting from purchase accounting; and \$26.9 million to reverse the Company's share of equity losses as SPT is consolidated in the pro forma.
- (6) Adjustment to interest expense, net, to reflect estimated interest expense assuming that the Revolving Credit Facility and the Notes were outstanding on January 1, 1993. Pro forma adjustments also reflect amortization of deferred financing fees.
- (7) Reversal of gain on the sale of SPR and Truth.
- (8) Adjustment to income tax expense to reflect a consolidated effective rate of 39% which was then adjusted for the inability to derive tax benefits from SP Europe losses and the effect of the change in the U.S. federal income tax rate to 35% from 34% on deferred tax assets and liabilities.
- (9) Income (loss) excludes the cumulative effect of changes in accounting methods for ESOP accounting, SPT's 1993 SFAS No. 106 adoption and the 1993 extraordinary loss recorded for the early retirement of indebtedness.

UNAUDITED CONDENSED PRO FORMA CONSOLIDATED BALANCE SHEET

MARCH 31, 1994				
HISTORICAL(1)	SECOND QUARTER INITIAL TRANSACTIONS	AS ADJUSTED	FINAL TRANSACTIONS	PRO FORMA
(in millions)				
ASSETS:				
Cash and temporary cash investments.....	\$ 15.0	\$ (2.3)(2)	\$ 12.7	\$ 12.7
Receivables.....	148.4		148.4	148.4
Inventories.....	161.1		161.1	161.1
Other current assets.....	114.7		114.7	114.7
Current assets.....	439.2		436.9	436.9
Property, plant and equipment, net.....	198.4		198.4	198.4
Other long-term assets.....	310.3		310.3	\$ 9.0 (3)
	\$ 947.9		\$945.6	\$954.6
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Notes payable and current maturities of				
long-term debt.....	\$ 44.2	\$ (16.2)(2)	\$ 28.0	\$ (28.0)(4)
Accounts payable.....	80.1		80.1	80.1
Accrued liabilities.....	179.2	(16.5)(2)	162.7	(10.5)(3)
Income taxes payable.....	12.6		12.6	12.6
Current liabilities.....	316.1		283.4	244.9
Long-term liabilities.....	124.0		124.0	124.0
Deferred income taxes.....	21.3		21.3	21.3
Long-term debt:				
Existing debt.....	303.5	(108.5)(2)	195.0	(179.8)(4)
Bank Credit Agreement.....	35.0	138.9 (2)	173.9	(32.7)(4)
Notes offered hereby.....	0.0		0.0	260.0 (4)
Total long-term debt.....	338.5		368.9	416.4
Shareholders' equity:				
Common stock.....	155.8		155.8	155.8
Paid-in capital.....	58.6		58.6	58.6
Retained earnings.....	22.1		22.1	22.1
Other.....	(88.5)		(88.5)	(88.5)
Total shareholders' equity.....	148.0		148.0	148.0
	\$ 947.9		\$945.6	\$954.6

(1) The effects of the First Quarter Initial Transactions are included in the historical data. See "Capitalization."

(2) Borrowings under the Revolving Credit Facility and use of cash to pay remaining debt extinguishment fees, bank financing fees and organizational fees and to pay existing indebtedness of the Company. As of March 31, 1994, approximately \$10 million of debt extinguishment fees and bank financing fees and approximately \$80 million of existing indebtedness had been paid.

(3) Payment of fees and expenses related to the Refinancing (including issuance of the Notes).

(4) Includes issuance of the Notes, payment of existing SPT indebtedness and reduction of amount outstanding under the Revolving Credit Facility.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following table presents selected historical consolidated financial data for the periods indicated. The financial data for the five years ended December 31, 1993 have been derived from the audited Consolidated Financial Statements of the Company for such periods. The financial data for the three months ended March 31, 1994 and March 31, 1993 are unaudited, but in the opinion of the Company reflect all adjustments necessary for a fair presentation of such data. The data for the three months ended March 31, 1994 and March 31, 1993 are not necessarily indicative of results of operations for the fiscal year. The following selected financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of the Company and related notes thereto included elsewhere or incorporated by reference in this Prospectus.

	THREE MONTHS ENDED MARCH 31		YEAR ENDED DECEMBER 31				
	1994	1993	1993	1992	1991	1990	1989
	(dollars in millions)						
OPERATING DATA:							
Revenues.....	\$277.5	\$179.2	\$ 756.1	\$801.2	\$673.5	\$708.2	\$632.0
Costs and expenses:							
Cost of products sold.....	207.4	121.8	508.0	533.2	461.6	466.7	419.1
Selling, general, and administrative.....	54.2	50.8	207.6	209.9	194.0	193.9	172.1
Other, net.....	0.6	1.5	7.5	6.6	3.1	1.5	1.8
Restructuring and special charges (1).....	-	-	27.5	-	18.2	-	-
SPT equity losses (2).....	-	0.6	26.9	2.4	8.5	5.3	4.7
SP Europe equity losses (3).....	-	-	21.5	-	-	-	-
Operating income (loss).....	15.3	4.5	(42.9)	49.1	(11.9)	40.8	34.3
Interest expense, net.....	10.2	3.9	17.8	15.1	16.8	17.7	9.9
(Gain) on sale of businesses (4).....	-	-	(105.4)	-	-	-	(8.9)
Income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss.....	5.1	0.6	44.7	34.0	(28.7)	23.1	33.3
Provision (benefit) for income taxes.....	2.0	0.2	29.5	13.4	(7.1)	8.8	12.7
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss.....	3.1	0.4	15.2	20.6	(21.6)	14.3	20.6
Cumulative effect of change in accounting methods, net of taxes (5).....	-	(31.8)	(31.8)	(5.7)	-	-	-
Extraordinary loss, net of taxes (6).....	-	-	(24.0)	-	-	-	-
Discontinued operations, net of taxes.....	-	-	-	-	-	-	57.7
Net income (loss).....	\$ 3.1	\$(31.4)	\$ (40.6)	\$ 14.9	\$(21.6)	\$ 14.3	\$ 78.3
Ratio of earnings to fixed charges (7).....	1.46x	1.24x	5.15x	2.98x	-	2.30x	4.05x
FINANCIAL RATIOS AND OTHER DATA:							
EBITDA (8).....	\$ 25.1	\$ 11.5	\$ 57.4	\$ 76.8	\$ 38.6	\$ 66.0	\$ 58.7
Depreciation.....	8.1	5.2	19.1	19.6	19.4	16.0	16.2
Amortization.....	1.7	1.2	5.3	5.7	4.4	3.9	3.5
Capital expenditures.....	10.3	3.9	15.1	20.4	19.4	26.7	41.0
Ratio of EBITDA to interest expense, net (9).....	2.46x	2.95x	3.22x	5.09x	2.30x	3.73x	5.93x
BALANCE SHEET DATA (AT PERIOD END):							
Working capital.....	\$123.1	\$207.0	\$ 119.4	\$182.2	\$195.1	\$260.7	\$186.1
Property, plant and equipment, net.....	198.4	115.4	198.1	116.8	116.3	117.9	109.1
Total assets.....	947.9	580.5	1,024.4	560.3	579.3	624.1	574.6
Long-term debt.....	338.5	179.4	336.2	160.3	199.7	226.2	152.7
Shareholders' equity.....	148.0	157.3	145.4	185.5	180.7	210.6	202.1

(footnotes on the next page)

(footnotes for preceding page)

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- (1) In 1993, the Company recognized a \$27.5 million (\$18.5 million aftertax) restructuring charge to combine its Bear Automotive operation with Allen Testproducts. In 1991, an \$18.2 million (\$14.7 million aftertax) special charge was recorded for organizational and facility consolidation of two operating units, the write off of certain capitalized computer software development costs, charges associated with further globalization of the Company's original equipment components affiliated businesses with an overseas partner, and charges for possible losses associated with certain project development investments and notes receivable related to previous sales of certain business units.
 - (2) Fiscal years 1989 through 1992 were restated to record the Company's previous 49% share of SPT's income or losses, the effect of amortizing the difference between its investment balance and its share of SPT's initial partnership capital deficit and an adjustment required to record the Company's previous investment in SPT at historical cost. Previously, because SPT indebtedness was non-recourse to the Company, the Company properly did not reflect its share of equity losses of SPT and did not amortize the difference between its investment balance and its share of SPT's initial partnership capital deficit. The cumulative effect of this 1989 through 1992 restatement was a pretax charge of \$15.9 million (or a \$10.1 million aftertax reduction) to previously reported shareholders' equity.
 - (3) Until December 31, 1993, the Company reported that it held a 50% interest in SP Europe. As of December 31, 1993, Riken's pending participation in SP Europe reverted to the Company in connection with the transaction to acquire Riken's 49% interest in SPT. SP Europe had not been previously consolidated due to the Company's deemed temporary control and because non-recourse (to the partners) financing was being pursued. Up to December 31, 1993, the Company carried its investment in SP Europe at zero. Due to the resulting 70% ownership, the Company is recording its share of cumulative losses since the partnership formation in mid-1991 of \$21.5 million.
 - (4) During 1993, the Company divested its aftermarket parts distribution and window and door hardware manufacturing businesses. See "Business--Business Strategy." During 1989, the Company divested five small businesses.
 - (5) In the first quarter of 1993, the Company adopted new accounting methodology for its ESOP and reflected its 49% share of SPT's 1993 adoption of SFAS No. 106 regarding accounting for postretirement benefits other than pensions. In 1992, the Company adopted new accounting methodology for postretirement benefits other than pensions, and income taxes.
 - (6) Reflects costs associated with prepayment of certain Company and SPT indebtedness.
 - (7) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss, plus SPT equity losses, SP Europe equity losses and fixed charges. Fixed charges consist of interest expense, net (including amortization of deferred financing costs), and that portion of rental expense estimated to be representative of the interest factor. Earnings were insufficient to cover fixed charges by \$20.2 million in 1991.
 - (8) EBITDA represents operating income (loss) before restructuring and special charges, SPT equity losses, SP Europe equity losses, depreciation and amortization. EBITDA is not presented herein as an alternative measure of operating results, cash flow (as defined by generally accepted accounting principles) or liquidity and does not necessarily represent the cash available to fund cash requirements of the Company. EBITDA is instead included because it is one measure used by certain investors as an indicator of a company's operating performance and its ability to service its indebtedness.
 - (9) For purposes of determining the ratio of EBITDA to interest expense, net, amortization of deferred financing costs was excluded from interest expense, net.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1994 AS COMPARED TO THREE MONTHS ENDED MARCH 31, 1993

Revenues

The following are revenues by business segment:

	UNAUDITED THREE MONTHS ENDED MARCH 31		
	----- HISTORICAL		PRO FORMA
	1994	1993	1993
	----- (in millions) -----		
Specialty service tools.....	\$139.7	\$111.4	\$ 126.4
Original equipment components.....	134.4	6.1	119.6
SPX Credit Corporation.....	3.4	0.5	4.2
Businesses sold in 1993.....	-	61.2	-
Total.....	\$277.5	\$179.2	\$ 250.2
	-----	-----	-----
	-----	-----	-----

Total revenues for the first quarter of 1994 were up significantly over the first quarter of 1993 due to the inclusion of SPT and SP Europe revenues in 1994 (SPT and SP Europe were consolidated as of December 31, 1993). Also affecting first quarter 1994 revenues was the inclusion of the revenues of ATP and SPX Credit Corporation (formerly AGL), whereas in 1993 the revenues of ATP and SPX Credit Corporation were not included until the June 1993 acquisition. Offsetting these increases in revenues was the loss of revenues of the Sealed Power Replacement and Truth divisions, which were sold in the fourth quarter of 1993.

Revenues of the specialty service tools segment for the first quarter of 1994 include ATP. If ATP revenues were included in the first quarter of 1993, pro forma first quarter 1993 revenues would have been \$126.4 million. The remaining increase in 1994 revenues over pro forma 1993 revenues, approximately \$13 million, was attributable to improved general aftermarket tool sales, strong hand-held diagnostic equipment sales, improved high pressure hydraulic sales and higher automotive related refrigerant recovery and recycling equipment sales.

As stated above, first quarter 1994 revenues of the original equipment components segment were up significantly due to the inclusion of SPT. Pro forma first quarter 1993 revenues including SPT and SP Europe would have been \$119.6 million. The remaining increase in 1994 over pro forma 1993 revenues, approximately \$15 million, was attributable to strong increases in all product line sales to OEMs as production of new vehicles was up from last year. The segment's aftermarket revenues also increased.

Revenues of SPX Credit Corporation, which was formed in June 1993, were down from pro forma 1993. SPX Credit Corporation's revenues and lease portfolio were comparable to the levels of the last half of 1993 after SPX merged its existing leasing activities with AGL in connection with the formation of SPX Credit Corporation.

Gross Profit

Gross profit was \$70.1 million, or 25.3% of revenues, in the first quarter of 1994 compared to \$57.4 million, or 32.0% of revenues, in the first quarter of 1993. Due to the significant acquisition and divestiture activity in 1993, these figures are not comparable. Pro forma first quarter 1993 gross profit would have been \$64.5 million, or 25.8% of revenues.

Selling, General and Administrative Expense

Selling, general and administrative expense ("SG&A") was \$54.2 million, or 19.5% of revenues, in the first quarter of 1994 compared to \$50.8 million, or 28.3% of revenues, in the first quarter of 1993. Due to the significant acquisition and divestiture activity in 1993, these figures are not comparable. Pro forma first quarter 1993 SG&A would have been \$54.5 million, or 21.8% of revenues.

Operating Income (Loss)

The following is operating income (loss) by business segment:

	UNAUDITED			
	THREE MONTHS ENDED MARCH 31			
	HISTORICAL	PRO FORMA		
1994	1993	1993		
(in millions)				
Specialty service tools.....	\$ 6.3	\$ 4.2	\$ 6.6	
Original equipment components.....	11.7	(0.5)	5.1	
SPX Credit Corporation.....	2.2	0.1	2.5	
Businesses sold in 1993.....	-	4.6	-	
General corporate expenses.....	(4.9)	(3.9)	(4.5)	
Total.....	\$15.3	\$ 4.5	\$ 9.7	

Total operating income for the first quarter of 1994 was up significantly over the first quarter of 1993 due to the inclusion of SPT in 1994 (SPT and SP Europe were consolidated as of December 31, 1993). Also affecting first quarter 1994 operating income was the inclusion of the operating income of ATP and SPX Credit Corporation, whereas in 1993 the operating income of ATP and SPX Credit Corporation was not included until the June 1993 acquisition. Offsetting these increases in operating income was the loss of operating income of the SPR and Truth divisions, which were sold in the fourth quarter of 1993.

First quarter 1994 operating income of the specialty service tools segment includes the results of ATP which are now included in the results of the Automotive Diagnostics division. Pro forma first quarter 1993 operating income would have been \$6.6 million had it included ATP and had certain cost reductions been realized through the combination with the Bear Automotive division. While comparative first quarter revenues are up in the specialty service tools segment, the small reduction in comparative operating income reflects the continued operating loss at the Automotive Diagnostics division. Also contributing to the reduced operating income were lower margins on the refrigerant recovery and recycling systems.

Operating income of the original equipment components segment was up significantly due to the inclusion of SPT. The increase in 1994 first quarter operating income over 1993 pro forma was attributable to continued increases in customer demand as a result of the effect of increased U.S. domestic light vehicle production, combined with an increase in demand for parts in the vehicle aftermarket.

Operating income of SPX Credit Corporation was down from pro forma 1993. SPX Credit Corporation operating income was comparable with levels achieved in the last half of 1993 after SPX merged its existing leasing activities with AGL in connection with the formation of SPX Credit Corporation.

Interest Expense, Net

First quarter 1994 interest expense, net was \$10.2 million compared to \$3.9 million in the first quarter of 1993. The increase was attributable to higher debt levels associated with the purchase of SPT and Allen Testproducts which were partially offset by proceeds from the divestitures of the Sealed Power Replacement and Truth divisions. Additionally, the debt existing during the first quarter of 1994 was at relatively higher interest rates which contributed to the increase in interest expense.

Provision for Income Taxes

The first quarter 1994 effective income tax rate was approximately 39%, which reflects the Company's current estimated rate for the year.

Cumulative Effect of Change in Accounting Methods, Net of Tax

In the first quarter of 1993, the Company adopted new accounting for its Employee Stock Ownership Plan and adopted SFAS No. 106--"Employers' Accounting for Postretirement Benefits Other Than Pensions" for its then existing 49% share of SPT, resulting in a \$31.8 million aftertax charge.

FISCAL YEAR ENDED DECEMBER 31, 1993 AS COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 1992

Revenues

The following are revenues by business segment:

	YEAR		INCREASE (DECREASE)	
	1993	1992	AMOUNT	PERCENT
	(dollars in millions)			
Specialty service tools.....	\$503.6	\$539.6	\$(36.0)	(6.7)%
Original equipment components.....	26.6	15.2	11.4	75.0
SPX Credit Corporation.....	9.0	-	9.0	-
Businesses sold in 1993.....	216.9	246.4	(29.5)	(12.0)
Total.....	\$756.1	\$801.2	\$(45.1)	(5.6)

Total revenues for 1993 were lower than 1992 due primarily to lower specialty service tools segment revenues and reduced revenues from businesses which were sold in the fourth quarter of 1993. These declines in revenues were offset by increased revenues in the original equipment components segment and the inclusion of lease financing revenues since June 1993 when the SPX Credit Corporation was formed.

Revenues of the specialty service tools segment were down \$36.0 million principally from reduced sales of refrigerant recovery and recycling systems. In 1992, revenues benefited from \$60.0 million of incremental sales of HFC134a refrigerant recovery and recycling systems to franchised vehicle dealers as many OEMs required their dealers to purchase this equipment. The balance of the specialty service tools segment revenues was up in 1993 due to higher essential tool programs, improved general U.S. economic conditions, increased sales of electronic hand-held diagnostic equipment and the June 1993 acquisition of ATP.

Revenues of the original equipment components segment were up significantly from 1992 as more automatic transmissions incorporated the Company's electronic solenoid valve. Management believes that revenues from these valves will continue to increase as more automatic transmissions begin to incorporate these valves. Beginning in 1994, revenues of SPT and SP Europe will be included in this segment. In 1993 and 1992, aggregate revenues for SPT and SP Europe were \$432.1 million and \$404.9 million, respectively.

Gross Profit

Gross profit was \$248.1 million, or 32.8% of revenues, in 1993 compared to \$268.0 million, or 33.5% of revenues, in 1992. The decrease in gross margin in 1993 relates to the reduction in higher margin refrigerant recovery and recycling equipment sales and the related higher manufacturing volumes, certain costs and redundancies incurred during the integration of Bear Automotive and ATP and increased sales of solenoid valves which carry a lower gross margin. Inclusion of lease financing revenues increased the gross margin in 1993, as such revenues do not have a related cost of sales. In 1992, the effect of inventory reductions resulted in a \$1.8 million decrease in costs related to LIFO inventory liquidations compared to \$0.5 million in 1993.

Selling, General and Administrative Expense

SG&A was \$207.6 million, or 27.5% of revenues, in 1993 compared to \$209.9 million, or 26.2% of revenues, in 1992. In 1993, expense was down from 1992 primarily due to the divestitures of SPR and Truth in the fourth quarter and the impact of the new ESOP accounting method. In 1993, interest on ESOP debt was classified as "interest expense, net" (\$3.9 million), whereas, in 1992, the majority of this amount was included

in SG&A. Offsetting these reductions was the acquisition of ATP in June, a business with relatively high SG&A as a percentage of revenues.

Operating Income (Loss)

The following is operating income (loss) by business segment:

	YEAR		INCREASE (DECREASE)
	1993	1992	
			(in millions)
Specialty service tools.....	\$(11.7)	\$ 51.7	\$ (63.4)
Original equipment components.....	(46.5)	(7.0)	(39.5)
SPX Credit Corporation.....	5.5	-	5.5
Businesses sold in 1993.....	25.2	21.5	3.7
General corporate expenses.....	(15.4)	(17.1)	1.7
Total.....	\$(42.9)	\$ 49.1	\$ (92.0)

Overall operating income (loss) was significantly reduced by the \$27.5 million restructuring charge recorded in 1993. Excluding this restructuring charge, 1993 operating loss would have been \$15.4 million compared to \$49.1 million of income in 1992. This decrease is associated with lower sales of refrigerant recovery and recycling systems and integration costs at Automotive Diagnostics and SPT and SP Europe equity losses.

The specialty service tools segment incurred an \$11.7 million loss in 1993, which includes a \$27.5 million restructuring charge for the combination of Bear Automotive and ATP into the new Automotive Diagnostics division (see the following paragraph). Excluding the restructuring charge, 1993 operating income would have been \$15.8 million compared to \$51.7 million of income in 1992. This decrease is associated with lower sales of refrigerant recovery and recycling systems and other integration costs at Automotive Diagnostics.

The \$27.5 million restructuring charge to combine the businesses into the Automotive Diagnostics division was recorded in the third quarter of 1993. Of the \$27.5 million restructuring charge, approximately \$16.0 million relates to work force reductions and associated costs. The combined businesses started with approximately 2,200 employees. That number was reduced to 1,800 at December 31, 1993 and will be at approximately 1,700 by the end of the second quarter of 1994. The charge also included \$9.3 million of facility duplication and shutdown costs, including the write down of excess assets of \$4.2 million (non-cash). The balance of the reserves at December 31, 1993 was approximately \$14.5 million, which is principally required for remaining work force reduction and facility closing costs.

The original equipment components segment's 1993 operating loss includes SPT equity losses of \$26.9 million and SP Europe equity losses of \$21.5 million. Offsetting these losses, to some extent, were the improved results of the Company's electronic solenoid valve operation.

Interest Expense, Net

Interest expense, net, was \$17.8 million in 1993 compared to \$15.1 million in 1992. Interest costs have been decreasing since 1991 due to favorable interest rates and overall lower average borrowing levels. In 1993, interest expense increased by \$3.9 million when compared to 1992 and 1991 levels as new accounting for the Company's ESOP now recognizes the interest element on the ESOP debt. Prior to 1993, this expense was classified as administrative expense. The interest element on ESOP debt in 1992 and 1991, which was included in administrative expense, was \$4.1 million and \$4.0 million, respectively.

Gain on Sale of Businesses

A \$105.4 million pretax gain on the sale of SPR (\$52.4 million) and Truth (\$53 million) was recorded during the fourth quarter. The operating results of these units were included through their dates of divestiture, October 22, 1993 for SPR, and November 5, 1993 for Truth. The combined aftertax gain was \$64.2 million.

Provision (Benefit) for Income Taxes

The Company's 1993 effective income tax rate for 1993 was 66.0% compared to 39.5% in 1992. The primary item affecting the 1993 rate was the inability to tax benefit the \$21.5 million of SP Europe's equity losses as its foreign subsidiaries are in net operating loss carryforward positions. Also affecting the 1993 rate were certain items within the Automotive Diagnostics restructuring charge not being tax benefited and the cumulative effect of adjusting net deferred tax liabilities for the 1993 change in the U.S. federal income tax rate from 34% to 35%. The 1992 rate reflects a normal effective income tax rate.

Cumulative Effect of Change in Accounting Methods, Net of Taxes

In 1993 and 1992, the Company adopted three new accounting methods relating to its ESOP, postretirement benefits other than pensions, and income taxes. See Note 2 to the Consolidated Financial Statements for a detailed explanation of these changes.

Extraordinary Loss, Net of Taxes

During the fourth quarter of 1993, the Company determined to refinance both SPX and SPT indebtedness. As a result, the Company recorded an extraordinary charge of \$37.0 million (\$24.0 million aftertax) for costs associated with the early retirement of \$415.0 million (principal amount) of indebtedness expected to be refinanced. The aggregate amount to retire this indebtedness, including existing unamortized debt placement fees, will be \$452.0 million.

FISCAL YEAR ENDED DECEMBER 31, 1992 AS COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 1991

Revenues

The following are revenues by business segment:

	YEAR		INCREASE (DECREASE)	
	1992	1991	AMOUNT	PERCENT
	(dollars in millions)			
Specialty service tools.....	\$539.6	\$430.1	\$109.5	25.5%
Original equipment components.....	15.2	7.8	7.4	94.9
Businesses sold in 1993.....	246.4	235.6	10.8	4.6
Total.....	\$801.2	\$673.5	\$127.7	19.0

Overall revenues increased principally from increases within the specialty service tools segment.

Revenues of specialty service tools increased over 1991 due to an increase of approximately \$100 million in sales of refrigerant recovery and recycling systems. The segment also benefited from higher sales to franchised vehicle dealers, the result of new model vehicle introductions and improved general economic conditions.

Revenues of original equipment components were up significantly from 1991 as more automatic transmissions incorporated the Company's electronic solenoid valve.

Gross Profit

Gross profit was \$268.0 million, or 33.5% of revenues, in 1992 compared to \$211.8 million, or 31.5% of revenues, in 1991. This improvement as a percentage of revenues was primarily attributable to higher production activity and related cost absorption, previous cost reduction programs (including the closure of a plant in Arkansas), and a general sales mix shift toward higher margin products than in 1991. In 1992, the effect of inventory reductions resulted in a \$1.8 million decrease in costs related to LIFO inventory liquidation.

Selling, General and Administrative Expense

Selling, general and administrative expense was \$209.9 million, or 26.2% of revenues, in 1992 compared to \$194.0 million, or 28.8% of revenues, in 1991. The primary reason for the increase was the variable selling costs associated with the higher revenues. However, several other factors also contributed to the increase, including increases in health care costs, costs associated with an unsuccessful acquisition effort and the higher

current year costs associated with adoption of SFAS No. 106 -- "Employers' Accounting for Postretirement Benefits Other than Pensions."

Operating Income (Loss)

The following is operating income (loss) by business segment:

	YEAR		
	1992	1991	INCREASE
	(in millions)		
Specialty service tools.....	\$ 51.7	\$ 3.3	\$ 48.4
Original equipment components.....	(7.0)	(15.0)	8.0
Businesses sold in 1993.....	21.5	20.0	1.5
General corporate expenses.....	(17.1)	(20.2)	3.1
Total.....	\$ 49.1	\$(11.9)	\$ 61.0

Operating losses in 1991 were impacted by an \$18.2 million special charge (discussed below). Excluding this special charge, 1991 operating income would have been \$6.3 million compared to \$49.1 million in 1992. The significant increase was principally due to income related to the incremental sales of refrigerant recovery and recycling systems as well as generally improved sales of specialty service tools.

The specialty service tools segment's 1991 operating income was impacted by a special charge of \$12.5 million related to organizational and facility consolidation of two operating units and the write off of certain capitalized computer software development costs due to conceptual changes in future product offerings. Without the special charge, 1991 operating income would have been \$15.9 million compared to \$51.7 million in 1992. In 1992, operating income increased primarily from approximately \$100 million of incremental sales of refrigerant recovery and recycling systems as well as generally improved sales of specialty service tools.

The original equipment components segment's operating losses decreased due to improvements at the Company's electronic solenoid valve operation and due to reduced SPT equity losses (a \$2.4 million loss in 1992 compared to an \$8.5 million loss in 1991). In addition, 1991 operating losses included a \$2.6 million special charge for the start-up related reduced value of RSV, a joint venture with Riken, which produces solenoid valves for the Asia Pacific Rim market.

General corporate expenses in 1991 included a \$3.0 million special charge related to losses on certain project development investments and notes receivable related to previous business unit sales.

Interest Expense, Net

Interest expense, net, was \$15.1 million in 1992 and \$16.8 million in 1991 due primarily to lower short-term interest rates.

Provision (Benefit) for Income Taxes

The Company's 1992 effective income tax rate was 39.5% compared to a 25.0% benefit in 1991. The 1992 rate represents a normal effective income tax rate. The 1991 rate of benefit was the result of the Company not recognizing a deferred tax benefit on some cost elements included in the special charge recorded that year, as future tax realization was uncertain.

Cumulative Effect of Change in Accounting Methods, Net of Taxes

In 1992, the Company adopted two new accounting methods relating to postretirement benefits other than pensions, and income taxes. See Note 2 to the Consolidated Financial Statements for a detailed explanation of these changes.

LIQUIDITY AND FINANCIAL CONDITION

The Company's liquidity needs arise primarily from making capital investment in new equipment, funding working capital requirements and meeting interest costs.

As a result of the Company's acquisition activity in 1993, the Company will be more leveraged than in the past. This financial leverage will require management to focus on cash flows to meet increased interest costs and to maintain dividends. Management believes that operations and the credit arrangements established will be sufficient to supply the future funds needed by the Company.

Management also believes that improvements in operations accomplished in 1993, coupled with completion of other cost reduction activities begun in 1993, will improve the cash flows of the Company.

Cash Flow

	THREE MONTHS	YEAR ENDED DECEMBER 31,		
	ENDED MARCH 31, 1994	1993	1992	1991
		(in millions)		
Cash flows from operating activities.....	\$ 5.2	\$ 25.3	\$ 67.5	\$ 67.4
Cash flows from investing activities.....	(10.3)	44.3	(24.9)	(34.9)
Cash flows from financing activities.....	(97.8)	38.5	(44.0)	(33.9)
Net cash flow.....	\$ (102.9)	\$ 108.1	\$ (1.4)	\$ (1.4)

Operating cash flow was significantly lower in 1993 than in 1992 due to lower operating earnings, the cash utilization of the Automotive Diagnostics division restructuring reserve, higher tax payments and increases in the amount of lease receivables. First quarter 1994 operating cash flows reflects significantly increased accounts receivable from higher revenue levels, reduced accrued liabilities primarily due to the continued utilization of the Automotive Diagnostics restructuring reserve. At March 31, 1994, the restructuring reserve was \$8.9 million.

Cash flows from investing activities in 1993 reflected the net proceeds from the divestiture of SPR and Truth of approximately \$189 million and the purchase of ATP and AGL for approximately \$102 million. In addition, 1993 included \$19.9 million of advances to SP Europe prior to its being consolidated into the Company's balance sheet compared to \$3.1 million in 1992. In 1991, the \$12.1 million purchase of Miller Special Tools and \$5.0 million invested in SPT are included. First quarter 1994 cash flows from investing activities represent capital expenditures reflecting the significant capital expenditure plan for 1994.

Cash flows from financing activities reflected \$37.7 million of reduction in indebtedness in 1992 compared to \$44.0 million of additional borrowings in 1993. In 1991, a \$24.2 million reduction in indebtedness was achieved. First quarter 1994 cash flows from financing activities reflect the \$39 million payment to Riken to consummate the SPT Purchase, payment of approximately \$6.0 million of debt extinguishment costs related to the partial payment of the ESOP trust's note, payment of \$4.1 million of debt acquisition costs related to the Revolving Credit Facility and to pay down \$47.6 million on SPX's total indebtedness.

The resulting \$108.1 million in 1993 cash flow was reflected in the year end cash and temporary cash investment balance. A significant portion of this cash balance was utilized during the first quarter of 1994 to complete the SPT Purchase and to refinance certain SPX indebtedness, as reflected in the first quarter 1994 cash flows from financing activities.

Capitalization

	UNAUDITED	DECEMBER 31	
	MARCH 31,	1993	1992
	1994		
	(in millions)		
Notes payable and current maturities of long-term debt.....	\$ 44.2	\$ 94.0	\$ 14.0
Long-term debt.....	338.5	336.2	160.3
Total debt.....	\$ 382.7	\$ 430.2	\$ 174.3
Shareholders' equity.....	148.0	145.4	185.5
Total capitalization.....	\$ 530.7	\$ 575.6	\$ 359.8
Total debt to capitalization ratio.....	72.1%	74.7%	48.4%

In March 1994, the Company extinguished approximately \$80 million of SPX debt by utilizing its existing cash balance and \$35 million of the Revolving Credit Facility. At March 31, 1994, the Company's total debt was composed of existing SPX debt of \$174.9 million and of SPT debt of \$207.8 million.

In March 1994, the Company initiated the process to issue \$260 million of the Notes. The outstanding SPT debt will be extinguished from the proceeds from this Offering. The following is a reconciliation of actual cash and debt at March 31, 1994 to the unaudited pro forma balances at March 31, 1994 assuming completion of the Refinancing.

	CASH	DEBT
	(in millions)	
Actual at March 31, 1994.....	\$ 15.0	\$ 382.7
Transaction and early extinguishment fees (cash and Revolving Credit Facility).....	(2.3)	14.2
Payment of SPX debt with Revolving Credit Facility.....	-	(124.7)
Borrowings under Revolving Credit Facility to pay SPX debt.....	-	124.7
Pro forma March 31, 1994 before Final Transactions.....	\$ 12.7	\$ 396.9
Transaction and early extinguishment fees paid using Revolving Credit Facility.....	-	19.5
Payment of SPT debt.....	-	(207.8)
Reduction of Revolving Credit Facility.....	-	(52.2)
Proceeds from sale of Notes.....	-	260.0
Pro forma March 31, 1994 after Refinancing.....	\$ 12.7	\$ 416.4

On an unaudited pro forma basis, the following summarizes the debt outstanding and revolving credit availability as of March 31, 1994 after the Refinancing:

	TOTAL COMMITMENT	AMOUNT OUTSTANDING	REVOLVING CREDIT AVAILABILITY
	(in millions)		
Revolving Credit Facility.....	\$225.0	\$ 141.2	\$ 83.8
The Notes.....	260.0	260.0	-
Industrial Revenue Bonds.....	15.2	15.2	-
Total.....	\$500.2	\$ 416.4	\$ 83.8

After completion of the Refinancing, management believes that the additional availability of borrowings is sufficient to meet operational cash requirements, working capital requirements and capital expenditures planned for 1994. The Company has no material debt amortization requirements in the next five years.

On a pro forma basis, the Company's earnings before fixed charges would have been inadequate to cover its fixed charges by \$25 million in the twelve month period ending March 31, 1994. If the 1993 restructuring charge of \$28 million is excluded from pro forma earnings in the twelve month period ending March 31, 1994, the pro forma ratio of earnings to fixed charges in the twelve month period ending March 31, 1994 would have been 1.05x. In the first quarter of 1994, the actual ratio of earnings to fixed charges was 1.46x. However, there

can be no assurance that the Company will have earnings before fixed charges sufficient to cover fixed charges in the future, including interest payments on the Notes.

Capital Expenditures

Capital expenditures were \$10.3 million in the first quarter of 1994, \$15.1 million in 1993, \$20.4 million in 1992 and \$19.4 million in 1991. Management expects to continue to incur incremental capital expenditures to develop new products, improve product and service quality, and expand the business. With the consummation of the SPT Purchase, capital expenditures will increase due to SPT's capital intensity. SPT's capital expenditures, net, were \$17.8 million in 1993, \$12.9 million in 1992 and \$13.1 million in 1991. Capital expenditures planned in 1994 for the Company (including SPT) are approximately \$45 million. Significant projects include expanded cylinder sleeve manufacturing capabilities, an additional solenoid valve production line and a facility expansion at a major manufacturing plant. Management estimates that annual capital expenditures of approximately \$15 million are required to maintain the Company's (including SPT's) current operations.

Acquisitions and Divestitures

After the acquisition and divestiture activity in 1993, management does not foresee any significant acquisitions or divestitures. Flexibility is available under the Bank Credit Agreement and Notes to allow for strategically oriented acquisitions that directly complement the Company's existing businesses.

SEASONALITY, WORKING CAPITAL AND CYCLICALITY

The majority of the Company's revenues is not subject to seasonal variation. Revenues of the original equipment components segment are predominantly dependent upon domestic and foreign vehicle production, which is cyclical, and on general economic conditions and other factors. Revenues of the specialty service tools segment are dependent upon the frequency of new vehicle introductions and the general economic status of vehicle dealers and aftermarket maintenance facilities. These factors can, therefore, affect the Company's working capital requirements. However, because the Company receives production forecasts and new vehicle introduction information from OEMs, the Company is better able to anticipate and manage these requirements. See "Investment Considerations--Motor Vehicle Industry Cyclicity."

IMPACT OF INFLATION

The Company believes that inflation has not had a significant impact on operations during the period of 1991 through 1993 in any of the countries in which the Company operates.

OTHER MATTERS

Accounting Pronouncements. As of the beginning of 1994, the Company must adopt Statement of Financial Accounting Standards, No. 112, "Employers' Accounting for Postemployment Benefits." This standard requires that the cost of benefits provided to former or inactive employees be recognized on the accrual basis of accounting. The Company believes that the provisions of this statement are not material to its financial position or results of operations.

Automotive Diagnostics. At March 31, 1994, \$73 million of goodwill relates to the Automotive Diagnostics division (composed of Bear Automotive and ATP, which was acquired in 1993). Automotive Diagnostics has incurred significant operating losses in 1993 and in prior years. The Company projects that, in the near future, the cost savings, market synergies and other factors which, in part, will be realized from the Bear Automotive and ATP combination will result in non-discounted operating income sufficient to exceed goodwill amortization. However, should such projections require downward revision based on changed events or circumstances, the Automotive Diagnostics division's goodwill may require write down. Although having no cash flow impact, the resulting charge, if any, could materially reduce the Company's future reported results of operations and shareholders' equity. At this time, based upon present information, projections and strategic plans, the Company has concluded that there has been no permanent impairment of the Automotive Diagnostics division's tangible or intangible assets.

Tax Settlement. During the fourth quarter of 1993, the Company settled a dispute with the Internal Revenue Service regarding the Company's tax deferred treatment of the 1989 transaction in which several

operating units of the Company were contributed to SPT. The settlement of approximately \$5 million in tax eliminates the IRS contention that one-half of the 1989 transaction was currently taxable. The settlement and interest were paid during the second quarter of 1994.

Actuarial Discount Rate. At year-end 1993, the Company (and SPT) reduced the discount rate used for computation of pension and postretirement benefits to 7.5% from the previous 8.25%. This assumption change had no effect on 1993 results of operations, but will increase expense in the future. The Company does not expect the increase to be material as certain other actuarial assumptions, including salary growth and medical trend rates, were also modified to reflect current experience. The future discount rate is subject to change as long-term interest rates and other such factors warrant.

Environmental. The Company's operations and products are subject to federal, state and local regulatory requirements relating to environmental protection. It is the Company's policy to comply fully with all such applicable requirements. As part of its effort to comply, management has established an ongoing internal compliance auditing program which has been in place since 1989. Based on current information, management believes that the Company's operations are in substantial compliance with applicable environmental laws and regulations and the Company is not aware of any violation that could have a material adverse effect on the business, financial condition or results of operations of the Company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the Company's business or operations in the future. See Note 18 to the Consolidated Financial Statements for a more detailed discussion.

Foreign Net Operating Loss Carryforwards. The Company has foreign net operating loss carryforwards ("NOLs") of approximately \$32.5 million as of December 31, 1993. These NOLs are available to offset applicable future foreign taxable income and, for the most part, expire in years after 1996. These NOLs have been fully reserved through the valuation allowance due to uncertainty regarding the ability to realize these tax assets.

BUSINESS

GENERAL

The Company is a global leader in the design, manufacture and marketing of specialty service tools for the franchised dealers of vehicle manufacturers and of piston rings and automatic transmission filters for OEMs. The Company also is a designer, manufacturer and marketer of electronic engine diagnostic equipment, emission testing equipment, wheel service equipment and other specialty service tools for independent vehicle aftermarket users in North America and Europe. The Company also provides numerous other original equipment components, including cylinder sleeves, die cast parts, valve train components and solenoid valves, to OEMs, and specialty service tools to other non-vehicle markets.

The Company was organized in 1911 and was known as The Piston Ring Company until 1931, when it changed its name to Sealed Power Corporation. The name was again changed in 1988 to SPX Corporation. The Company's principal executive offices are located at 700 Terrace Point Drive, Muskegon, Michigan 49443, and its telephone number is (616) 724-5000.

INDUSTRY OVERVIEW

The Company serves two broad markets in the vehicle industry. The Company's specialty service tools are sold to the vehicle maintenance and repair market and are used primarily by the OEMs' franchised dealers and other independent service technicians to diagnose and service a wide range of vehicle systems and equipment. As OEMs develop and manufacture new products, corresponding specialty mechanical, electronic and hydraulic tools must be developed to diagnose and service specific problems and aid in the improvement of performance. In the past decade, the vehicle maintenance and repair market increased its demand for specialty service tools as a result of several trends: (i) the increase in the frequency of new model introductions by OEMs, (ii) the advance in the engineering, computerization and technological complexity of these new introductions and (iii) the increase in service dollars spent at franchise dealers as a result of extended new vehicle warranty periods. Sales of specialty service tools which are essential to franchised dealers, the Company's largest group of customers for these products, tend to vary with changes in vehicle design and the number of dealers and are not directly dependent on the volume of vehicles that are produced by OEMs. In addition, environmental and safety regulations have become more stringent and require specially designed diagnostic and other tools to comply with such regulations.

The other broad market served by the Company is the OEM and replacement parts market, to which the Company's original equipment components are sold. The U.S., Canadian and European OEM market is primarily composed of four classes of customers: (i) U.S. manufacturers, principally consisting of General Motors, Ford and Chrysler, but also including other vehicle manufacturers such as Navistar International and Mack Trucks, (ii) foreign companies producing vehicles in North America ("transplants"), (iii) European vehicle manufacturers sourcing the Company's products through integrated assemblies and (iv) vehicle manufacturers producing vehicles outside the United States and Canada ("imports"). OEMs are continuing to reduce the lead-time required to bring new vehicle models to the market and to reduce perceived high internal costs created by their traditional vertically integrated structures by, among other things, turning to independent suppliers for design assistance and production of parts and components. In addition, in order to improve their quality, efficiency and ability to manage their supplier network, OEMs have decreased the number of their suppliers to include those which have consistent product quality, technological expertise and competitive pricing, and are responsive to changes in the marketplace. OEMs additionally assign Tier 1 status to certain of these suppliers in order to transfer responsibility for an entire product program to a supplier. A Tier 1 supplier will often design, engineer, manufacture and conduct quality control procedures for a product or product assembly. The replacement parts market primarily consists of the service organizations of the OEMs, as well as other vehicle parts manufacturers and distributors.

Sales of original equipment components to OEMs are affected, to a large extent, by vehicle production volume which, in turn, is dependent on general economic conditions. Vehicle production has historically been cyclical, and sales of the Company's original equipment components have increased or decreased depending on the existing economic cycle prevailing at the time. Vehicle production increased substantially in 1993 and had a favorable impact on sales of the Company's original equipment components. Replacement parts sales,

on the other hand, depend on the age of vehicles in service and the need for replacement parts. Sales of original equipment components to the replacement parts market historically have been less adversely affected by general business conditions since vehicle owners are more likely to repair vehicles than purchase new ones during recessionary periods. In 1993, the Company sold approximately three-fourths of its original equipment components to OEMs and the remaining one-fourth of such components to the replacement parts market.

BUSINESS STRATEGY

The Company believes that the markets it serves offer significant growth opportunities for its businesses. The Company's business strategy is to focus on and invest in the core markets for specialty service tools and original equipment components and to expand its leading market positions. The key elements of this strategy include: (i) implementation of structural changes to operations, (ii) operational improvements, (iii) increased specialty service tool offerings and (iv) leveraging of long-term relationships with existing customers.

Implementation of Structural Changes to Operations. In 1993, the Company completed several transactions which increased the Company's revenues by approximately 25% from approximately \$801 million in 1992 to \$1.0 billion on a pro forma basis in 1993. These transactions, described below, were completed in order to increase the Company's product offerings, strengthen its sales and service capabilities and better position the Company to capitalize on prevailing market and industry trends and opportunities.

- Created the Automotive Diagnostics division through the acquisition of ATP and its combination with the Company's Bear Automotive business. This new division will enhance the Company's electronic engine diagnostics, emission testing and wheel service equipment capabilities and is expected to result in annualized cost savings to the Company through consolidation of operations and work force reductions in excess of \$20 million.
- Created SPX Credit Corporation through the acquisition of the leasing company affiliated with Allen Testproducts and its combination with the Company's existing leasing operations. This business supports the Automotive Diagnostics division by providing customers with a leasing option when purchasing the division's products.
- Divested the Company's aftermarket parts distribution business and the Company's window and door hardware manufacturing business. These divestitures generated approximately \$189 million in net cash proceeds which the Company used to reduce indebtedness and to further invest in its core businesses.
- Acquired the 49% interest in SPT held by Riken. SPT represents substantially all of the Company's original equipment components segment.

Operational Improvements. The Company continually explores ways to increase its operational efficiency while maintaining its reputation as a manufacturer of high-quality products. Ongoing programs to meet this objective involve the addition of new machinery, consolidation of facilities and other productivity improvements. Examples of recent productivity improvements include the addition of a \$25 million automated cylinder sleeve production system which will enable the Company to meet the increasing demand for cast iron sleeves for aluminum block engine programs, which are part of the trend toward lighter weight vehicles. In addition, the Company is consolidating its European casting facilities at a single location which employs improved casting technology. The Company expects this consolidation to enable the Company to increase production with less scrap and maintain better inventory control without any increase in the work force. Both segments of the Company's businesses have received numerous quality awards and certifications from General Motors, Ford, Chrysler and other OEM customers. Most parts supplied by the original equipment components segment to General Motors are supplier-certified, six of SPT's plants which serve Ford have achieved Ford's Q-1 rating and an SPT filter production plant is one of only seven plants worldwide to have achieved Chrysler's Pentastar ratings in every year since the award's establishment. The rating systems of General Motors, Ford and Chrysler are based on evaluations by teams of quality auditors who personally visit the manufacturing facilities in order to determine whether they meet certain standards developed by these OEMs. The standards generally involve the evaluation of quality systems control, delivery, technology, management and price.

Increased Specialty Service Tool Offerings. The market for the Company's specialty service tools has increased as a result of several recent trends: (i) the increase in the frequency of new model introductions by

OEMs, (ii) the advance in the engineering, computerization and technological complexity of these new introductions and (iii) the increase in service dollars spent at franchise dealers as a result of extended new vehicle warranty periods. The Company considers franchised dealers and professional technicians, who benefit most from these trends, to constitute the strongest part of its customer base for specialty service tools. By continuing to strengthen its involvement in the design phase of OEM product development and identifying applications for new and existing specialty service tools, the Company believes it can capitalize on these trends. In addition, the growing number of environmental laws and regulations have created a demand for new technologies and products, including the Company's refrigerant recycling systems and vehicle exhaust emission testing equipment. The Company will continue to aggressively pursue this market by continuing to develop new products and technologies.

Leveraging of Long-Term Relationships with Existing Customers. The trend of OEMs to contract sourcing of components to fewer outside suppliers favors larger, more efficient suppliers with high-quality products. The Company historically has had strong relationships, some of which date back 80 years, with major OEMs, including General Motors, Ford and Chrysler. In addition, because of the long lead time and the high degree of engineering interaction between the OEMs and the Company associated with the development of certain new designs and products, particularly in those cases where the Company is a Tier 1 supplier, the Company at times is the sole source to certain OEMs for engine and transmission parts for particular vehicle models. The Company is capitalizing on these relationships to become more involved in the design, engineering, manufacturing and quality control phases of product and product assembly programs of OEMs. The Company believes its Tier I status will enable it to continue to offer products to its customers at a lower cost and afford itself a competitive advantage in securing new business for both of its business segments.

BUSINESS SEGMENTS

The Company operates in two primary business segments, specialty service tools and original equipment components for the global vehicle industry. It also operates a lease financing business for customers of its electronic engine diagnostic, emission testing and wheel service equipment. The following unaudited pro forma information (except information relating to the three months ended March 31, 1994, which is actual) summarizes the Company's revenues by business segment as if the 1993 Transactions had occurred as of January 1, 1991.

	THREE MONTHS ENDED MARCH 31				YEAR ENDED DECEMBER 31					
	1994		1993		1993		1992		1991	
	(dollars in millions)									
Specialty Service										
Tools.....	\$139.7	51%	\$126.4	50%	\$ 529.2	52%	\$ 606.2	58%	\$ 525.3	58%
Original Equipment										
Components.....	134.4	48	119.6	48	458.8	46	420.0	40	366.1	40
SPX Credit Corporation.....	3.4	1	4.2	2	15.7	2	16.7	2	15.2	2
Total.....	\$277.5	100%	\$250.2	100%	\$1,003.7	100%	\$1,042.9	100%	\$ 906.6	100%

Specialty Service Tools

The Company's specialty service tools segment designs, manufactures and markets a wide range of specialty service tools and diagnostic equipment primarily for the global vehicle industry and, to some extent, to industries outside of the vehicle industry. The Company markets these products as solutions to service problems and as aids to performance improvements. The design of specialty service tools is critical to their functionality and generally requires close coordination with either the OEM or the ultimate user of the tools or instruments. A tool specially developed for a specific model vehicle often will be suitable for use with that model only, and will require modification for other or subsequently developed models. Therefore, although many of the specialty service tools designed, manufactured and marketed by the Company may perform similar tasks, the Company often redesigns each of these products as new model vehicles are introduced.

The Company's operations which design, manufacture and market specialty service tools are oriented primarily to serve certain customer groups with which these operations have developed strong relationships. Thus, while two or more of the Company's operations may market a substantially similar specialty service tool, each operation will focus its marketing efforts on different customers. In certain circumstances, after the

design of a product has been completed and a market established, the Company may outsource all or a portion of the manufacture or assembly of these products. The Company also sells a broad line of equipment of other manufacturers through franchised dealer equipment programs coordinated with certain vehicle OEMs.

The table below identifies certain of the Company's principal specialty service tool categories, as well as the brand names under which they are marketed. Each such category, however, includes numerous variations and configurations of similar products, since the design thereof depends on customer needs and specific applications. The table does not include all of the Company's specialty service tools, and the Company is continually developing new products for specialty applications.

PRODUCT CATEGORY -----	BRAND NAME -----
Mechanical specialty service tools.....	Kent-Moore, OTC, Robinair, Miller Special Tools, Lowener, V.L. Churchill
Electronic specialty service tools.....	Allen Testproducts, Bear, Kent-Moore, OTC, Robinair, V.L. Churchill
Hydraulic specialty service tools, pumps, valves and shop equipment.....	OTC, Power Team
Electronic diagnostic equipment.....	Allen Testproducts, Bear, Kent-Moore, OTC, V.L. Churchill
Emission testing equipment.....	Allen Testproducts, Bear, Kent-Moore, OTC, V.L. Churchill
Engine coolant recovery and recycling equipment.....	Robinair
Refrigerant recovery and recycling equipment.....	Bear, Kent-Moore, OTC, Robinair
Wheel service equipment.....	Bear
Dealer equipment programs.....	Dealer Equipment & Services, Euroline

The Company's specialty service tools segment also is increasing its emphasis on the service aspect of the specialty service tools market. The Company's Dealer Equipment and Services division administers dealer equipment programs in North America and Europe for 14 motor vehicle manufacturers, including General Motors, Hyundai, Mazda, Nissan, Opel, Saab, Saturn, Toyota and Volvo. Under the vehicle manufacturer's identity, the division supplies service equipment and technical support to franchised dealers, develops and distributes equipment catalogs and promotional materials, and helps franchised dealers design, assess and meet their service equipment needs.

The Company markets its specialty service tools to franchised vehicle dealers and other aftermarket service and maintenance organizations or individual professional technicians. Products are sold to franchised dealers under both essential and general programs. Essential programs are those in which the OEM requires its franchised dealers to purchase and maintain the tools for warranty and service work. A portion of the Company's specialty service tools sales is to the stationary, or non-transportation, market, which includes the appliance, refrigeration and air conditioning markets. Sales of specialty service tools are made through direct sales forces and through independent distributorships (which are typically supported by the Company's technical support staff). The specialty service tools segment has manufacturing facilities in the United States and Spain, and sales and marketing operations in Australia, Brazil, Canada, France, Italy, Spain, Switzerland, The Netherlands, the United Kingdom and the United States.

Original Equipment Components

The Company's original equipment components segment designs, manufactures and markets component parts for vehicles. These parts primarily fall into five product lines: (i) piston and transmission rings, cylinder sleeves and other castings, (ii) precision die castings, (iii) tappets, valve guides and roller rocker arms, (iv) automatic transmission fluid filters and other filter products and (v) solenoid valves. Because of the nature of these products and the market in which they are sold, the reputation of the manufacturer and the quality and price of the products are considered significant to their marketing success.

Rings and Sleeves. The Company is the world's largest manufacturer of piston rings. The Company also is among the largest U.S. independent producers of cylinder sleeves for vehicle engines. This product line has

benefited from the trend in the vehicle industry to reduce the weight of vehicles in order to increase gas mileage. This trend has resulted in the development of aluminum engine blocks which require cast iron cylinder sleeves. Vehicle engine blocks made of cast iron do not require a cylinder sleeve. The Company has been successful in obtaining contracts with OEMs for these high volume vehicle cylinder sleeve applications.

Through SP Europe, in which the Company has a 70% interest, the Company offers the European market a fully integrated supplier of vehicle piston rings and cylinder sleeves, with engineering design and testing capabilities and fully integrated manufacturing processes. SP Europe's primary European customers are VW, Federal Mogul, Mahle, Kolbenschmidt, Alcan, Audi, Volvo and Mercedes Benz. SP Europe was created by the Company in 1991 to acquire the European piston ring and cylinder sleeve manufacturing business of TRW. In October 1992, Mahle, a leading European manufacturer of pistons, contributed its Spanish piston ring operation to SP Europe in exchange for a 30% ownership interest.

Die Castings. The Company produces precision aluminum, magnesium and zinc die cast parts for vehicle steering, air conditioning and other systems. The primary products in this line include steering column parts, rack-and-pinion housings and other castings such as components for air conditioning compressors, fuel systems, clutches and transmissions. Sales of the Company's die cast products also have benefited from the trend to decrease the weight of vehicles. The Company's magnesium steering column components, which are lighter and have a higher strength-to-weight ratio than cast iron, are used by many OEMs to accommodate air bag requirements in vehicles. In addition, through a new proprietary die casting method called "Process 2000," which increases the strength of aluminum, the Company has been successful in competing against suppliers of components, such as suspension system components, manufactured from heavier materials.

Valve Train Products. The Company is a domestic supplier of a variety of valve train components, including tappets, lash adjusters and roller rocker arms. In addition to producing high-quality valve train products, the Company is focusing on providing higher-margin, value-added products to vehicle manufacturers, such as integrated valve train assemblies and subassemblies which reduce engine development time and improve manufacturing efficiency.

Transmission Filters. The Company is the largest global producer of automatic transmission fluid filters. The Company believes its market position and leading automatic transmission filter technology will enable it to capitalize on the growth opportunities in the widespread use of automatic transmissions in North America and the growing acceptance of automatic transmissions in Europe and the Asia Pacific Rim Market.

Solenoid Valves. The Company produces solenoid valves and related assemblies for major vehicle transmission manufacturers around the world. Its proprietary solenoid valve products are devices that interface between the electronic signals of a vehicle's on-board computer and the vehicle's hydraulic systems. The Company is using this technology in designing and manufacturing solenoid valves for electronically controlled automatic transmissions and believes that sales of these products will increase as OEMs increase their applications for these devices.

The Company sells its original equipment components to the OEMs directly and to the replacement parts market primarily through a technical sales force. In order to gain entrance to certain foreign markets, the Company participates in several joint ventures located outside the United States. See "--International Operations" below. The Company also participates with Riken in a joint venture located in the United States to serve Japanese transplants. In 1993, on a pro forma basis, approximately three-fourths of the Company's original equipment components were sold to the OEMs and the remaining one-fourth was sold to the replacement parts market. The Company's original equipment components are manufactured in the United States, Germany, France and Spain.

International Operations

In 1993, the Company's total export sales to both affiliated and unaffiliated customers, from the United States, were approximately \$35 million and \$74 million, respectively. SPT's export sales historically have been less than 10% of its total sales. The Company has wholly owned operations located in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom. The Company also has a 70% ownership in SP Europe, which is headquartered in Germany.

Additionally, the Company has the following joint venture equity investments:

- - JATEK (50%) -- A Japanese company that sells various products in the Asia Pacific Rim market, including many of the Company's specialty service tools.
- - RSV (50%) -- A Japanese company that utilizes the Company's technology to develop and manufacture solenoid valves for the Asia Pacific Rim market.
- - PROMEC (40%) -- A Mexican company that manufactures and distributes ring and sleeve products in Mexico.
- - IBS Filtran (50%) -- A German company that manufactures and distributes automatic transmission filters to the European market.

The Company also licenses its piston ring technology to a Brazilian vehicle parts manufacturer and has a cross-licensing agreement for piston rings with Riken.

SPX Credit Corporation

SPX Credit Corporation was created through the acquisition of the leasing company affiliated with ATP and its combination with the Company's existing leasing operations. This business provides U.S. and Canadian customers of the Company's Automotive Diagnostics division with a leasing option when purchasing electronic diagnostic, emission testing and wheel service equipment. Essentially all of the direct financing leases, which are five years in length or less, are with companies or individuals operating within the vehicle repair industry.

RESEARCH AND DEVELOPMENT

The Company is actively engaged in research and development programs designed to improve existing products and manufacturing methods and to develop new products. These engineering efforts encompass all of the Company's products with divisional engineering teams coordinating their resources.

Particular emphasis has been placed on the development of new products that are compatible with, and build upon, the manufacturing and marketing capabilities of the Company. To assist the Company in meeting customer requirements, computer aided design (CAD) systems that provide rapid integration of computers in mechanical design, model testing and manufacturing control are used extensively.

The Company (excluding SPT) expended \$17.6 million on research activities relating to the development and improvement of its products in 1993, \$14.7 million in 1992 and \$13.1 million in 1991. There was no customer-sponsored research activity in these years. After the SPT Purchase, the Company's research and development expenditures will increase. SPT's research and development expenditures were \$3.4 million in 1993, \$3.8 million in 1992 and \$3.6 million in 1991.

EMPLOYEES

As of December 31, 1993, the Company employed approximately 8,600 persons. Approximately one-third of the Company's production and maintenance employees, who compose approximately 60% of the Company's work force, are covered by collective bargaining agreements with various unions. Management believes the Company has generally enjoyed good relations with its employees.

SIGNIFICANT CUSTOMERS

Sales to General Motors, Ford and Chrysler and their various divisions, dealers and distributors would have accounted for approximately 17%, 10% and 8%, respectively, of the Company's 1993 consolidated net revenues (after giving pro forma effect to the 1993 Transactions). No other customer or group of customers under common control accounted for more than 5% of consolidated sales of the Company in 1993. See "Investment Considerations--Motor Vehicle Industry Cyclicity."

PROPERTIES

United States. The principal properties used by the Company for manufacturing, administration and warehousing consist of 42 separate facilities totaling approximately 3.8 million square feet. These facilities are

located in Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Ohio and Pennsylvania. All facilities are owned, except for 11 leased non-manufacturing facilities.

The Company also has 33 distribution and service centers located throughout the United States for distribution and servicing of its specialty service tools. These distribution and service centers aggregate 190,000 square feet and are all leased. No single distribution and service center is material to the Company's business.

International. The Company owns approximately 150,000 square feet and leases approximately 600,000 square feet of manufacturing, administration and distribution facilities in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom.

COMPETITION

The Company competes globally with a number of other manufacturers and distributors which produce and sell similar products. Quality, technological innovation and price are the primary elements of competition. These competitors include vertically integrated units of the Company's major OEM customers, as well as a large number of independent domestic and international suppliers. Certain of these companies are larger and have greater resources than the Company.

A number of the Company's major OEM customers manufacture for their own use products that compete with certain of the Company's products. Although these OEM customers have indicated that they will continue to rely on outside suppliers, the OEMs could elect to manufacture such products to meet their own requirements or to compete with the Company. There can be no assurance that the Company will not be adversely affected by increased competition in the markets in which it operates. The competitive environment also has changed dramatically over the past few years as the Company's traditional U.S. OEM customers, faced with intense international competition, have expanded their worldwide sourcing of components with the stated objective of better competing with lower-cost imports. As a result, the Company has experienced competition from suppliers in other parts of the world which enjoy certain competitive advantages such as lower labor costs, lower health care costs and, in some cases, export or raw material subsidies.

DESCRIPTION OF THE BANK CREDIT AGREEMENT

The principal terms of the Bank Credit Agreement are summarized below. This summary does not purport to be complete, and is qualified in its entirety by reference to the Bank Credit Agreement, a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part.

On March 24, 1994, the Company entered into the Bank Credit Agreement with The First National Bank of Chicago, as agent (the "Agent") for the banks named therein, which provides for the unsecured Revolving Credit Facility and an unsecured letter of credit facility, both of which mature on March 15, 1999. The Revolving Credit Facility initially permitted the Company to borrow up to \$250 million, approximately \$174 million of which the Company borrowed, together with available cash, to consummate the Initial Transactions. See "Capitalization" and "Pro Forma Consolidated Financial Statements."

Upon the consummation of the Offering, the available credit under the Revolving Credit Facility will be reduced to \$225 million, which includes up to \$20 million under the letter of credit facility. The amount available under the Revolving Credit Facility is reduced further by \$12.5 million on each June 15 and December 15 in 1997 and 1998, as well as by the stated amount of all outstanding letters of credit issued under the letter of credit facility. In addition, the Bank Credit Agreement provides that the credit commitment available under the Revolving Credit Facility is automatically and permanently reduced by the following amounts: (i) 100% of net cash proceeds from sales or dispositions of any property or business that exceeds \$1 million on an annual basis, (ii) 50% of the Company's excess cash flow (but in no event reducing the amount available to less than \$150 million) and (iii) 100% of the proceeds from the sale by the Company of equity securities in excess of \$25 million (but in no event reducing the amount available to less than \$150 million). The Company may, at its election and at any time, permanently reduce the amount available under the Revolving Credit Facility in whole or in part and without penalty in increments of \$5 million.

At the Company's option, interest on amounts borrowed under the Revolving Credit Facility will be payable either at (i) the greater of (x) the rate announced as the corporate base rate of the Agent and (y) the applicable federal funds rate plus 0.5% or (ii) the Eurodollar rate plus 1%. The annual rate of interest under this facility on March 31, 1994 was 4.69%. The Revolving Credit Facility obligates the Company to enter into hedging arrangements which fix the interest rate of approximately \$75 million of borrowings thereunder at 8% for an average weighted maturity of at least two years. In addition, the Company is required to pay a commitment fee of 3/8% per annum on the average daily unused portion of the Revolving Credit Facility, as well as certain other customary fees and commissions.

The Bank Credit Agreement contains certain customary covenants, including without limitation reporting and other affirmative covenants of and restrictions (subject to certain exceptions) on the Company (and in most cases the Company's subsidiaries) with respect to: (i) liens and encumbrances, (ii) guarantees, (iii) sale and leaseback transactions, (iv) certain sales of assets, (v) consolidations and mergers, (vi) investments (including investments in subsidiaries), (vii) capital expenditures, (viii) loans and advances, (ix) indebtedness and additional indebtedness, (x) compliance with pension, environmental and other laws, (xi) operating leases, (xii) transactions with subsidiaries and affiliates, (xiii) changes in lines of business, (xiv) hedging of interest rates and (xv) prepayment of other debt. The Bank Credit Agreement also provides that the payment of dividends and certain other restricted payments may be made only if the Company is not in default under the Bank Credit Agreement and, until the Company has received a credit rating of BBB or better by Standard & Poor's Corporation, such payments may not exceed 10% of the Company's consolidated EBITDA during any consecutive 12-month period; provided, however, that irrespective of such limitations, the Company may make dividend payments aggregating up to \$8 million on or before June 30, 1995, and may repurchase the partnership interests of certain SPT managers in an amount not in excess of \$3.0 million. Subject to satisfaction of certain conditions (including obtaining accounts receivable securitization financing and/or non-recourse financing with respect to SPX Credit Corporation in an aggregate amount of \$50 million), the Company may expend up to \$50 million in the aggregate for acquisitions and additional investments during the term of the Bank Credit Agreement, which \$50 million amount may be replenished on a dollar-for-dollar basis in an amount equal to 50% from a portion of the Company's excess cash flow.

The Bank Credit Agreement requires the Company to comply with certain financial covenants and contains certain customary events of default and representations and warranties.

DESCRIPTION OF THE NOTES

The Notes will be issued under an indenture to be dated as of _____, 1994 (the "Indenture"), between the Company and The Bank of New York, as trustee (the "Trustee"). The following summary of the material provisions of the Indenture does not purport to be complete and is subject to, and qualified in its entirety by, reference to the provisions of the Indenture, including the definitions of certain terms contained therein and those terms made part of the Indenture by reference to the Trustee Indenture Act of 1939, as amended, as in effect on the date of the Indenture. The definitions of certain capitalized terms used in the following summary are set forth below under "--Certain Definitions."

GENERAL

The Notes will be unsecured senior subordinated obligations of the Company limited to \$260,000,000 aggregate principal amount. The Notes will be issued only in registered form without coupons, in denominations of \$1,000 and integral multiples thereof. (Section 302) Principal of, premium, if any, and interest on the Notes will be payable, and the Notes will be transferable, at the corporate trust office or agency of the Trustee in The City of New York maintained for such purposes initially at 48 Wall Street, New York, New York 10286. (Section 305) In addition, interest may be paid at the option of the Company by check mailed to the person entitled thereto as shown on the security register. (Section 307) No service charge will be made for any transfer, exchange or redemption of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith. (Section 305)

MATURITY, INTEREST AND PRINCIPAL

The Notes will mature on _____, 2002. Interest on the Notes will accrue at the rate of _____ % per annum and will be payable semi-annually on each _____ and _____, commencing _____, 1994, to the holders of record of the Notes at the close of business on the _____ and _____ immediately preceding such interest payment date. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the original date of issuance (the "Issue Date"). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Notes are not subject to the benefit of any sinking fund.

OPTIONAL REDEMPTION

Optional Redemption. The Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after _____, 1998, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period beginning _____ of the years indicated below:

YEAR -----	REDEMPTION PRICE -----
1998.....	%
1999.....	%
2000 and thereafter.....	100.00%

Upon the occurrence of a Change of Control prior to _____, 1998, the Notes will be redeemable, in whole or in part, at the option of the Company, upon not less than 30 nor more than 60 days' prior notice to each holder of Notes to be redeemed, at a redemption price equal to the sum of (i) the then outstanding principal amount thereof, plus (ii) accrued and unpaid interest, if any, to the redemption date plus (iii) the Applicable Premium.

In addition, up to 30% of the aggregate principal amount of the Notes outstanding on the Issue Date will be redeemable prior to _____, 1996, at the option of the Company, within 45 days of the sale of Capital Stock in a Public Equity Offering from the net proceeds of such sale at a redemption price equal to _____ % of the principal amount to be redeemed, together with accrued and unpaid interest, if any, thereon to the date of redemption. (Section 1101)

Selection and Notice. In the event that less than all of the Notes are to be redeemed at any time, selection of such Notes for redemption will be made by the Trustee in compliance with the requirements

of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; provided, however, that no Notes of a principal amount of \$1,000 or less shall be redeemed in part. Notice of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon surrender for cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption unless the Company defaults in the payment of the redemption price. (Sections 1104, 1105, 1107 and 1108)

SUBORDINATION

The payment of the principal of, premium, if any, and interest on the Notes will be subordinated, to the extent set forth in the Indenture, in right of payment to the prior payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness of all existing and future Senior Indebtedness of the Company, which includes, without limitation, all obligations under the Bank Credit Agreement. The Notes will be unsecured senior subordinated indebtedness of the Company, ranking pari passu with all other existing and future senior subordinated indebtedness of the Company and senior to all future Subordinated Indebtedness of the Company. (Section 1301) The payment of the principal of, premium, if any, and interest on the Notes will be effectively subordinate to the claims of general creditors of the Company's Subsidiaries, including SPT, which are not Guarantors. See "Investment Considerations --Subordination of the Notes." On the date the Notes are issued, none of the Company's Subsidiaries will be Guarantors.

The Indenture will provide that in the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relating to the Company or its assets, or (b) any liquidation, dissolution or other winding-up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or other marshalling of assets or liabilities of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy (except a distribution in connection with a consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following conveyance, transfer or lease of its properties and assets substantially as an entirety to another corporation upon the terms and conditions described below under "--Merger, Sale of Assets, Etc."), holders of all Senior Indebtedness of the Company shall be entitled to receive payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness of all amounts due on or in respect of all Senior Indebtedness, or provision shall be made for such payment in accordance with the instrument governing such Senior Indebtedness, before the holders of the Notes are entitled to receive any payment or distribution (except for certain permitted equity or subordinated debt securities (the "Permitted Junior Securities") or payments made pursuant to the provisions described under "--Defeasance or Covenant Defeasance of Indenture") on account of the principal of, premium, if any, and interest on the Notes. In the event that, notwithstanding the foregoing, after an event described in clause (a), (b) or (c), the Trustee or any holder of the Notes shall have received payment or distribution of assets of the Company of any kind or character (excluding Permitted Junior Securities or payments made pursuant to the provisions described under "--Defeasance or Covenant Defeasance of Indenture"), before all Senior Indebtedness is paid in full or payment thereof provided for in cash, Cash Equivalents or other form of payment acceptable to the holders of the Senior Indebtedness, then such payment or distribution will be paid over or delivered to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in cash, Cash Equivalents or other form of payment acceptable to the holders of the Senior Indebtedness. (Section 1302)

During the continuance of any default in the payment of principal of, premium, if any, or interest on any Designated Senior Indebtedness when due (whether at final maturity, upon scheduled installment, acceleration or otherwise) (a "Payment Default"), no payment or distribution of any assets of the Company of any kind or character (other than Permitted Junior Securities or payments made pursuant to the provisions described under "--Defeasance or Covenant Defeasance of Indenture") shall be made on account of the principal of, premium, if any, and interest on the Notes unless and until such Payment Default has been cured or waived or has ceased to exist or such Designated Senior Indebtedness shall have been discharged or paid in full in cash, Cash Equivalents or other form of payment acceptable to the holders of the Senior Indebtedness. (Section 1303)

In addition, during the continuance of any other default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated (a "Non-payment Default"), after receipt by the Trustee from a representative of holders of such Designated Senior Indebtedness of a written notice of such Non-payment Default, no payment or distribution of any assets of the Company of any kind or character (other than Permitted Junior Securities or payments made pursuant to the provisions described under "--Defeasance or Covenant Defeasance of Indenture") may be made by the Company on account of the principal of, premium, if any, and interest on the Notes, including for the redemption, purchase or other acquisition of Notes for the period specified below (the "Payment Blockage Period").

The Payment Blockage Period shall commence upon the receipt of notice of a Non-payment Default by the Trustee from a representative of holders of Designated Senior Indebtedness stating that such notice is a payment blockage notice pursuant to the Indenture and shall end on the earliest to occur of the following events: (i) 179 days shall have elapsed since the receipt of such notice (provided such Designated Senior Indebtedness as to which notice was given shall not theretofore have been accelerated), (ii) the date on which such default is cured or waived or ceases to exist (provided that no other Payment Default or Non-payment Default has occurred and is then continuing after giving effect to such cure or waiver), (iii) the date on which such Designated Senior Indebtedness is discharged or paid in full in cash, Cash Equivalents or other form of payment acceptable to holders of the Designated Senior Indebtedness or (iv) the date on which such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the representative of holders of Designated Senior Indebtedness initiating such Payment Blockage Period, after which, in the case of clause (i), (ii), (iii) or (iv), whichever was earlier, the Company shall promptly resume making any and all required payments in respect of the Notes, including any missed payments. Only one Payment Blockage Period with respect to the Notes may be commenced within any 360 consecutive day period. No Non-payment Default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period will be, or can be, made the basis for the commencement of a subsequent Payment Blockage Period, whether or not within a period of 360 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Trustee of the notice and there must be at least a 181 consecutive day period in any 360-day period during which no Payment Blockage Period is in effect. (Section 1303)

If the Company fails to make any payment on the Notes when due or within any applicable grace period, whether or not on account of the payment blockage provisions referred to above, such failure would constitute an Event of Default under the Indenture and would enable the holders of the Notes to accelerate the maturity thereof. See "--Events of Default."

By reason of such subordination, in the event of liquidation, receivership, reorganization or insolvency, creditors of the Company who are holders of Senior Indebtedness may recover more, ratably, than the holders of the Notes, and funds which would be otherwise payable to the holders of the Notes will be paid to the holders of the Senior Indebtedness to the extent necessary to pay the Senior Indebtedness in full, and the Company may be unable to meet its obligations in full with respect to the Notes.

As of March 31, 1994, on a pro forma basis, after giving effect to the Refinancing (including the issuance of the Notes and the application of the estimated net proceeds therefrom), the amount of outstanding Senior Indebtedness of the Company would have been approximately \$156 million. Because the Company conducts a substantial portion of its operations through its subsidiaries, including SPT, the claims of creditors of such

subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over the claims of creditors of the Company, including holders of the Notes, even though such obligations do not constitute Senior Indebtedness. On a pro forma basis, the Company's subsidiaries had indebtedness for borrowed money and trade payables of approximately \$44 million as of March 31, 1994. See "Description of the Bank Credit Agreement" and "Use of Proceeds." The Indenture will limit, but not prohibit, the incurrence by the Company of additional Indebtedness which is senior or pari passu in right of payment to the Notes and will prohibit the incurrence by the Company of Indebtedness which is contractually subordinated in right of payment to any Senior Indebtedness of the Company and senior in right of payment to the Notes.

CERTAIN COVENANTS

The Indenture will contain the following covenants, among others:

Limitation on Indebtedness. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or in any other manner become directly or indirectly liable (in each case, to "incur") for the payment of any Indebtedness (including any Acquired Indebtedness but excluding Permitted Indebtedness); provided, however, that (i) the Company will be permitted to incur Indebtedness (including Acquired Indebtedness), contingently or otherwise, if at the time of such incurrence, and after giving pro forma effect thereto, the Consolidated Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries is at least equal to 2.0 to 1.0 through , 1996 and 2.25 to 1 thereafter and (ii) in the case of Subordinated Indebtedness, such Indebtedness has no scheduled principal payment on or prior to the Stated Maturity for the final scheduled principal payment of the Notes.

Limitation on Restricted Payments. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other distribution or payment on or in respect of Capital Stock of the Company or any payment made to the direct or indirect holders (in their capacities as such) of Capital Stock of the Company (other than dividends or distributions payable solely in Capital Stock (other than Redeemable Capital Stock) or rights to purchase Capital Stock of the Company (other than Redeemable Capital Stock));

(ii) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, any Capital Stock of the Company or any Affiliate of the Company (other than any such Capital Stock of any Wholly Owned Restricted Subsidiary of the Company);

(iii) make any principal payment on, or purchase, defease, repurchase, redeem or otherwise acquire or retire for value, prior to any scheduled maturity (unless within one year of maturity), scheduled repayment, scheduled sinking fund payment or other Stated Maturity, any Subordinated Indebtedness;

(iv) make any Investment (other than any Permitted Investment) in any person, including any Unrestricted Subsidiary (other than in the Company, a Wholly Owned Restricted Subsidiary of the Company or a person that becomes a Wholly Owned Restricted Subsidiary as a result of such Investment); or

(v) declare or pay any dividend or make any other distribution on or in respect of any Capital Stock of any Subsidiary to the direct or indirect holders (in their capacities as such) of Capital Stock of the Subsidiary (other than with respect to Capital Stock held by the Company or any of its Wholly Owned Restricted Subsidiaries) or any purchase, redemption or other acquisition or retirement for value, of any Capital Stock of any Restricted Subsidiary (other than any such Capital Stock held by the Company or any Wholly Owned Restricted Subsidiary);

(such payments, dividends, distributions, purchases, defeasances, repurchases, redemptions, acquisitions, retirements or Investments described in the preceding clauses (i) through (v) are collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than in cash, being as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), (A) no Default or Event of Default shall have occurred and be continuing, (B) the aggregate amount of all Restricted Payments declared or made from and after the date immediately following the Issue Date would

not exceed the sum of (1) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period (treated as one accounting period) beginning on December 31, 1993 and ending on the last day of the fiscal quarter of the Company immediately preceding the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income of the Company for such period shall be a deficit, minus 100% of such deficit) plus (2) the aggregate net cash proceeds received by the Company after the Issue Date from the issuance or sale (other than to any of its Restricted Subsidiaries) of Capital Stock (excluding Redeemable Capital Stock but including Capital Stock issued upon the conversion of convertible Indebtedness or in exchange for outstanding Indebtedness (to the extent such Indebtedness is originally sold for cash) or from the exercise of options, warrants or rights to purchase Capital Stock (other than Redeemable Capital Stock)) of the Company to any person (other than to a Restricted Subsidiary of the Company) (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below), plus (3) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date (excluding any Investment made pursuant to clause (v) of the following paragraph), an amount equal to the lesser of the return of capital with respect to such Investment and the cost of such Investment, in either case, less the cost of the disposition of such Investment and (C) the Company could incur \$1.00 of additional Indebtedness under the first paragraph of the "Limitation on Indebtedness" covenant described above. For purposes of the preceding clause (B)(2), the value of the aggregate net proceeds received by the Company upon the issuance of Capital Stock, either upon the conversion of convertible Indebtedness or in exchange for outstanding Indebtedness or upon the exercise of options, warrants or rights will be the net cash proceeds received upon the issuance of such Indebtedness, options, warrants or rights plus the incremental amount received by the Company upon the conversion, exchange or exercise thereof.

(b) None of the foregoing provisions will prohibit: (i) the payment of any dividend within 90 days after the date of its declaration, if at the date of declaration such payment would be permitted by the foregoing paragraph (a); (ii) the redemption, repurchase or other acquisition or retirement of any shares of any class of Capital Stock of the Company or any Restricted Subsidiary of the Company in exchange for (including any such exchange pursuant to a conversion right or privilege in connection with which cash is paid in lieu of fractional shares or scrip), or out of the net cash proceeds of, a substantially concurrent issue and sale of other shares of Capital Stock (other than Redeemable Capital Stock) of the Company to any person (other than to a Restricted Subsidiary of the Company); provided, however, that such net cash proceeds are excluded from clause (B)(2) of the preceding paragraph (a); (iii) any redemption, defeasance, repurchase or other acquisition or retirement for value (each for purposes of this clause, a "refinancing") of Pari Passu Indebtedness or Subordinated Indebtedness by exchange for, or out of the net cash proceeds of, a substantially concurrent issue and sale of (1) Capital Stock (other than Redeemable Capital Stock) of the Company; provided, however, that any such net cash proceeds are excluded from clause (B)(2) of the preceding paragraph (a); or (2) new Indebtedness of the Company so long as such Indebtedness (A) is pari passu with or expressly subordinated in right of payment to the Notes in the same manner and at least to the same extent as the Notes are subordinated to Senior Indebtedness, (B) has a principal amount that does not exceed the principal amount so refinanced plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Indebtedness refinanced or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing, plus the amount of fees and expenses of the Company incurred in connection with such refinancing; provided that for purposes of this clause, the principal amount of any Indebtedness shall be deemed to mean the principal amount thereof or if such Indebtedness provides for an amount less than the principal amount thereof upon a declaration of acceleration thereof, such lesser amount as of the date of determination, (C) has a Stated Maturity for the final scheduled principal payment of such Indebtedness on or later than the Stated Maturity for the final scheduled principal payment of the Notes and (D) has an Average Life to Stated Maturity that equals or exceeds the Average Life to Stated Maturity of the Notes; (iv) the redemption or repurchase of the limited partnership interests of SPT owned by certain employees of SPT on the Issue Date for an aggregate amount not to exceed \$3,000,000; (v) so long as no Default or Event of Default shall have occurred and be continuing, the making of (x) Investments constituting Restricted Payments and (y) other Restricted Payments such that, after giving effect thereto, the sum of the aggregate outstanding amount of such Investments (valued at

their cost) referred to in clause (x) made after the Issue Date and the aggregate amount of such other Restricted Payments referred to in clause (y) made after the Issue Date would not exceed \$10,000,000; or (vi) Investments constituting Restricted Payments made as a result of the receipt of non-cash consideration from any Asset Sale made pursuant to and in compliance with the covenant "--Disposition of Proceeds of Asset Sales." In computing the amount of Restricted Payments for the purposes of clause (B) of the preceding paragraph, Restricted Payments made under (i) and (vi) shall be included. (Section 1011)

Limitation on Liens. The Company will not and will not permit any Restricted Subsidiary to create, incur, assume or suffer to exist any Lien of any kind upon any of its property or assets, now owned or hereafter acquired, to secure any Pari Passu Indebtedness or Subordinated Indebtedness unless prior to or contemporaneously therewith the Notes are secured equally and ratably; provided that (1) if such secured Indebtedness is Pari Passu Indebtedness, the Lien securing such Pari Passu Indebtedness shall rank equally and ratably with the Lien securing the Notes and (2) if such secured Indebtedness is Subordinated Indebtedness, the Lien securing such Subordinated Indebtedness shall be subordinate and junior to the Lien securing the Notes at least to the same extent as such Subordinated Indebtedness is subordinated to the Notes. The foregoing shall not apply to any Lien securing Acquired Indebtedness of the Company; provided that any such Lien only extends to the assets that were subject to such Lien prior to the related acquisition by the Company and was not created, incurred or assumed in contemplation of such transaction. The foregoing shall not apply to the incurrence of Indebtedness pursuant to clause (9), (12), (13) or (14) of the definition of "Permitted Indebtedness."

Purchase of Notes upon Change of Control. Upon the occurrence of a Change of Control, the Company shall be obligated to make an Offer to purchase (a "Change of Control Offer") and shall, subject to the provisions described below, purchase, on a business day (the "Change of Control Purchase Date") not more than 60 nor less than 30 days following the occurrence of the Change of Control, all of the then outstanding Notes at a purchase price (the "Change of Control Purchase Price") equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the Change of Control Purchase Date; provided, however, that notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to make a Change of Control Offer in the event that it has exercised its right to redeem all of the Notes as described under "--Optional Redemption" within 30 days after the occurrence of such Change of Control. The Company shall, subject to the provisions described below, be required to purchase all Notes properly tendered into the Change of Control Offer and not withdrawn. Prior to the mailing of the notice to holders provided for below, the Company shall have (x) terminated all commitments and repaid in full all Indebtedness under the Bank Credit Agreement, or offered to terminate such commitments and repay in full such Indebtedness and have in fact terminated the commitments of and repaid all Indebtedness of any lender under the Bank Credit Agreement who accepts such offer or (y) obtained the requisite consents under the Bank Credit Agreement to permit the purchase of the Notes as provided for under this covenant. If a notice has been mailed when such condition precedent has not been satisfied, the Company shall have no obligation to (and shall not) effect the purchase of Notes until such time as such condition precedent is satisfied. Failure to mail the notice on the date specified below or to have satisfied the foregoing condition precedent by the date that the notice is required to be mailed shall in any event constitute a covenant Default under clause (iii) of "--Events of Default" herein. The Change of Control Offer is required to remain open for at least 20 business days and until the close of business on the business day immediately prior to the Change of Control Purchase Date. (Section 1013)

In order to effect such Change of Control Offer, the Company shall, not later than the 30th day after the Change of Control, mail to each holder of Notes notice of the Change of Control Offer, which notice shall govern the terms of the Change of Control Offer and shall state, among other things, the procedures that holders of Notes must follow to accept the Change of Control Offer.

If a Change of Control Offer is made, there can be no assurance that the Company will have available funds sufficient to pay the Change of Control Purchase Price for all of the Notes that might be delivered by holders of Notes seeking to accept the Change of Control Offer. The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements applicable to a Change of Control

Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The occurrence of the events constituting a Change of Control under the Indenture will result in an event of default under the Bank Credit Agreement and, thereafter, the lenders will have the right to require repayment of the borrowing thereunder in full. The Company's obligations under the Bank Credit Agreement represent obligations senior in right of payment to the Notes and the Bank Credit Agreement will not permit the purchase of the Notes absent consent of the lenders thereunder in the event of a Change of Control (although the failure by the Company to comply with its obligations hereunder in the event of a Change of Control would constitute a Default under the Notes).

The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that a Change of Control occurs and the Company is required to purchase Notes as described above. The obligation of the Company to make a Change of Control Offer may deter a third party from acquiring the Company in a transaction which constitutes a Change of Control. (Section 1013)

The use of the term "all or substantially all" in Indenture provisions such as clause (b) of the definition of "Change of Control" and under "--Merger, Sale of Assets, Etc." has no clearly established meaning under New York law (which governs the Indenture) and has been the subject of limited judicial interpretation in few jurisdictions. Accordingly, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person, which uncertainty should be considered by prospective purchasers of the Notes.

Disposition of Proceeds of Asset Sales. The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Sale unless (i) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value, as determined in good faith by the Board of Directors of the Company, of the shares or assets sold or otherwise disposed of and (ii) at least 85% of such consideration consists of cash and Cash Equivalents. To the extent that the Net Cash Proceeds of any Asset Sale are not required to be applied to prepay Senior Indebtedness and thereby permanently reduce the commitments or amounts available to be reborrowed under such Senior Indebtedness as required by the terms thereof, or are not so applied, the Company or a Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds from such Asset Sale, within 360 days of such Asset Sale, to an investment in properties and assets other than working capital that replace the properties and assets that were the subject of such Asset Sale or in properties and assets other than working capital that will be used in the business of the Company and its Restricted Subsidiaries existing on the Issue Date or in businesses reasonably related thereto ("Replacement Assets") so long as the Company or such Restricted Subsidiary has notified the Trustee in writing within 270 days of such Asset Sale that it has determined to apply the Net Cash Proceeds from such Asset Sale to an investment in such Replacement Assets. Any Net Cash Proceeds from any Asset Sale not applied as provided in the preceding two sentences within 360 days of such Asset Sale constitute "Excess Proceeds" subject to disposition as provided below.

When the aggregate amount of Excess Proceeds equals \$10,000,000 or more, the Company shall apply the Excess Proceeds to the repayment of the Notes and any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari Passu Indebtedness as follows: (i) the Company shall make an offer to purchase (an "Offer") to all holders of the Notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed as a multiple of \$1,000) of Notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such Pari Passu Indebtedness (subject to proration in the event such Note Amount is less than the aggregate Offered Price (as defined herein) of all Notes tendered) and (ii) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount; provided that in no event shall the Company be required to make a Pari Passu Offer in a Pari Passu Debt Amount exceeding the

principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any (the "Offered Price"), to the date (the "Offer Date") such Offer is consummated, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, in either case constituting a "Deficiency"), the Company shall use such Deficiency in any manner. Upon completion of the purchase of all the Notes tendered pursuant to an Offer and repurchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

Whenever the Excess Proceeds received by the Company exceed \$5,000,000, such Excess Proceeds shall, prior to the purchase of Notes or any Pari Passu Indebtedness described in the preceding paragraph, be set aside by the Company in a separate account pending (i) deposit with the depository or a paying agent of the amount required to purchase the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer, respectively, (ii) delivery by the Company of the Offered Price to the holders of the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer, respectively and (iii) application, as set forth in the preceding paragraphs, of Excess Proceeds in the business of the Company and its Restricted Subsidiaries. Such Excess Proceeds may be invested in Cash Equivalents; provided that the maturity date of any such investment shall not be later than (A) in the event the amount of Excess Proceeds equals \$7,000,000 or more, the Offer Date, or (B) in any other event, six months. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Cash Equivalents; provided that the Company shall not be entitled to such interest, and shall not withdraw such interest from the separate account, if an Event of Default has occurred and is continuing.

The Company will not, and will not permit any Restricted Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under (i) Indebtedness as in effect on the Issue Date as such Indebtedness may be refinanced or replaced from time to time or (ii) any Senior Indebtedness existing on the Issue Date or thereafter; provided that such restrictions contained in such refinanced Indebtedness are no less favorable to the holders of Notes than those existing on the date of the Indenture) that would materially impair the ability of the Company to make an Offer to purchase the Notes or, if such Offer is made, to pay for the Notes tendered for purchase.

The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that an Asset Sale occurs and the Company is required to purchase Notes as described above. In the event that the Company is prohibited by provisions of applicable law from purchasing Notes from the holders thereof in an offer to purchase the Notes, the Company need not make such offer so long as such prohibition is in effect. (Section 1014)

Restriction on Transfer of Assets. The Company will not sell, convey, transfer or otherwise dispose of its assets or property to any of its Subsidiaries, except for transactions permitted under the "Limitation on Restricted Payments" covenant and sales, conveyances, transfers or other dispositions (a) made in the ordinary course of business or (b) made to any Wholly Owned Restricted Subsidiary, if such Wholly Owned Restricted Subsidiary (x) simultaneously with such sale, conveyance, transfer or disposal executes and delivers a supplemental indenture to the Indenture providing for the guarantee of payment of the Notes by such Wholly Owned Restricted Subsidiary and setting forth the terms and conditions pursuant to which the Trustee shall seek payment under such a guarantee (such a guarantee shall be unconditional and shall be subordinated to any guarantee of such Wholly Owned Restricted Subsidiary of Senior Indebtedness of the Company and shall be subordinated to any other Indebtedness of such Wholly Owned Restricted Subsidiary (which is not subordinated to any other Indebtedness of such Wholly Owned Restricted Subsidiary or which is designated by such Wholly Owned Restricted Subsidiary as being senior in right of payment to such guarantee), in each case to the same extent as the Notes are subordinated to the Senior Indebtedness of the Company under the Indenture) and (y) waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any rights against the

Company or any other Subsidiary as a result of any payment by such Wholly Owned Restricted Subsidiary under its Guarantee. (Section 1019)

Limitation on Issuance and Sale of Capital Stock by Restricted Subsidiaries. The Company (i) will not permit any of its Restricted Subsidiaries to issue any Capital Stock (other than to the Company or a Wholly Owned Restricted Subsidiary of the Company) and (ii) will not permit any person (other than the Company or a Wholly Owned Restricted Subsidiary of the Company) to own any Capital Stock of any Restricted Subsidiary of the Company other than with respect to (A) the limited partnership interests of SPT owned by certain employees of SPT on the Issue Date and (B) the general and limited partnership interests of SP Europe, so long as the Company shall be a general partner and own at least 51% of the combined general and limited partnership interests thereof. (Section 1015)

Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, transfer, disposition, purchase, exchange or lease of assets, property or services) with, or for the benefit of, any Affiliate of the Company (other than a Wholly Owned Restricted Subsidiary of the Company) or any "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of 10% or more of the Company's Common Stock at any time outstanding ("Interested Persons") except (i) on terms that are no less favorable to the Company, or its Restricted Subsidiary, as the case may be, than those which could have been obtained in a comparable transaction or transactions on an arm's-length basis at such time from persons who are not Affiliates of the Company or Interested Persons, (ii) with respect to a transaction or series of transactions involving aggregate payments or value equal to or greater than \$10,000,000, (A) such transaction or series of transactions has been approved by a majority of the disinterested members of the Board of Directors or the Company has obtained a written opinion from a nationally recognized investment banking firm stating that the terms of such transactions or series of transactions are fair to the Company or its Restricted Subsidiary, as the case may be, from a financial point of view, and (B) the Company shall have delivered an officer's certificate to the Trustee certifying that such transaction or series of transactions comply with the preceding clause (i), and (iii) with respect to any transaction or series of transactions involving aggregate payments or value equal to or greater than \$1,000,000 and less than \$10,000,000, the Company shall have complied with the condition set forth in clause (ii)(B) above. This covenant will not restrict the Company from (i) paying reasonable and customary regular fees to directors of the Company who are not employees of the Company, (ii) making loans or advances to employees and officers of the Company and its Restricted Subsidiaries for bona fide business purposes of the Company in the ordinary course of business consistent with past practice, (iii) the payment of dividends in respect of the Company or any Restricted Subsidiary permitted under the "--Limitation on Restricted Payments" covenant, or (iv) transactions provided for under agreements in existence on the date of the Indenture and listed on a schedule thereto. (Section 1016)

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of the Company to (a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary of the Company, (c) make loans or advances to the Company or any other Restricted Subsidiary of the Company, (d) transfer any of its properties or assets to the Company or any other Restricted Subsidiary of the Company, or (e) guarantee any Indebtedness of the Company or any other Restricted Subsidiary of the Company, except for such encumbrances or restrictions existing under or by reason of (i) any agreement or other instrument of a person acquired by the Company or any Restricted Subsidiary of the Company in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired, (ii) any encumbrance or restriction in the Bank Credit Agreement or any other agreement as in effect on the date of the Indenture and listed on a schedule thereto, and (iii) any encumbrance or restriction pursuant to any agreement that extends, refinances, renews or replaces any agreement described in clause (i) and (ii) above, which is not materially more restrictive or less

favorable to the holders of Notes than those existing under the agreement being extended, refinanced, renewed or replaced. (Section 1017)

Limitation on Guarantees by Restricted Subsidiaries. The Company will not permit any Restricted Subsidiary, directly or indirectly, to assume, guarantee or in any other manner become liable with respect to any Indebtedness of the Company or any Guarantor, unless such Restricted Subsidiary is a Guarantor or simultaneously executes and delivers a supplemental indenture providing for the guarantee of payment of the Notes by such Restricted Subsidiary and waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its guarantee; provided, however, that in the case of any guarantee of any Guarantor with respect to Senior Indebtedness, the guarantee of the payment of the Notes by such Guarantor to be provided in accordance herewith shall be subordinated to the guarantee with respect to such Senior Indebtedness in the same manner and to the same extent as the Notes are subordinated to such Senior Indebtedness. Each guarantee created pursuant to the provisions described above is referred to as a "Guarantee" and the issuer of each such Guarantee, so long as the Guarantee remains outstanding, is referred to as a "Guarantor." (Sections 1018 and 1408)

Notwithstanding the foregoing, in the event that a Guarantor is released from all obligations which pursuant to the first sentence of the preceding paragraph obligate it to become a Guarantor, such Guarantor shall be released from all obligations under its Guarantee (provided that the provisions of the first sentence of the preceding paragraph shall apply anew in the event that such Guarantor subsequent to being released incurs any obligations that pursuant to such sentence obligate it to become a Guarantor). In addition, upon any sale or disposition (by merger or otherwise) of any Guarantor by the Company or a Restricted Subsidiary of the Company to any person that is not an Affiliate of the Company or any of its Restricted Subsidiaries which is otherwise in compliance with the terms of the Indenture, such Guarantor will be deemed to be released from all obligations under its Guarantee; provided, however, that each such Guarantor is sold or disposed of in accordance with the "--Disposition of Proceeds of Asset Sales" covenant above; provided further that the foregoing proviso shall not apply to the sale or disposition of a Guarantor in a foreclosure to the extent that such proviso would be inconsistent with the requirements of the Uniform Commercial Code. (Section 1018)

Limitation on Certain Other Subordinated Indebtedness. The Company will not issue, directly or indirectly, any Indebtedness which is subordinated or junior in ranking in any respect to Senior Indebtedness unless such Indebtedness is expressly *pari passu* with or subordinated in right of payment to the Notes. (Section 1020)

Reporting Requirements. The Company will file, to the extent permitted under the Exchange Act, with the Commission the annual reports, quarterly reports and other documents required to be filed with the Commission pursuant to Sections 13 and 15 of the Exchange Act, whether or not the Company has a class of securities registered under the Exchange Act. The Company will file with the Trustee and provide to each holder of Notes copies of such reports and documents within 15 days after it files them with the Commission or, if filing such documents by the Company with the Commission is not permitted under the Exchange Act, within 15 days after it would otherwise have been required to file such reports and documents if permitted, in each case at the Company's cost. (Section 703)

MERGER, SALE OF ASSETS, ETC.

The Indenture will provide that the Company will not, in any transaction or series of transactions, merge or consolidate with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to, any person or persons, and that the Company will not permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Company or of the Company and its Restricted Subsidiaries, taken as a whole, to any other person or persons, unless at the time and after giving effect thereto (i) either (A) (1) if the transaction or transactions is a merger or consolidation involving the Company, the Company shall be the surviving person of such merger or consolidation or (2) if the transaction

or transactions is a merger or consolidation involving a Restricted Subsidiary of the Company, such Restricted Subsidiary shall be the surviving person and such surviving person shall be a Restricted Subsidiary of the Company or (B) (1) the person formed by such consolidation or into which the Company or such Restricted Subsidiary is merged or to which the properties and assets of the Company or such Restricted Subsidiary, as the case may be, substantially as an entirety, are transferred (any such surviving person or transferee person being the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and (2) (x) in case of a transaction involving the Company, the Surviving Entity shall expressly assume by a supplemental indenture executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Notes and the Indenture, and in each case, the Indenture shall remain in full force and effect or (y) in the case of a transaction involving a Restricted Subsidiary that is a Guarantor, the Surviving Entity shall expressly assume by a supplemental indenture executed and delivered to the Trustee, in form satisfactory to the Trustee, all of the obligations of such Restricted Subsidiary under its Guarantee and related supplemental indenture, and in each case, such Guarantee and supplemental indenture shall remain in full force and effect; (ii) immediately before and immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing and the Company, or the Surviving Entity, as the case may be, after giving effect to such transaction or series of transactions on a pro forma basis, could incur \$1.00 of additional Indebtedness under the "--Limitation on Indebtedness" covenant described above (other than Permitted Indebtedness) (assuming a market rate of interest with respect to such additional Indebtedness); and (iii) immediately after giving effect to such transaction, the Surviving Entity shall have a Consolidated Net Worth in an amount which is not less than the Consolidated Net Worth of the Company or such Restricted Subsidiary, as the case may be, immediately prior to such transaction; provided that a Wholly Owned Restricted Subsidiary may consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, the Company or another Wholly Owned Restricted Subsidiary. (Section 801)

In connection with any consolidation, merger, transfer, lease or other disposition contemplated hereby, the Company shall deliver, or cause to be delivered, to the Trustee, in form and substance satisfactory to the Trustee, an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, transfer, lease or other disposition and the supplemental indenture, if any, in respect thereof comply with the requirements under the Indenture. In addition, each Guarantor, if any, unless it is the other party to the transaction or unless its Guarantee will be released and discharged in accordance with its terms as a result of the transaction, will be required to confirm, by supplemental indenture, that its Guarantee of the Notes will apply to the obligations of the Company or the Surviving Entity under the Indenture. (Section 801)

Upon any consolidation or merger or any transfer of all or substantially all of the assets of the Company in accordance with the foregoing, in which the Company is not the continuing corporation, the successor corporation formed by such a consolidation or into which the Company is merged or to which such transfer is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if such successor corporation had been named as the Company therein. (Section 802)

EVENTS OF DEFAULT

The following will be "Events of Default" under the Indenture:

- (i) default in the payment of the principal of, or premium, if any, when due and payable, on any of the Notes (at its Stated Maturity, upon optional redemption, required purchase or otherwise);
- (ii) default in the payment of an installment of interest on any of the Notes, when due and payable, and such default continues for a period of 30 days;
- (iii) failure by the Company to make or consummate an offer in accordance with "Certain Covenants-- Purchase of Notes upon Change of Control" or "--Disposition of Proceeds of Asset Sales" above;
- (iv) failure by the Company to comply with its obligations under "--Merger, Sale of Assets, Etc." above;

(v) failure by the Company to perform or observe any other term, covenant or agreement contained in the Notes or the Indenture (other than a default specified in clause (i), (ii), (iii) or (iv) above) for a period of 30 days after written notice of such failure requiring the Company to remedy the same shall have been given (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of 25% in aggregate principal amount of the Notes then outstanding;

(vi) (A) default or defaults under one or more agreements, instruments, mortgages, bonds, debentures or other evidences of Indebtedness under which the Company or any Restricted Subsidiary of the Company then has outstanding indebtedness in excess of \$10,000,000, individually or in the aggregate, and either (i) such Indebtedness is already due and payable in full or (ii) such default or defaults have resulted in the acceleration of the maturity of such Indebtedness, or (B) failure to pay such Indebtedness beyond any applicable grace period when such Indebtedness has been required to be prepaid or repurchased (other than scheduled required prepayment) prior to the stated maturity of such Indebtedness;

(vii) one or more judgments, orders or decrees of any court or regulatory or administrative agency of competent jurisdiction for the payment of money in excess of \$10,000,000, individually or in the aggregate, shall be entered against the Company or any Restricted Subsidiary of the Company or any of their respective properties and shall not have been discharged or fully bonded, and either (1) any creditor shall have commenced an enforcement proceeding upon such judgment (other than a judgment that is stayed by pending appeal or otherwise) or (2) there shall have been a period of 60 days after the date on which any period for appeal has expired and during which a stay of enforcement of such judgment, order or decree, shall not be in effect;

(viii) any Guarantee ceases to be in full force and effect (other than as provided in the second paragraph under the "--Limitation on Guarantees of Restricted Subsidiaries" covenant above) or is declared null and void, or any Guarantor denies that it has any further liability under any Guarantee, or gives notice to such effect (other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture); or

(ix) certain events of bankruptcy, insolvency or reorganization with respect to the Company or any Significant Subsidiary of the Company or one or more Subsidiaries of the Company which, in the aggregate, would constitute a Significant Subsidiary shall have occurred. (Section 501)

If an Event of Default (other than as specified in clause (ix) above with respect to the Company or any Significant Subsidiary) shall occur and be continuing, the Trustee, by notice to the Company, or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by notice to the Trustee and the Company, may declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the outstanding Notes due and payable immediately, upon which declaration all amounts payable in respect of the Notes shall be immediately due and payable. If an Event of Default specified in clause (ix) above with respect to the Company or any Significant Subsidiary occurs and is continuing, then the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the outstanding Notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of Notes. (Section 502)

After a declaration of acceleration under the Indenture, but before a judgment or decree for payment of money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes, by written notice to the Company and the Trustee, may rescind such declaration and its consequences if: (a) the Company has paid or deposited with the Trustee a sum sufficient to pay (i) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, (ii) all overdue interest on all Notes, (iii) the principal of and premium, if any, on any Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes, and (iv) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the rate borne by the Notes which have become due otherwise than by such declaration of acceleration; (b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and (c) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived. (Section 502)

The holders of not less than a majority in aggregate principal amount of the outstanding Notes may on behalf of the holders of all the Notes waive any past defaults under the Indenture except a default in the payment of the principal of, premium, if any, or interest on any Note, or in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Note affected. (Section 513)

No holder of any of the Notes has any right to institute any proceeding with respect to the Indenture or any remedy thereunder, unless the holders of at least 25% in aggregate principal amount of the outstanding Notes have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding within 30 days after receipt of such notice and the Trustee, within such 30-day period, has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Notes. Such limitations do not apply, however, to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, or interest on, such Note on or after the respective due dates expressed in such Note. (Sections 507 and 508)

During the existence of an Event of Default, the Trustee is required to exercise such rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. Subject to the provisions of the Indenture relating to the duties of the Trustee, whether or not an Event of Default shall occur and be continuing, the Trustee under the Indenture is not under any obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of the Notes unless such holders shall have offered to the Trustee reasonable security or indemnity. Subject to certain provisions concerning the rights of the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee under the Indenture. (Sections 602 and 512)

If a Default or an Event of Default occurs and is continuing and is known to the Trustee, the Trustee shall mail to each holder of the Notes notice of the Default or Event of Default within 60 days after such occurrence. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, or interest on any Notes, the Trustee may withhold the notice to the holders of such Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interest of the holders of the Notes. (Section 601)

The Company is required to furnish to the Trustee annual and quarterly statements as to the performance by the Company of its obligations under the Indenture and as to any default in such performance. The Company is also required to notify the Trustee within ten days of any event which is, or after notice or lapse of time or both would become, an Event of Default. (Sections 1008 and 1009)

DEFEASANCE OR COVENANT DEFEASANCE OF INDENTURE

The Company may, at its option and at any time, terminate the obligations of the Company with respect to the outstanding Notes ("defeasance"). Such defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the then outstanding Notes, except for (i) the rights of holders of outstanding Notes to receive payment in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, (ii) the Company's obligations to issue temporary Notes, register the transfer or exchange of any Notes, replace mutilated, destroyed, lost or stolen Notes and maintain an office or agency for receipt of payments in respect of the Notes, (iii) the rights, powers, trusts, duties and immunities of the Trustee, and (iv) the defeasance provisions of the Indenture. In addition, the Company may, at its option and at any time, elect to terminate its obligations with respect to certain covenants that are set forth in the Indenture, some of which are described under "--Certain Covenants" above, and any subsequent failure to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes ("covenant defeasance"). (Sections 1201, 1202 and 1203)

In order to exercise either defeasance or covenant defeasance, (i) the Company must irrevocably deposit with the Trustee, in trust for the benefit of the holders of the Notes, cash in United States dollars, U.S. Government Obligations (as defined in the Indenture), or a combination thereof, in such amounts as will

be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes to redemption or maturity, (ii) the Company shall have delivered to the Trustee an opinion of counsel to the effect that the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred (in the case of defeasance, such opinion must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable federal income tax laws), (iii) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or, insofar as clause (ix) under the first paragraph under "Events of Default" is concerned, at any time during the period ending the 91st day after the date of deposit, (iv) such defeasance or covenant defeasance shall not cause the Trustee to have a conflicting interest with respect to any securities of the Company, (v) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Company is a party or by which the Company is bound, (vi) the Company shall have delivered to the Trustee an opinion of counsel to the effect that (A) the trust funds will not be subject to any rights of holders of other Indebtedness, including, without limitation, those arising under the Indenture and (B) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (vii) the Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent under the Indenture to either defeasance or covenant defeasance, as the case may be, have been complied with and that no violations under agreements governing any other outstanding Indebtedness would result, (viii) the Company shall have delivered to the Trustee an officers' certificate stating that the deposit was not made by the Company with intent of preferring the holders of the Notes or any Guarantor over the other creditors of the Company or any Guarantor with the intent of defeating, hindering or delaying or defrauding creditors of the Company, any Guarantor or others and (ix) if the Bank Credit Agreement is in effect, the Company shall have delivered to the Trustee any required consent of the lenders under the Bank Credit Agreement to such defeasance or covenant defeasance, as the case may be. (Section 1204)

SATISFACTION AND DISCHARGE

The Indenture will upon Company Request (as defined in the Indenture) be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (i) either (a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for which payment has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation or (b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds in trust solely for the benefit of holders in an amount in U.S. dollars sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be, (ii) the making of such Company Request does not constitute a default under the Indenture or any other material agreement to which the Company is a party or by which it is bound, (iii) the Company has paid all other sums payable under the Indenture by the Company, and (iv) the Company has delivered to the Trustee an officers' certificate and an opinion of counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with. (Section 401)

AMENDMENTS AND WAIVERS

From time to time, the Company, when authorized by a resolution of its Board of Directors, and the Trustee may, without the consent of the holders of any outstanding Notes, amend, waive or supplement the Indenture or the Notes for certain specified purposes, including, among other things, curing ambiguities, defects or inconsistencies, complying with the Trust Indenture Act of 1939, adding any Subsidiary of the Company as a Guarantor or making any change that does not adversely affect the rights of any holder;

provided, however, that the Company has delivered to the Trustee an opinion of counsel stating that such change does not adversely affect the rights of any holder of the Notes. Other amendments and modifications of the Indenture or the Notes may be made by the Company and the Trustee with the consent of the holders of not less than a majority of the aggregate principal amount of the outstanding Notes; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby, (i) reduce the principal amount of, extend the fixed maturity of or alter the redemption provisions of, the Notes, (ii) change the currency in which the Notes or any premium or the interest thereon is payable, (iii) reduce the percentage in principal amount of outstanding Notes that must consent to an amendment, supplement or waiver or consent to take any action under the Indenture, the Notes or any Guarantee, (iv) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes, (v) waive a default in payment with respect to the Notes, (vi) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate the offer with respect to any Asset Sale or modify any of the provisions or definitions with respect thereto, (vii) reduce or change the rate or time for payment of interest on the Notes, (viii) modify or change any provision of the Indenture affecting the subordination of the Notes or any Guarantee in a manner adverse to the holders of the Notes, or (ix) release any Guarantor from any of its obligations under its Guarantee or the Indenture other than in compliance with other provisions of the Indenture permitting such release. (Sections 901 and 902)

THE TRUSTEE

The Bank of New York is to be the Trustee under the Indenture and has been appointed by the Company as Registrar and Paying Agent with regard to the Notes.

GOVERNING LAW

The Indenture, the Notes and any Guarantee will be governed by the laws of the State of New York, without regard to the principles of conflicts of law. (Section 112)

CERTAIN DEFINITIONS

"Acquired Indebtedness" means Indebtedness of a person (a) assumed in connection with an Asset Acquisition from such person or (b) existing at the time such person becomes a Restricted Subsidiary of any other person, other than Indebtedness incurred in connection with, or in contemplation of, such person becoming a Restricted Subsidiary or such acquisition, as the case may be.

"Affiliate" means, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Applicable Premium" means, with respect to a Note, the greater of (i) 1.0% of the then outstanding principal amount of such Note and (ii) the excess of (A) the present value of the required interest and principal payments due on such Note, computed using a discount rate equal to the Treasury Rate plus basis points, over (B) the then outstanding principal amount of such Note; provided, however, that in no event will the Applicable Premium exceed the amount of the applicable redemption price upon an optional redemption less 100%, at any time on or after , 1998.

"Asset Acquisition" means (a) an Investment by the Company or any Subsidiary of the Company in any other person pursuant to which such person shall become a Restricted Subsidiary of the Company, or shall be merged with or into the Company or any Restricted Subsidiary of the Company, or (b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any person which constitute all or substantially all of the assets of such person or any division or line of business of such person.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger or consolidation) to any person other than the Company or a Wholly Owned Restricted Subsidiary of the Company, in one or a series of related transactions of: (a) any Capital Stock of

any Restricted Subsidiary of the Company, (b) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary of the Company or (c) any other properties or assets of the Company or a Restricted Subsidiary (including proprietary brand names, whether registered or otherwise) other than in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" shall not include (i) any sale, issuance, conveyance, transfer, lease or other disposition of properties or assets that is governed by the provisions described under "--Merger, Sale of Assets, Etc.," (ii) sales of assets consisting of obsolete equipment or assets that in the Company's reasonable judgment are either (x) no longer used or (y) no longer useful in the business of the Company or its Restricted Subsidiaries, (iii) any sale, issuance, conveyance, transfer, lease or other disposition of properties or assets, whether in one transaction or a series of related transactions, involving assets with a fair market value determined by the Company to be not in excess of \$500,000, or (iv) any sales or financings of accounts or lease receivables pursuant to clause (12), (13) or (14) of the definition of "Permitted Indebtedness."

"Average Life to Stated Maturity" means, with respect to any Indebtedness, as at any date of determination, the quotient obtained by dividing (a) the sum of the products of (i) the number of years from such date to the date or dates of each successive scheduled principal payment (including, without limitation, any sinking fund requirements) of such Indebtedness multiplied by (ii) the amount of each such principal payment by (b) the sum of all such principal payments.

"Bank Credit Agreement" means (a) the Credit Agreement dated as of March 24, 1994 among the Company, the Banks and The First National Bank of Chicago, as agent for the Banks, as in effect on the Issue Date and as such agreement may be amended, supplemented or otherwise modified from time to time, and (b) any credit agreement, loan agreement, note purchase agreement, indenture or other agreement, document or instrument refinancing, refunding or otherwise replacing such Agreement or any other agreement deemed a Bank Credit Agreement under clause (a) or (b) hereof.

"Banks" means the lenders from time to time who are parties to the Bank Credit Agreement.

"Capital Stock" means, with respect to any person, any and all shares, interests, participations, rights in or other equivalents or interests in (however designated) such person's capital stock or other equity interests or participations, including general and limited partnership interests, and any rights (other than debt securities convertible into capital stock), warrants or options exchangeable for or convertible into such capital stock.

"Capitalized Lease Obligation" means any obligation to pay rent or other amounts under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed) that is required to be classified and accounted for as a capital lease obligation under GAAP; and, for the purpose of the Indenture, the amount of such obligation at any date shall be the capitalized amount thereof on the balance sheet at such date, determined in accordance with GAAP consistently applied.

"Cash Equivalents" means, at any time : (i) any evidence of Indebtedness with a maturity of 180 days or less issued, or directly and fully guaranteed or insured, by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof); (ii) certificates of deposit, time deposits and bankers' acceptances with a maturity of 180 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500,000,000; (iii) commercial paper with a maturity of 90 days or less issued by a corporation that is not an Affiliate of the Company or a Subsidiary organized under the laws of any state of the United States or the District of Columbia and rated at least A-1 by S&P or at least P-1 by Moody's or at least an equivalent rating category of another nationally recognized securities rating agency; and (iv) any money market or other deposit accounts issued or offered by any domestic institution in the business of accepting money market accounts or any commercial banking institution described in clause (ii) above.

"Change of Control" means an event as a result of which: (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50 % of the total outstanding Voting Stock of the Company; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose

election to such Board or whose nomination for election by the shareholders of the Company was approved by a vote of 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; (iii) the Company consolidates with or merges with or into any person or conveys, transfers or leases all or substantially all of its assets to any person, or any corporation consolidates with or merges into or with the Company in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction where the outstanding Voting Stock of the Company is not changed or exchanged at all (except to the extent necessary to reflect a change in the jurisdiction of incorporation of the Company) or where (A) the outstanding Voting Stock of the Company is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Redeemable Capital Stock or (y) cash, securities and other property (other than Capital Stock of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment as described under "--Certain Covenants--Limitation on Restricted Payments" (and such amount shall be treated as a Restricted Payment subject to the provisions in the Indenture described under "--Certain Covenants--Limitation on Restricted Payments") and (B) no "person" or "group" owns immediately after such transaction, directly or indirectly, more than 50 % of the total outstanding Voting Stock of the surviving corporation; or (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under "--Merger, Sale of Assets, Etc."

"Common Stock" means, with respect to any person, any and all shares, interests or other participation in, and other equivalents (however designated and whether voting or nonvoting) of, such person's common stock, whether outstanding at the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Consolidated EBITDA" means, with respect to any person for any period, (i) the sum of, without duplication, the amount for such period, taken as a single accounting period, of (a) Consolidated Net Income, (b) Consolidated Non-cash Charges, (c) Consolidated Interest Expense, (d) Consolidated Income Tax Expense and (e) any increase in the Employee Liabilities of such person and its Restricted Subsidiaries for such period less any decrease in the Employee Liabilities of such period, which have been deducted to arrive at Consolidated Net Income less (ii) non-cash items increasing Consolidated Net Income (other than in the ordinary course of business); provided, however, that if, during such period, such person or any of its Restricted Subsidiaries shall have consummated any Asset Sale or Asset Acquisition, Consolidated EBITDA for such person and its Restricted Subsidiaries for such period shall be adjusted (in the manner set forth in the definition of the term "Consolidated Fixed Charge Coverage Ratio") to give pro forma effect to the Consolidated EBITDA directly attributable to the assets which are the subject of such Asset Sales or Asset Acquisitions during such period.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any person, the ratio of the aggregate amount of Consolidated EBITDA of such person for the four full fiscal quarters for which financial information in respect thereof is available immediately preceding the date of the transaction (the "Transaction Date") giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (such four full fiscal quarter period being referred to herein as the "Four Quarter Period") to the aggregate amount of Consolidated Fixed Charges of such person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to, without duplication, (a) the incurrence of any Indebtedness of such person or any of its Restricted Subsidiaries during the period commencing on the first day of the Four Quarter Period to and including the Transaction Date (the "Reference Period"), including, without limitation, the incurrence of the Indebtedness giving rise to the need to make such calculation, as if such incurrence occurred on the first day of the Reference Period, and (b) any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such person or one of its Restricted Subsidiaries (including any person who becomes a Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness) occurring during the Reference Period, as if such Asset Sale or Asset Acquisition occurred on the first day of the Reference Period. Furthermore, in calculating "Consolidated

Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (i) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date, (ii) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Reference Period; and (iii) notwithstanding clauses (i) and (ii) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Rate Protection Obligations, shall be deemed to have accrued at the rate per annum resulting after giving effect to the operation of such agreements. In calculating the Consolidated Fixed Charge Coverage Ratio, and giving pro forma effect to any incurrence of Indebtedness during a Reference Period, pro forma effect shall be given to the use of proceeds thereof to permanently repay or retire Indebtedness. If such person or any of its Restricted Subsidiaries directly or indirectly guaranteed Indebtedness of a third person, the above clauses shall give effect to the incurrence of such guaranteed Indebtedness as if such person or such Restricted Subsidiary had directly incurred or otherwise assumed such guaranteed Indebtedness.

"Consolidated Fixed Charges" means, with respect to any person for any period, the sum of, without duplication, the amounts for such period of (i) Consolidated Interest Expense and (ii) the aggregate amount of dividends and other distributions paid or accrued during such period in respect of Redeemable Capital Stock of such person and its Restricted Subsidiaries on a consolidated basis; provided, however, that if, during such period, such person or any of its Restricted Subsidiaries shall have made any Asset Sales or Asset Acquisitions, Consolidated Fixed Charges for such person and its Restricted Subsidiaries for such period shall be adjusted (in the manner set forth in the definition of the term "Consolidated Fixed Charge Coverage Ratio") to give pro forma effect to the Consolidated Fixed Charges directly attributable to the assets which are the subject of such Asset Sales or Asset Acquisitions during such period.

"Consolidated Income Tax Expense" means, with respect to any person for any period, the provision for federal, state, local and foreign income taxes of such person and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP consistently applied.

"Consolidated Interest Expense" means, with respect to any person for any period, without duplication, the sum of (i) the interest expense of such person and its Restricted Subsidiaries for Indebtedness for such period as determined on a consolidated basis in accordance with GAAP consistently applied, including, without limitation, (a) any amortization of debt discount, (b) the net cost under Interest Rate Protection Obligations (including any amortization of discounts), (c) the interest portion of any deferred payment obligation which in accordance with GAAP is required to be reflected on an income statement, (d) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (e) all accrued interest and (f) that portion of rental expense estimated to be representative of the interest factor and (ii) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP consistently applied.

"Consolidated Net Income" means, with respect to any person, for any period, the consolidated net income (or loss) of such person and its Restricted Subsidiaries for such period as determined in accordance with GAAP consistently applied adjusted, to the extent included in calculating such net income, by excluding, without duplication, (i) all extraordinary gains or losses (net of fees and expenses relating to the transaction giving rise thereto) and the non-recurring cumulative effect of accounting changes, (ii) the portion of net income (or loss) of such person and its Restricted Subsidiaries allocable to minority interests in unconsolidated persons to the extent that cash dividends or distributions have not actually been received by such person or one of its Restricted Subsidiaries, (iii) net income (or loss) of any person combined with such person or one of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) gains or losses in respect of any Asset Sales by such person or one of its Restricted Subsidiaries (net of fees and expenses relating to the transaction giving rise thereto), on an after-tax basis, (v) the net income of any Restricted Subsidiary of such person to the extent that the declaration or payment

of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulations applicable to that Restricted Subsidiary or its stockholders, (vi) gains or losses realized upon the termination of any employee pension benefit plan, on an after-tax basis and (vii) a non-recurring charge relating to the write off of goodwill of the Company's Automotive Diagnostics division, recorded on the Company's consolidated balance sheet in accordance with GAAP, in an aggregate amount not to exceed \$75,000,000.

"Consolidated Net Worth" means, with respect to any person at any date, the consolidated stockholders' equity of such person less the amount, if any, of such stockholders' equity attributable to Redeemable Capital Stock or treasury stock of such person and its Restricted Subsidiaries, as determined in accordance with GAAP consistently applied.

"Consolidated Non-cash Charges" means, with respect to any person for any period, the aggregate depreciation, amortization and other non-cash expenses (including, without limitation, non-cash reserves and non-cash charges) of such person and its Restricted Subsidiaries reducing Consolidated Net Income of such person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP consistently applied (but only to the extent such non-cash reserves, expenses and charges did not require an accrual of a reserve for cash disbursements for any future periods).

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness" means (i) all Senior Indebtedness under the Bank Credit Agreement and (ii) any other Senior Indebtedness which, at the time of determination, has an aggregate principal amount outstanding, together with any commitments to lend additional amounts, of at least \$25,000,000 and is specifically designated by the Company, with the consent of the agent for the Banks under the Bank Credit Agreement, in its sole discretion, if such agreement is then in effect, in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as "Designated Senior Indebtedness."

"Employee Liabilities" means, with respect to any person, any liability in respect of employee benefits that would be reflected on a consolidated balance sheet of such person and its Restricted Subsidiaries prepared in accordance with GAAP.

"Event of Default" has the meaning set forth under "--Events of Default" herein.

"Existing Receivables Financing" means obligations of the Company incurred or issued pursuant to the terms of those certain agreements, each dated as of April 30, 1991, between the Company and each of The First National Bank of Chicago and Falcon Asset Securitization Corporation.

"GAAP" means generally accepted accounting principles in the United States set forth in the Statements of Financial Accounting Standards and Interpretations, Accounting Principles Board Opinions and AICPA Accounting Research Bulletins which are applicable as of the Issue Date.

"Guarantee" has the meaning set forth under "--Limitation on Guarantees by Restricted Subsidiaries" herein.

"guarantee" means, as applied to any obligation, (i) a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation and (ii) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation including, without limiting the foregoing, the payment of amounts drawn down by letters of credit.

"Guarantor" means the issuer at any time of a Guarantee (so long as such Guarantee remains outstanding).

"Incremental Receivables Financing" means obligations of the Company incurred or issued pursuant to an increase in the Existing Receivables Financing or pursuant to a separate securitized receivables facility

incurred or issued on commercially reasonable terms and conditions for similar financing transactions and negotiated on an arm's-length basis from an unaffiliated lender.

"Indebtedness" means, with respect to any person, without duplication, (a) all liabilities of such person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit, banker's acceptance or other similar credit transaction, (b) all obligations of such person evidenced by bonds, notes, debentures or other similar instruments, (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade accounts payable arising in the ordinary course of business, (d) all Capitalized Lease Obligations of such person, (e) all indebtedness referred to in the preceding clauses of other persons and all dividends of other persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon property (including, without limitation, accounts and contract rights) owned by such person, even though such person has not assumed or become liable for the payment of such Indebtedness (the amount of such obligations being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured), (f) all guarantees of Indebtedness referred to in this definition by such person, (g) all Redeemable Capital Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends, (h) all obligations under or in respect of currency exchange contracts and Interest Rate Protection Obligations of such person (i) repurchase obligations or liabilities of such person with respect to accounts receivable or notes receivable sold by such person, (j) obligations incurred under or in connection with the Existing Receivables Financing or any Incremental Receivables Financing, notwithstanding the manner in which such obligations are characterized on a balance sheet of the Company prepared in accordance with GAAP, provided that, for purposes of calculating financial tests hereunder, such obligations shall be included only to the extent such obligations are with recourse to the Company or any of its Restricted Subsidiaries, and (k) with respect to SPX Credit Corporation, obligations incurred under or in connection with any SPX Credit Lease Financing, notwithstanding the manner in which such obligations are characterized on a balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP, provided that, for purposes of calculating financial tests hereunder, such obligations shall be excluded as Indebtedness, and (l) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) through (l) above. For purposes hereof, (x) the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Redeemable Capital stock, such fair market value shall be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock, and (y) Indebtedness is deemed to be incurred pursuant to a revolving credit facility each time an advance is made thereunder.

"Interest Rate Protection Obligations" means the obligations of any person pursuant to any arrangement with any other person whereby, directly or indirectly, such person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Investment" means, with respect to any person, any direct or indirect loan or other extension of credit, advance, guarantee or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other person. For the purpose of making any calculations under the Indenture (i) Investment shall include the person's proportionate share of the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary and shall exclude the

person's proportionate share of the fair market value of the net assets of any Unrestricted Subsidiary that is designated a Restricted Subsidiary and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at fair market value at the time of such transfer; provided that, in each case, the fair market value of an asset or property shall be as determined by the Board of Directors of the Company in good faith. For purposes of the Indenture, the change in designation of a Restricted Subsidiary to an Unrestricted Subsidiary shall be an Investment. "Investments" shall exclude extensions of trade credit on commercially reasonable terms consistent with the normal course of business of the Company and the Restricted Subsidiaries.

"Lien" means any mortgage, charge, pledge, lien (statutory or other), security interest, hypothecation, assignment for security, claim, or preference or priority or other encumbrance upon or with respect to any property of any kind. A person shall be deemed to own subject to a Lien any property which such person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary of the Company) net of (i) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel and investment bankers) related to such Asset Sale, (ii) provisions of all taxes payable as a result of such Asset Sale, (iii) amounts required to be paid and which have been paid, or amounts required to be pledged and which are pledged to repay or secure Indebtedness owed to any person (other than the Company or any Restricted Subsidiary of the Company) owning a beneficial interest in the assets subject to the Asset Sale (which, in the case of a Lien, is being pledged to permanently reduce Indebtedness secured by such Lien) and (iv) appropriate amounts to be provided by the Company or any Restricted Subsidiary of the Company, as the case may be, as a reserve required in accordance with GAAP consistently applied against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary of the Company, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers' Certificate delivered to the Trustee.

"Pari Passu Indebtedness" means any Indebtedness of the Company that is pari passu in right of payment to the Notes.

"Permitted Indebtedness" means

(1) Indebtedness of the Company under the Bank Credit Agreement in an aggregate principal amount at any one time outstanding not to exceed \$225,000,000;

(2) Indebtedness of the Company (including, without limitation, Indebtedness under the Bank Credit Agreement in excess of the \$225,000,000 permitted in clause (1) above) that is intended to provide working capital financing or financing for general corporate purposes as long as the incurrence of such Indebtedness would not result in the aggregate outstanding Indebtedness incurred pursuant to this clause (2) being in excess of (i) the sum of (x) 60% of the net aggregate book value of inventory and (y) 85% of the aggregate book value of all accounts and lease receivables (net of bad debt expense) of the Company and its Restricted Subsidiaries on a consolidated basis, at the time such Indebtedness is incurred, as determined in accordance with GAAP minus (ii) \$225,000,000;

(3) Indebtedness of the Company pursuant to the Notes and Indebtedness of any Subsidiary pursuant to a Guarantee;

(4) Indebtedness of the Company outstanding on the date of the Indenture other than Indebtedness pursuant to clauses (1) and (12), (13) and (14) hereof;

(5) Interest Rate Protection Obligations of the Company covering Indebtedness of the Company; provided, however, that (i) any Indebtedness to which any such Interest Rate Protection Obligations relate bears interest at fluctuating interest rates and is otherwise permitted to be incurred under this covenant and

(ii) the notional amount of any such Interest Rate Obligations does not exceed the principal amount of the Indebtedness to which such Interest Rate Obligations relates and which Indebtedness either is outstanding at the time the Interest Rate Protection Obligation is incurred or such Indebtedness is incurred within 90 days thereafter;

(6) Indebtedness of a Wholly Owned Restricted Subsidiary of the Company issued to and held by (x) the Company or (y) another Wholly Owned Restricted Subsidiary of the Company; provided, however, that any Indebtedness of a Guarantor owing to a Wholly Owned Restricted Subsidiary which is not a Guarantor shall be subordinated in right of payment from and after such time as the obligations under the Guarantee by such Wholly Owned Restricted Subsidiary shall become due and payable (whether at Stated Maturity, by acceleration or otherwise) to the payment and performance of such Wholly Owned Restricted Subsidiary's obligations under its Guarantee; and provided, further, that (a) any disposition, pledge or transfer of any such Indebtedness to a person (other than the Company or a Wholly Owned Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause; and (b) any transaction pursuant to which a Wholly Owned Restricted Subsidiary, which has Indebtedness owing to the Company or any other Wholly Owned Subsidiary, ceases to be a Wholly Owned Subsidiary shall be deemed to be the incurrence of Indebtedness by such Wholly Owned Restricted Subsidiary that is not permitted by this clause;

(7) Indebtedness of the Company issued to and held by a Wholly Owned Restricted Subsidiary of the Company which is unsecured and subordinated in right of payment from and after such time as the Notes shall become due and payable (whether at a Stated Maturity, by acceleration or otherwise) to the payment and performance of the Company's obligations under the Indenture and the Notes; provided, however, that any subsequent transfer of such Indebtedness (other than to the Company or a Wholly Owned Restricted Subsidiary) will be deemed, in each case, to constitute the issuance of such Indebtedness by the Company or of such Indebtedness by such Wholly Owned Restricted Subsidiary that is not permitted by this clause;

(8) Indebtedness of the Company or any Restricted Subsidiary incurred in respect of performance bonds, surety bonds and bankers' acceptances provided in the ordinary course of business;

(9) Indebtedness of the Company or any Restricted Subsidiary representing Capitalized Lease Obligations or incurred in connection with the acquisition of fixed assets useful and intended to be used in carrying on the business of the Company or any such Restricted Subsidiary as long as the aggregate amount outstanding of such Indebtedness incurred pursuant to this clause would not at any time exceed \$10,000,000;

(10) Indebtedness of the Company or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five business days of incurrence;

(11) Indebtedness of the Company or any Restricted Subsidiary consisting of guaranties, indemnities or obligations in respect of purchase price adjustments in connection with the acquisition or disposition of assets permitted under the Indenture;

(12) Indebtedness of the Company pursuant to the Existing Receivables Financing;

(13) Indebtedness of the Company pursuant to an Incremental Receivables Financing, so long as (i) at the time such Indebtedness is incurred and after giving effect thereto, no Default or Event of Default has occurred and is continuing, and (ii) the aggregate amount of such Indebtedness permitted under this clause (13) shall not exceed at any one time outstanding an amount equal to (x) \$50,000,000 minus (y) the aggregate amount outstanding under the Existing Receivables Financing minus (z) the aggregate amount outstanding of any Indebtedness consisting of an SPX Credit Lease Financing incurred pursuant to clause (14) below;

(14) Indebtedness of SPX Credit Corporation pursuant to an SPX Credit Lease Financing, so long as (i) at the time such Indebtedness is incurred and after giving effect thereto, no Default or Event of Default has occurred and is continuing, and (ii) the aggregate amount of such Indebtedness permitted under this clause (14) shall not exceed at any one time outstanding an amount equal to (x) \$50,000,000 minus (y) the aggregate amount outstanding under the Existing Receivables Financing minus (z) the aggregate amount

outstanding of any Indebtedness consisting of an Incremental Receivables Financing incurred pursuant to clause (13) above;

(15) (i) Indebtedness of the Company, the proceeds of which are used solely to refinance (whether by amendment, renewal, extension or refunding) Indebtedness of the Company (including all or a portion of the Notes) or any of its Restricted Subsidiaries and (ii) Indebtedness of any Restricted Subsidiary of the Company the proceeds of which are used solely to refinance (whether by amendment, renewal, extension or refunding) Indebtedness of such Restricted Subsidiary, in each case outstanding on the Issue Date and other than the Indebtedness to be refinanced, redeemed or retired as described under "Use of Proceeds" herein; provided, however, that (A) the principal amount of Indebtedness incurred pursuant to this clause (15) (or, if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness) shall not exceed the sum of the principal amount of Indebtedness so refinanced (or, if the Indebtedness so refinanced provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accretion value attributable thereto since the original issuance of such Indebtedness) plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of such Indebtedness or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing by means of a tender offer or privately negotiated purchase, plus the amount of expenses in connection therewith and (B) in the case of any refinancing of Indebtedness that is not Senior Indebtedness, (1) such new Indebtedness is made subordinated to the Notes in the same manner and at least to the same extent as the Indebtedness being refinanced and (2) such new Indebtedness has an Average Life to Stated Maturity and final Stated Maturity of principal that equals or exceeds the Average Life to Stated Maturity and final Stated Maturity of principal, respectively, of the Indebtedness being refinanced;

(16) Indebtedness of the Company (including without limitation Indebtedness under the Bank Credit Agreement in excess of the amount permitted by clauses (1) and (2) above) in addition to that described in clauses (1) through (15) above not to exceed \$25,000,000 outstanding at any time in the aggregate; or

(17) Indebtedness of any Subsidiary of the Company pursuant to a guarantee of the obligations of the Company under the Bank Credit Agreement.

Any accounts or lease receivables used for the purposes of computing the amount of available Indebtedness under clause (2) above shall not be used or pledged in connection with the incurrence of Indebtedness under clauses (12), (13) and (14) above and vice versa.

"Permitted Investment" means any of the following: (i) Investments by the Company or any Wholly Owned Restricted Subsidiary of the Company in another person, if as a result of such Investment such other person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to the Company or such Wholly Owned Restricted Subsidiary; (ii) Investments in short-term obligations of, or fully guaranteed by, the United States of America; (iii) Investments in commercial paper rated "P-1" or better by Moody's or "A-1" or better by S&P; (iv) Investments in certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) in excess of \$100,000,000; (v) Investments in any mutual fund organized under the Investment Company Act of 1940 or money market fund organized under the laws of the United States of America or any state thereof which invests only in instruments described in clause (ii), (iii) or (iv) above or (vii) below; (vi) Investments representing Capital Stock or obligations issued to the Company or any of its Restricted Subsidiaries in settlement of claims against any other person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Company or of such Restricted Subsidiary; (vii) Investments in Cash Equivalents; (viii) loans and advances to employees and officers of the Company and its Restricted Subsidiaries made in compliance with clause (ii) of the second sentence under the covenant "--Limitation on Transactions with Affiliates" described above; (ix) Investments by the Company or a Wholly Owned Restricted Subsidiary in the Capital Stock of a Wholly Owned Restricted Subsidiary; (x) Investments in any of the Notes; (xi) receivables owing to the Company or any Restricted Subsidiary created in the ordinary course of business; and (xii) Investments in any person in addition to that described in clauses (i) through (xi) of this definition of "Permitted Investments" not to exceed \$10,000,000 in the aggregate at any time outstanding.

"person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Stock" means, with respect to any person, any and all shares, interests, participation or other equivalents (however designated) of such person's preferred or preference stock whether now outstanding or issued after the Issue Date, and including, without limitation, all classes and series of preferred or preference stock of such person.

"Public Equity Offering" means an underwritten public offering of Capital Stock of the Company pursuant to a registration statement that has been declared effective by the Commission pursuant to the Securities Act (other than a registration statement on Form S-8 or any successor form thereto or otherwise relating to equity securities issuable under any employee benefit plan of such corporate entity); provided that the gross proceeds to the Company therefrom are at least \$50,000,000.

"Redeemable Capital Stock" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed prior to any Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to any Stated Maturity of the Notes, or, at the option of the holder thereof, is convertible into or exchangeable for debt securities at any time prior to any Stated Maturity of the Notes.

"Restricted Payment" has the meaning set forth under "--Limitation on Restricted Payments" covenant above.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"SPX Credit Lease Financings" means secured or unsecured obligations of SPX Credit Corporation which are in the nature of sales or pledges of undivided interests in a pool of leases of SPX Credit Corporation (including any such leases which have been transferred to SPX Credit Corporation by the Company or any of its other Subsidiaries in the ordinary course of business consistent with past practices) and which are (a) non-recourse to the Company and its other Subsidiaries and (b) otherwise incurred on commercially reasonable terms and conditions for similar financing transactions and are negotiated on an arm's-length basis from an unaffiliated lender and (c) permitted under clause (14) of the definition of Permitted Indebtedness.

"S&P" means Standard & Poor's Corporation and its successors.

"Senior Indebtedness" means the principal of, premium, if any, and interest on any Indebtedness of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Without limiting the generality of the foregoing, "Senior Indebtedness" shall also include all obligations of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed, under or in respect of the Bank Credit Agreement, whether for principal, interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable in such proceeding), reimbursement of amounts drawn under letters of credit issued or arranged for pursuant thereto, obligations owed to the Banks with respect to Interest Rate Protection Obligations incurred to satisfy the requirements of the Bank Credit Agreement or otherwise and reimbursement of other amounts, guarantees in respect thereof, and all charges, fees, expenses and other amounts in respect of the Bank Credit Agreement incurred by the Banks in respect of the Bank Credit Agreement. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (a) Indebtedness evidenced by the Notes, (b) Indebtedness that is expressly subordinate or junior in right of payment to any Indebtedness of the Company, (c) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is by its terms without recourse to the Company, (d) any repurchase, redemption or other obligation in respect of Redeemable Capital Stock, (e) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade payables or other current liabilities (other than any current liabilities owing under the Bank Credit Agreement or the current portion of any long-term Indebtedness which would constitute Senior

Indebtedness but for the operation of this clause (e)), (f) to the extent it might constitute Indebtedness, amounts owed by the Company for compensation to employees or for services rendered to the Company, (g) to the extent it might constitute Indebtedness, any liability for federal, state, local or other taxes owed or owing by the Company, (h) Indebtedness of the Company to a Subsidiary of the Company or any other Affiliate of the Company or any of such Affiliate's Subsidiaries and (i) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture.

"Significant Subsidiary" shall have the same meaning as in Rule 1.02(v) of Regulation S-X under the Securities Act, provided that each Guarantor shall in all events be deemed a Significant Subsidiary.

"Stated Maturity" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which any principal of such Note or such installment of interest is due and payable, and when used with respect to any other Indebtedness or any installments of interest thereon, means any date specified in the instrument governing such Indebtedness as the fixed date on which the principal of such Indebtedness, or such installment of interest thereon, is due and payable.

"Subordinated Indebtedness" means, with respect to the Company, Indebtedness of the Company which is expressly subordinated in right of payment to the Notes or, with respect to any Guarantor, Indebtedness of such Guarantor which is expressly subordinated in right of payment to the Guarantee of such Guarantor.

"Subsidiary" means, with respect to any person, (i) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such person, by one or more Subsidiaries of such person or by such person and one or more Subsidiaries of such person and (ii) any other person (other than a corporation), including, without limitation, a joint venture or partnership, in which such person, one or more Subsidiaries of such person or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof, has at least a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other person performing similar functions). For purposes of this definition, any directors' qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two business days prior to the date fixed for redemption of the Notes following a Change of Control (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining Average Life to Stated Maturity of the Notes; provided, however, that if the Average Life to Stated Maturity of the Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Average Life to Stated Maturity of the Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Unrestricted Subsidiary" means any Subsidiary of the Company designated as such by the Company (a) no portion of the Indebtedness or any other obligation (contingent or otherwise) of which (i) is guaranteed by the Company or any other Subsidiary of the Company, (ii) is recourse to or obligates the Company or any other Subsidiary of the Company in any way or (iii) subjects any property or asset of the Company or any other Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, (b) which has no Indebtedness or any other obligation that, if in default in any respect (including a nonpayment default), would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity, (c) with which the Company or any other Subsidiary of the Company has no contract, agreement, arrangement, understanding or is subject to an obligation of any kind, whether written or oral, other than a transaction on terms no less favorable to the Company or any other Subsidiary of the Company than those which might be obtained at the time from persons at arm's length who are not Affiliates of the Company, and (d) with which neither the Company nor any other Subsidiary of the Company has any obligation (other than by the terms of the Indenture) (i) to subscribe for additional shares of Capital Stock or other equity interest therein or (ii) to

maintain or preserve such Subsidiary's financial condition or to cause such Subsidiary to achieve certain levels of operating results; provided, however, that in no event shall any Guarantor be an Unrestricted Subsidiary. The Company may designate an Unrestricted Subsidiary as a Restricted Subsidiary by written notice to the Trustee under the Indenture; provided, however, that the Company shall not be permitted to designate any Unrestricted Subsidiary as a Restricted Subsidiary unless (A) after giving pro forma effect to such designation, the Company would be permitted to incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) under the Indenture and (B) any Indebtedness or Liens of such Unrestricted Subsidiary would be permitted to be incurred by a Restricted Subsidiary of the Company under the Indenture. A designation of an Unrestricted Subsidiary as a Restricted Subsidiary may not thereafter be rescinded.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of any person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" means (i) any Restricted Subsidiary of the Company of which 100% of the outstanding Capital Stock is owned by the Company or another Wholly Owned Restricted Subsidiary of the Company and (ii) SPT. For purposes of this definition, any directors' qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Restricted Subsidiary.

UNDERWRITING

The Underwriters named below have severally agreed to purchase from the Company the principal amount of Notes set forth opposite their respective names:

UNDERWRITER -----	PRINCIPAL AMOUNT -----
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	\$
Donaldson, Lufkin & Jenrette Securities Corporation.....	
Wertheim Schroder & Co. Incorporated.....	
Total.....	\$260,000,000 ----- -----

The purchase agreement between the Company and the several Underwriters provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Notes if any are purchased.

The Underwriters have advised the Company that they propose initially to offer the Notes to the public at the offering price set forth on the cover page of this Prospectus, and in part to certain dealers at such price less a concession not in excess of % of the principal amount of the Notes. The Underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the Notes to certain other dealers. After the initial public offering of the Notes, the public offering price, concession and discount may be changed.

There is no public market for the Notes and the Company does not intend to apply for listing of the Notes on any national securities exchange or for quotation of the Notes on Nasdaq. The Company has been advised by the Underwriters that, following the completion of the initial offering of the Notes, the Underwriters presently intend to make a market in the Notes; however, the Underwriters are not obligated to do so and may discontinue such market-making activity at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public market does not develop, the market price and liquidity of the Notes may be adversely affected. See "Investment Considerations--Absence of Public Market."

The Company has agreed to indemnify the Underwriters against certain liabilities, including civil liabilities under the Securities Act of 1933, as amended (the "Act"), and, under certain circumstances, to contribute to payments that the Underwriters may be required to make in respect thereof.

Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates have from time to time provided investment banking services to the Company, including acting as a financial advisor in connection with the SPT Purchase.

LEGAL MATTERS

The validity of the Notes offered hereby will be passed upon for the Company by Gardner, Carton & Douglas, Chicago, Illinois. Certain legal matters will be passed upon for the Underwriters by Skadden, Arps, Slate, Meagher & Flom, Chicago, Illinois. Peter H. Merlin, a partner of Gardner, Carton & Douglas, is a director of the Company. Skadden, Arps, Slate, Meagher & Flom also represented the Company in connection with the SPT Purchase and certain related matters.

EXPERTS

The audited financial statements and schedules included or incorporated by reference in this Prospectus have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the following regional offices of the Commission: 14th Floor, Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661; and 13th Floor, Seven World Trade Center, New York, New York 10048. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Such reports, proxy statements and other information also can be inspected at the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, and at the offices of the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104 and 618 South Spring Street, Los Angeles, California 90014.

The Company has filed with the Commission a registration statement on Form S-3 (together with all amendments, the "Registration Statement") under the Act with respect to the Notes. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete; with respect to each such contract, agreement or other document filed as an exhibit or schedule to the Registration Statement, reference is made to the exhibit or schedule, as applicable, for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference. For further information pertaining to the Company and the Notes, reference is made to the Registration Statement and the exhibits and schedules thereto, which may be examined or copied at the locations described above.

For California Residents: with respect to sales of the security being offered hereby to California residents, such security may be sold only to: (1) "Accredited Investors" within the meaning of Regulation D under the Securities Act of 1933, (2) Banks, savings and loan associations, trust companies, insurance companies, investment companies registered under the Investment Company Act of 1940, pension or profit-sharing trusts, corporations or other entities which, together with the corporation's or other entity's affiliates which are under common control have a net worth on a consolidated basis according to their most recent regularly prepared financial statements (which shall have been reviewed, but not necessarily audited, by outside accountants) of not less than \$14 million and subsidiaries of the foregoing, or (3) Any person (other than a person formed for

the sole purpose of purchasing the security being offered hereby) who purchases at least \$1 million aggregate amount of the security offered hereby. Each California resident purchasing the security offered hereby will be deemed to represent by such purchase that it comes within one of the aforementioned categories.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on Form 10-K for the year ended December 31, 1993 and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1994, which were previously filed by the Company with the Commission under the Exchange Act, are incorporated herein by reference.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the respective dates of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated herein by reference, or contained in this Prospectus, shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated herein by reference modified or superseded such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom a copy of this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the documents referred to above which have been or may be incorporated by reference in this Prospectus, other than certain exhibits to such documents. Requests should be directed to James M. Sheridan, Vice President, Administration and General Counsel, SPX Corporation, 700 Terrace Point Drive, Muskegon, Michigan 49443, (616) 724-5000.

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Schedules omitted

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
SPX Corporation:

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

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

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

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

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 25, 1994.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

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

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

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

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

The accompanying notes are an integral part of these statements.

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

(1) BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

(2) CHANGES IN ACCOUNTING METHODS

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

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

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

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

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

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

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

(2) CHANGES IN ACCOUNTING METHODS (CONTINUED)

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

(3) SEGMENT AND GEOGRAPHIC INFORMATION

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

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

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

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

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

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

(3) SEGMENT AND GEOGRAPHIC INFORMATION (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total.....	\$102.0

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

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

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

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

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

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

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

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

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

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

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

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

(6) DIVESTITURES

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

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

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

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

(7) PRO FORMA RESULTS OF OPERATIONS (UNAUDITED)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) EXTRAORDINARY LOSS

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

(9) RESTRUCTURING AND SPECIAL CHARGES

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

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

(10) EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION PLANS

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

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

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

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

(10) EMPLOYEE BENEFIT PLANS (CONTINUED)

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

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

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

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

POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE

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

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

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

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

(10) EMPLOYEE BENEFIT PLANS (CONTINUED)

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

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

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

EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP")

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

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

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

OTHER

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

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

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

(11) RELATED PARTY TRANSACTIONS

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

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

(12) RECEIVABLES

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

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

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

(13) INVENTORIES

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

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

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

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

(14) INCOME TAXES

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

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

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

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

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

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

	1991

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

	\$ (3,470)

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

(14) INCOME TAXES (CONTINUED)

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

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

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

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

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

(15) INVESTMENTS

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

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

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

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

(15) INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

(18) COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

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

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

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

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

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

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

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

(19) NOTES PAYABLE AND DEBT

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

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

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

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

SPX

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

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

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

(19) NOTES PAYABLE AND DEBT (CONTINUED)

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

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

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

SPT

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

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

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

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

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

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

(20) CAPITAL STOCK

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

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

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

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

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

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

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

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

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

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

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

(20) CAPITAL STOCK (CONTINUED)

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

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

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

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

(21) SPX CREDIT CORPORATION

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

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

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

(21) SPX CREDIT CORPORATION (CONTINUED)

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

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

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

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

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

(22) CASH FLOWS FROM OPERATING ACTIVITIES

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

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

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

(23) SUBSEQUENT EVENT -- REFINANCING

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

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

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

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

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

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

(24) SEALED POWER TECHNOLOGIES -- SELECTED FINANCIAL INFORMATION

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

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

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

(25) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

(25) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

(26) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

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

	1993				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
	----- (IN THOUSANDS EXCEPT PER SHARE AMOUNTS) -----				
Revenues.....	\$179,164	\$212,548	\$195,079	\$169,354	\$756,145
Gross profit.....	57,388	70,848	65,265	54,612	248,113
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss.....	357	5,428	(20,256)*	29,671**	15,200
Cumulative effect of change in accounting method, net of taxes.....	(31,800)	--	--	--	(31,800)
Extraordinary loss, net of taxes.....	--	--	--	(24,000)	(24,000)
Net income (loss).....	(31,443)	5,428	(20,256)	5,671	(40,600)
Income (loss) per share:					
Before cumulative effect of change in accounting method and extraordinary loss, net of taxes.....	\$ 0.02	\$ 0.43	\$ (1.61)*	\$ 2.34**	\$ 1.20
Cumulative effect of change in accounting method, net of taxes.....	(2.52)	--	--	--	(2.52)
Extraordinary loss, net of taxes.....	--	--	--	(1.90)	(1.90)
Net income (loss).....	\$ (2.50)	\$ 0.43	\$ (1.61)	\$ 0.44	\$ (3.22)

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

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

	1992				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
	----- (IN THOUSANDS EXCEPT PER SHARE AMOUNTS) -----				
Revenues.....	\$175,230	\$217,627	\$237,262	\$171,050	\$801,169
Gross profit.....	58,716	75,166	76,365	57,753	268,000
Income before cumulative effect of change in accounting methods.....	948	8,366	9,289	1,957	20,560
Cumulative effect of change in accounting methods, net of taxes.....	(5,700)	--	--	--	(5,700)
Net income (loss).....	(4,752)	8,366	9,289	1,957	14,860
Income (loss) per share:					
Before cumulative effect of change in accounting methods.....	\$.07	\$.60	\$.67	\$.14	\$ 1.48
Cumulative effect of change in accounting methods, net of taxes.....	(.41)	--	--	--	(.41)
Net income (loss).....	\$ (.34)	\$.60	\$.67	\$.14	\$ 1.07

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

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

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

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

(27) SUPPLEMENTARY FINANCIAL INFORMATION

PROFIT AND LOSS

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

BALANCE SHEET

	1993	1992
		(IN THOUSANDS)
Accrued payrolls.....	\$27,554	\$12,200
Warranty reserve.....	7,060	8,300
Automotive Diagnostics restructuring reserve.....	14,533	--
Debt extinguishment reserves.....	32,000	--
Amount payable for SPT acquisition.....	41,700	--

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

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

Selected historical financial information on SP Europe is as follows:

	1993	1992	1991*
	-----	-----	-----
	(IN MILLIONS)		
OPERATING DATA:			
Revenues.....	\$ 40.6	\$49.6	\$19.2
Gross profit.....	(4.0)	(5.4)	(3.9)
Selling, distribution, & administrative expenses.....	9.1	5.8	1.5
Other (income), net.....	0.5	(2.4)	(0.7)
	-----	-----	-----
Earnings (loss) before interest.....	\$(13.6)	\$(8.8)	\$(4.7)
Interest expense, net.....	0.9	0.1	0.0
	-----	-----	-----
Income (loss).....	\$(14.5)	\$(8.9)	\$(4.7)
	-----	-----	-----
Depreciation and amortization.....	(1.0)	(2.0)	(0.3)
Capital expenditures, net.....	4.2	1.1	0.6
BALANCE SHEET DATA (AT PERIOD END):			
Current assets.....	\$ 15.7	\$16.1	\$17.0
Net property, plant and equipment.....	5.1	1.5	0.8
Other assets.....	0.7	(0.6)	(5.1)
	-----	-----	-----
	\$ 21.5	\$17.0	\$12.7
	-----	-----	-----
Current liabilities.....	\$ 10.4	\$19.0	\$12.8
Long-term liabilities.....	2.2	3.1	3.9
Long-term debt.....	19.6	1.6	0.2
Partners' capital (deficit).....	(10.7)	(6.7)	(4.2)
	-----	-----	-----
	\$ 21.5	\$17.0	\$12.7
	-----	-----	-----

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

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

	(UNAUDITED)	
	MARCH 31 1994	DECEMBER 31 1993
	(000S OMITTED)	
ASSETS		
CURRENT ASSETS:		
Cash and temporary cash investments.....	\$ 14,899	\$ 117,843
Receivables.....	148,440	123,081
Lease finance receivables--current portion.....	32,839	33,834
Inventories.....	161,066	159,223
Deferred income tax asset and refunds.....	54,489	54,489
Prepaid expenses and other current assets.....	27,451	29,726
	-----	-----
Total Current Assets.....	\$ 439,184	\$ 518,196
Investments.....	13,945	13,446
Property, plant and equipment (at cost).....	\$ 374,644	\$ 367,832
Less: Accumulated depreciation.....	(176,203)	(169,687)
	-----	-----
Lease finance receivables--long term.....	\$ 198,441	\$ 198,145
Costs in excess of net assets of businesses acquired.....	50,079	51,013
Other assets.....	202,835	204,149
	43,420	39,452
	-----	-----
	\$ 947,904	\$1,024,401
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt.....	\$ 44,208	\$ 93,975
Accounts payable.....	80,141	62,968
Accrued liabilities.....	179,144	229,998
Income taxes payable.....	12,596	11,864
	-----	-----
Total Current Liabilities.....	\$ 316,089	\$ 398,805
Long-term liabilities.....	123,953	123,235
Deferred income taxes.....	21,338	20,787
Long-term debt.....	338,513	336,187
SHAREHOLDERS' EQUITY:		
Common stock.....	\$ 155,772	\$ 155,558
Paid in capital.....	58,624	58,926
Retained earnings.....	22,112	20,282
	-----	-----
	\$ 236,508	\$ 234,766
Less: Common stock held in treasury.....	50,000	50,000
Unearned compensation--ESOP.....	35,046	35,900
Minority interest.....	1,320	1,080
Cumulative translation adjustments.....	2,131	2,399
	-----	-----
Total Shareholders' Equity.....	\$ 148,011	\$ 145,387
	-----	-----
	\$ 947,904	\$1,024,401
	-----	-----

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

	(UNAUDITED)	
	THREE MONTHS ENDED MARCH	
	31	
	-----	-----
	1994	1993
	-----	-----
	(IN THOUSANDS OF DOLLARS	
	EXCEPT PER SHARE AMOUNTS)	
REVENUES.....	\$277,451	\$179,164
COSTS AND EXPENSES		
Cost of products sold.....	207,357	121,776
Selling, general and administrative expenses.....	54,160	50,762
Other expense (income), net.....	606	1,519
SPT equity losses.....	-	565
	-----	-----
OPERATING INCOME.....	\$ 15,328	\$ 4,542
Interest expense, net.....	10,228	3,907
	-----	-----
INCOME BEFORE INCOME TAXES.....	\$ 5,100	\$ 635
	-----	-----
Provision for Income Taxes.....	2,000	278
	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS...	\$ 3,100	\$ 357
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHODS, NET OF		
INCOME TAXES.....	-	(31,800)
NET INCOME (LOSS).....	\$ 3,100	\$(31,443)
	-----	-----
INCOME (LOSS) PER SHARE:		
Before cumulative effect of change in accounting methods.....	\$.24	\$.02
Cumulative effect of change in accounting methods.....	-	(2.52)
	-----	-----
Net income (loss).....	\$.24	\$(2.50)
	-----	-----
Dividends per share.....	\$.10	\$.10
Weighted average number of common shares outstanding.....	12,707,000	12,557,000

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	(UNAUDITED)	
	THREE MONTHS ENDED	
	MARCH 31	
	-----	-----
	1994	1993
	-----	-----
	(000S OMITTED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) from operating activities.....	\$ 3,100	\$(31,443)
Adjustments to reconcile net income (loss) to net cash from operating activities--Cumulative effect of change in accounting methods.....	-	31,800
Depreciation and amortization.....	9,791	6,424
Increase in deferred income taxes.....	551	2,527
Increase in accounts receivable.....	(25,359)	(17,539)
Increase in inventories.....	(1,843)	(899)
Decrease in prepaid assets.....	2,275	867
Increase (decrease) in accounts payable.....	17,173	(1,264)
Increase (decrease) in accrued liabilities.....	(5,891)	6,685
Increase (decrease) in income taxes payable.....	732	(6,652)
Decrease in lease finance receivables.....	1,929	-
Increase in long-term liabilities.....	718	508
Other, net.....	2,019	(600)
	-----	-----
Net cash from operating activities.....	\$ 5,195	\$ (9,586)
	-----	-----
CASH FLOWS USED BY INVESTING ACTIVITIES:		
Capital expenditures.....	\$ (10,318)	\$ (3,935)
Advance to SP Europe.....	-	(5,206)
	-----	-----
Net cash used by investing activities.....	\$ (10,318)	\$ (9,141)
	-----	-----
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Net borrowings (payments) under debt agreements.....	\$ (47,567)	\$ 17,950
Payment of debt extinguishment costs.....	(5,963)	-
Payment of debt acquisition costs.....	(4,147)	-
Payment for interest in SPT.....	(39,000)	-
Dividends paid.....	(1,144)	(1,260)
	-----	-----
Net cash provided (used) by financing activities.....	\$ (97,821)	\$ 16,690
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS.....	\$(102,944)	\$ (2,037)
CASH AND TEMPORARY CASH INVESTMENTS, BEGINNING OF PERIOD.....	117,843	9,729
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS, END OF PERIOD.....	\$ 14,899	\$ 7,692
	-----	-----

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

MARCH 31, 1994

(UNAUDITED)

1. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results of the interim periods presented. All adjustments are of a normal recurring nature. Amounts in the 1993 consolidated financial statements have been restated to reflect the company's previous 49% share of SPT income or loss and the effect of amortizing the difference between its investment balance and its share of SPT's initial partnership capital deficit and to reflect new accounting for the company's ESOP.

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

	THREE MONTHS ENDED MARCH 31	
	1994	1993
	(IN MILLIONS)	
REVENUES:		
Specialty Service Tools.....	\$139.7	\$111.4
SPX Credit Corporation.....	3.4	0.5
Original Equipment Components.....	134.4	6.1
Businesses sold in 1993.....	-	61.2
Total.....	\$277.5	\$179.2
OPERATING INCOME (LOSS):		
Specialty Service Tools.....	\$ 6.3	\$ 4.2
SPX Credit Corporation.....	2.2	0.1
Original Equipment Components.....	11.7	(0.5)
Businesses sold in 1993.....	-	4.6
General corporate expenses.....	(4.9)	(3.9)
Total.....	\$ 15.3	\$ 4.5
CAPITAL EXPENDITURES:		
Specialty Service Tools.....	\$ 2.8	\$ 1.2
SPX Credit Corporation.....	-	-
Original Equipment Components.....	6.0	0.1
Businesses sold in 1993.....	-	2.6
General corporate.....	1.5	0.0
Total.....	\$ 10.3	\$ 3.9
DEPRECIATION AND AMORTIZATION:		
Specialty Service Tools.....	\$ 4.0	\$ 3.6
SPX Credit Corporation.....	-	-
Original Equipment Components.....	5.7	0.5
Businesses sold in 1993.....	-	2.2
General corporate.....	0.1	0.1
Total.....	\$ 9.8	\$ 6.4

	MARCH 31, 1994	DECEMBER 31, 1993
	(IN MILLIONS)	

IDENTIFIABLE ASSETS:		
Specialty Service Tools.....	\$422.4	\$ 383.3
SPX Credit Corporation.....	84.6	85.2
Original Equipment Components.....	356.7	343.8
General corporate.....	84.2	212.1

Total.....

\$947.9

\$ 1,024.4

3. In March of 1994, the first portion of the Refinancing was completed when the company closed a \$250 million revolving credit facility with The First National Bank of Chicago, as agent for a syndicate of banks. This revolving credit facility bears interest at LIBOR plus 1.0% or the prime rate (at the company's option) and expires in 1999. Upon completion of the senior subordinated note offering, this revolving credit facility is to be reduced to \$225 million of maximum availability. Proceeds from this revolving credit facility will be used to extinguish SPX debt as follows: Senior Notes aggregating \$75 million, the \$19.7 million note to the Allen Group, the company's ESOP trust's note of \$42.1 million and \$68 million of miscellaneous debt, much of which was technically in default of covenant provisions. Also, \$15.2 million of letters of credit securing the Industrial Revenue Bonds were renegotiated. At March 31, 1994, approximately \$80 million of this indebtedness had been paid using the revolving credit facility and existing cash.

By June 30, 1994, the company expects to have completed its \$260 million offering of senior subordinated notes. These notes are anticipated to bear interest at a rate of approximately 11% and will be due in or after the year 2002. At that time, the proceeds will be used to retire existing SPT borrowings, including the \$100 million of 14.5% senior subordinated debentures, the Term Bank Loan, and the Revolving Credit Loans. Excess proceeds will be used to pay down the company's new revolving credit facility at that time.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Sealed Power Management Corp.:

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

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

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

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

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
March 17, 1994

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

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

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

SEALED POWER TECHNOLOGIES LIMITED PARTNERSHIP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

(1) BASIS OF PRESENTATION

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

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

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

(2) SUMMARY OF ACCOUNTING POLICIES

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

A. PRINCIPLES OF CONSOLIDATION

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

B. INVENTORIES

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

C. PROPERTY, PLANT AND EQUIPMENT

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

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

D. DEFERRED CHARGES

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

E. INCOME TAXES

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

F. PARTNERS' CAPITAL

The Managing General Partner of the Partnership is Sealed Power Management

Corp. SPX owns 96% of the limited partnership interest and a 2% general partnership interest in the Partnership. Members of management of the Partnership collectively own approximately a 2% limited partnership interest. Earnings or losses of the Partnership are shared by the general and limited partners in proportion to their ownership interests. Partnership interests are subject to restrictions and are not publicly traded.

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

(3) INDEBTEDNESS

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

	DECEMBER 31,	
	1993	1992
	(THOUSANDS OF DOLLARS)	
Senior subordinated debentures, 14 1/2%, due May 15, 1999, with mandatory sinking fund payment of \$50,000 on May 15, 1998.....	\$100,000	\$100,000
Term bank loan, with interest rates established periodically based on prime or LIBOR rates, due in varying quarterly installments through September 30, 1996.....	78,863	98,925
Mortgage loan, 9 5/8%, due in monthly installments through September 30, 1994.....	1,343	1,378
Revolving credit loans.....	30,000	18,000
Total.....	\$210,206	\$218,303
Less: current maturities.....	26,693	19,159
	\$183,513	\$199,144

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

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

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

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

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

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

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

The aggregate amount of cash payments for interest for the years ended December 31, 1993, 1992 and 1991 was \$25.9 million, \$28.1 million and \$30.9 million, respectively.

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

(4) PENSION PLANS AND POSTRETIREMENT BENEFITS

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

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

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

Pension expense for the defined benefit plans consisted of:

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

Assumptions used to determine pension expense:

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

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

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

In addition to the defined benefit plans, cash contributions to defined

contribution pension plans were \$291,000 in 1993, \$227,000 in 1992, and \$223,000 in 1991.

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

(4) PENSION PLANS AND POSTRETIREMENT BENEFITS (CONTINUED)

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

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

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

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

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

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

FINANCIAL POSITION	DECEMBER 31, 1993
Accumulated Postretirement Benefit Obligation:	
Retirees.....	\$ (43,896)
Actives Fully Eligible.....	(8,331)
APBO Fully Eligible.....	\$ (52,227)
Actives--Not Fully Eligible.....	(20,840)
Total APBO.....	\$ (73,067)
Assets.....	845
Unfunded Status.....	\$ (72,222)
Unrecognized:	
Prior Service Cost.....	(24,194)
Net (Gain) Loss.....	865
Accrued Postretirement Benefit Cost.....	\$ (95,551)

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

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

results of operations of the Partnership.

(5) COMMITMENTS AND CONTINGENT LIABILITIES

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

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

(5) COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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

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

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

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

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

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

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

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

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

(6) OPTION SHARES

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

(7) BUSINESS

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

Sales to various plants, divisions or subsidiaries of General Motors and Ford were approximately 25% and 23%, respectively, of 1993 sales, 27% and 20%,

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

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

(8) INVESTMENT IN AFFILIATES

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

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

	DECEMBER 31,	
	1993	1992

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991

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

(9) SUPPLEMENTARY FINANCIAL INFORMATION

PROFIT AND LOSS

	CHARGED TO COSTS AND EXPENSES FOR THE YEARS ENDED DECEMBER 31,		
	1993	1992	1991

	(THOUSANDS OF DOLLARS)		
Maintenance and repairs.....	\$29,578	\$28,517	\$25,844
Depreciation and amortization.....	20,377	19,090	18,655
Taxes, other than income taxes			
Payroll taxes.....	10,484	9,895	8,514
Other taxes.....	4,146	4,664	4,175
Research and Development.....	3,429	3,835	3,599

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

(9) SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
 BALANCE SHEET

	DECEMBER 31,	
	----- 1993 -----	----- 1992 -----
	(THOUSANDS OF DOLLARS)	
ASSETS		
Prepaid tooling.....	\$9,212	\$11,306
	DECEMBER 31,	
	----- 1993 -----	----- 1992 -----
	(THOUSANDS OF DOLLARS)	
LIABILITIES		
Accrued payrolls.....	\$10,199	\$8,620
Accrued employee benefit programs.....	7,521	8,431
Accrued interest.....	4,428	4,530

(10) RESERVE FOR LOSSES ON RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

(12) RELATED PARTY TRANSACTIONS

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

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

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

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

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

(12) RELATED PARTY TRANSACTIONS (CONTINUED)

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

(13) SUBSEQUENT EVENT

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

(14) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

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

[Insert Photo's]

 NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

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 [LOGO]

\$260,000,000

SPX CORPORATION

% SENIOR SUBORDINATED
 NOTES DUE 2002

 PROSPECTUS

MERRILL LYNCH & CO.
 DONALDSON, LUFKIN & JENRETTE
 SECURITIES CORPORATION

WERTHEIM SCHRODER & CO.
 INCORPORATED

, 1994

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Securities and Exchange Commission Registration Fee.....	\$ 89,656
Printing Expenses.....	200,000
Legal Fees and Expenses.....	450,000
Accounting Fees and Expenses.....	100,000
Blue Sky Fees and Expenses.....	15,000
NASD Filing Fee.....	26,500
Trustee's Fees and Expenses.....	10,000
Rating Agency Fees.....	50,000
Miscellaneous.....	50,000

Total.....	\$991,156

All amounts are estimated except for the Securities and Exchange Commission Registration Fee and the NASD Filing Fee.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law provides that the Company may, and in some circumstances must, indemnify the directors and officers of the Company against liabilities and expenses incurred by any such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions therein set forth. Substantially similar provisions that require such indemnification are contained in Article Thirteen of the Company's Restated Certificate of Incorporation. Article Thirteen of the Company's Restated Certificate of Incorporation also contains provisions limiting the liability of the Company's directors in certain instances. In addition, the Company has purchased insurance as permitted by Delaware law on behalf of directors, officers, employees or agents, which may cover liabilities under the Securities Act of 1933, as amended (the "Act").

Reference is made to the Underwriting Agreement filed as Exhibit 1 hereto which provides for indemnification against certain liabilities, including liabilities under the Act.

ITEM 16. EXHIBITS

The following exhibits are filed as part of this Registration Statement:

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS

1*	Form of Purchase Agreement.
4	Form of Indenture (including Form of Note).
5	Opinion of Gardner, Carton & Douglas as to legality of the Notes.
12	Computation of Ratio of Earnings to Fixed Charges.
23.1	Consent of Arthur Andersen & Co.
23.2	Consent of Gardner, Carton & Douglas (included in Exhibit 5).
24*	Powers of Attorney of directors and certain officers of the Company are included on the signature page.
25*	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of The Bank of New York, as Trustee under the Indenture.

* Previously filed.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) That, for purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) That, for the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) That, for purposes of determining any liability under the Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions of Item 15, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this Registration Statement on Form S-3 and has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Muskegon, State of Michigan, on May 9, 1994.

SPX CORPORATION

By: /s/ DALE A. JOHNSON

Chairman and Chief Executive
Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities indicated on May 9, 1994.

SIGNATURE

TITLE

SIGNATURE -----	TITLE -----
/s/ DALE A. JOHNSON ----- Dale A. Johnson	Chairman and Chief Executive Officer; Director
/s/ CURTIS T. ATKISSON, JR.* ----- Curtis T. Atkisson, Jr.	President and Chief Operating Officer; Director
/s/ R. BUDD WERNER* ----- R. Budd Werner	Vice President and Chief Financial and Accounting Officer
/s/ J. KERMIT CAMPBELL* ----- J. Kermit Campbell	Director
/s/ FRANK A. EHMANN* ----- Frank A. Ehmann	Director
/s/ EDWARD D. HOPKINS* ----- Edward D. Hopkins	Director
/s/ CHARLES E. JOHNSON II* ----- Charles E. Johnson II	Director
/s/ REUBEN W. KAPLAN* ----- Reuben W. Kaplan	Director
/s/ RONALD L. KERBER* ----- Ronald L. Kerber	Director
/s/ PETER H. MERLIN* ----- Peter H. Merlin	Director
/s/ DAVID P. WILLIAMS* ----- David P. Williams	Director
*By: /s/ JAMES M. SHERIDAN ----- James M. Sheridan	Attorney-in-Fact

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	SEQUENTIAL PAGE NUMBER
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24*	Powers of Attorney of directors and certain officers of the Company are included on the signature page.....	
25*	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of The Bank of New York, as Trustee under the Indenture.....	

* Previously filed.

SPX CORPORATION,
Issuer
To
THE BANK OF NEW YORK
Trustee

Indenture
Dated as of _____, 1994

\$260,000,000

% Senior Subordinated Notes due 2002

SPX CORPORATION

Reconciliation and tie between Trust Indenture Act
of 1939 and Indenture, dated as of , 1994

Trust Indenture Act Section -----	Indenture Section -----
Section 310(a)(1)	607
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Section 312(c)	701
Section 314(a)	703
(a)(4)	1008(a)
(c)(1)	102
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(a)(1)(B)	513
(b)	508
(c)	104(d)
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(b)	1003
Section 318(a)	108

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of _____, 1994, between SPX CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 700 Terrace Point Drive, Muskegon, Michigan 49443, and The Bank of New York, Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the creation of an issue of % Senior Subordinated Notes due 2002 (herein called the "Securities"), of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

This Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

All acts and things necessary have been done to make the Securities, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid, binding and legal obligations of the Company, and to make this Indenture a valid agreement of the Company, in accordance with their and its terms.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States on the Issue Date; and

(d) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Ten, are defined in that Article.

"Acquired Indebtedness" means Indebtedness of a person (a) assumed in connection with an Asset Acquisition from such person or (b) existing at the time such person becomes a Restricted Subsidiary of any other person, other than Indebtedness incurred in connection with, or in contemplation of, such person becoming a Restricted Subsidiary or such acquisition, as the case may be.

"Affiliate" means, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Applicable Premium" means, with respect to a Security, the greater of (i) 1.0% of the then outstanding principal amount of such Security and (ii) the excess of (A) the present value of the required interest and principal payments due on such Security, computed using a discount rate equal to the Treasury Rate plus basis points, over (B) the then outstanding principal amount of such Security; provided, however, that in no event will the Applicable Premium exceed the amount of the applicable redemption price upon an optional redemption less 100%, at any time on or after , 1998.

"Asset Acquisition" means (a) an Investment by the Company or any Subsidiary of the Company in any other person pursuant to which such person shall become a Restricted Subsidiary of the Company, or shall be merged with or into the Company or any Restricted Subsidiary of the Company, or (b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any person which constitute all or substantially all of the assets of such person or any division or line of business of such person.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger or consolidation) to any person other than the Company or a Wholly Owned Restricted Subsidiary of the Company, in one or a series of related transactions, of: (a) any Capital Stock of any Restricted Subsidiary of the Company, (b) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary of the Company or (c) any other properties or assets of the Company or a Restricted Subsidiary (including proprietary brand names, whether registered or otherwise) other than in the ordinary course of business. For

the purposes of this definition, the term "Asset Sale" shall not include (i) any sale, issuance, conveyance, transfer, lease or other disposition of properties or assets that is governed by the provisions of Article Eight, (ii) sales of assets consisting of obsolete equipment or assets that in the Company's reasonable judgment are either (x) no longer used or (y) no longer useful in the business of the Company or its Restricted Subsidiaries, (iii) any sale, issuance, conveyance, transfer, lease or other disposition of properties or assets, whether in one transaction or a series of related transactions, involving assets with a fair market value determined by the Company to be not in excess of \$500,000, or (iv) any sales or financings of accounts or lease receivables pursuant to clause (12), (13) or (14) of the definition of "Permitted Indebtedness."

"Asset Sale Offer" has the meaning set forth in Section 1013.

"Average Life to Stated Maturity" means, with respect to any Indebtedness, as at any date of determination, the quotient obtained by dividing (a) the sum of the products of (i) the number of years from such date to the date or dates of each successive scheduled principal payment (including, without limitation, any sinking fund requirements) of such Indebtedness multiplied by (ii) the amount of each such principal payment by (b) the sum of all such principal payments.

"Bank Credit Agreement" means (a) the Credit Agreement, dated as of March 24, 1994, among the Company, the Banks and The First National Bank of Chicago, as agent for the Banks, as in effect on the Issue Date and as such agreement may be amended, supplemented or otherwise modified from time to time, and (b) any credit agreement, loan agreement, note purchase agreement, indenture or other agreement, document or instrument refinancing, refunding or otherwise replacing such Agreement or any other agreement deemed a Bank Credit Agreement under clause (a) or (b) hereof.

"Banks" means the lenders from time to time who are parties to the Bank Credit Agreement.

"Board of Directors" of any person means the board of directors of such person or any duly authorized committee of such board.

"Board Resolution" of any person means a copy of a resolution certified by the Secretary or an Assistant Secretary of such person to have been duly adopted by the Board of Directors of such person and to be in full force and effect on the date of such certification and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law, regulation or executive order to close.

"Capital Stock" means, with respect to any person, any and all shares, interests, participations, rights in or other equivalents or interests in (however designated) such person's capital stock or other equity interests or participations, including general and limited partnership interests, and any rights (other than debt securities convertible into capital stock), warrants or options exchangeable for or convertible into such capital stock.

"Capitalized Lease Obligation" means any obligation to pay rent or other amounts under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed) that is required to be classified and accounted for as a capital lease obligation under GAAP; and, for the purpose of the Indenture, the amount of such obligation at any date shall be the capitalized amount thereof on the balance sheet at such date, determined in accordance with GAAP consistently applied.

"Cash Equivalents" means, at any time: (i) any evidence of indebtedness with a maturity of 180 days or less issued, or directly and fully guaranteed or insured, by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof); (ii) certificates of deposit, time deposits and bankers' acceptances with a maturity of 180 days or less of any financial institution that is a

member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500,000,000; (iii) commercial paper with a maturity of 90 days or less issued by a corporation that is not an Affiliate of the Company or a Subsidiary of the Company organized under the laws of any state of the United States or the District of Columbia and rated at least A-1 by S&P or at least P-1 by Moody's or at least an equivalent rating category of another nationally recognized securities rating agency; and (iv) any money market or other deposit accounts issued or offered by any domestic institution in the business of accepting money market accounts or any commercial banking institution described in clause (ii) above.

"Change of Control" means an event as a result of which: (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total outstanding Voting Stock of the Company; (b) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election to such Board or whose nomination for election by the shareholders of the Company was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of such Board of Directors then in office; (c) the Company consolidates with, or merges with or into, any person or conveys, transfers or leases all or substantially all of its assets to any person, or any corporation consolidates with or merges into or with the Company in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other property, other than any such transaction where the outstanding Voting Stock of the Company is not changed or exchanged at all (except to the extent necessary to reflect a change in the jurisdiction of incorporation of the Company) or where (i) the outstanding Voting Stock of the Company is changed into or exchanged for (1) Voting Stock of the surviving corporation which is not Redeemable Capital Stock or (2) cash, securities and other property (other than Capital Stock

of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment under the Indenture (and such amount shall be treated as a Restricted Payment subject to Section 1011) and (ii) no "person" or "group" owns immediately after such transaction, directly or indirectly, more than 50% of the total outstanding Voting Stock of the surviving corporation; or (d) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions of Article Eight.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Stock" means, with respect to any person, any and all shares, interests or other participation in, and other equivalents (however designated and whether voting or nonvoting) of, such person's common stock, whether outstanding at the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Company" means the person named as the "Company" in the first paragraph of this Indenture, until a successor person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company (i) by its Chairman, its President or any Vice President and (ii) by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee; provided, however, that such written request or order may be signed by any two of the officers and directors listed in clause (i) above in lieu of being signed by one of such officers and directors listed in such clause (i) and one of the officers listed in clause (ii) above.

"Consolidated EBITDA" means, with respect to any person for any period, (i) the sum of, without duplication, the amount for such period, taken as a single accounting period, of (a) Consolidated Net Income, (b) Consolidated Non-cash Charges, (c) Consolidated Interest Expense, (d) Consolidated Income Tax Expense and (e) any increase in the Employee Liabilities of such person and its Restricted Subsidiaries for such period less any decrease in the Employee Liabilities of such period, which have been deducted to arrive at Consolidated Net Income less (ii) non-cash items increasing Consolidated Net Income (other than in the ordinary course of business); provided, however, that if, during such period, such person or any of its Restricted Subsidiaries shall have consummated any Asset Sale or Asset Acquisition, Consolidated EBITDA for such person and its Restricted Subsidiaries for such period shall be adjusted (in the manner set forth in the definition of the term "Consolidated Fixed Charge Coverage Ratio") to give pro forma effect to the Consolidated EBITDA directly attributable to the assets which are the subject of such Asset Sales or Asset Acquisitions during such period.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any person, the ratio of the aggregate amount of Consolidated EBITDA of such person for the four full fiscal quarters for which financial information in respect thereof is available immediately preceding the date of the transaction (the "Transaction Date") giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (such four full fiscal quarter period being referred to herein as the "Four Quarter Period") to the aggregate amount of Consolidated Fixed Charges of such person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to, without duplication, (a) the incurrence of any Indebtedness of such person or any of its Restricted Subsidiaries during the period commencing on the first day of the Four Quarter Period to and including the Transaction Date (the "Reference Period"), including, without limitation, the incurrence of the Indebtedness giving rise to the need to make such calculation, as if such incurrence occurred on the first day of the Reference Period, and (b) any Asset Sales or Asset Acquisi-

tions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such person or one of its Restricted Subsidiaries (including any person who becomes a Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness) occurring during the Reference Period, as if such Asset Sale or Asset Acquisition occurred on the first day of the Reference Period. Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (i) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date, (ii) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Reference Period and (iii) notwithstanding clauses (i) and (ii) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Rate Protection Obligations, shall be deemed to have accrued at the rate per annum resulting after giving effect to the operation of such agreements. In calculating the Consolidated Fixed Charge Coverage Ratio, and giving pro forma effect to any incurrence of Indebtedness during a Reference Period, pro forma effect shall be given to the use of proceeds thereof to permanently repay or retire Indebtedness. If such person or any of its Restricted Subsidiaries directly or indirectly guaranteed Indebtedness of a third person, the above clauses shall give effect to the incurrence of such guaranteed Indebtedness as if such person or such Restricted Subsidiary had directly incurred or otherwise assumed such guaranteed Indebtedness.

"Consolidated Fixed Charges" means, with respect to any person for any period, the sum of, without duplication, the amounts for such period of (i) Consolidated Interest Expense and (ii) the aggregate amount of dividends and other distributions paid or accrued during such period in respect of Redeemable Capital Stock of

such person and its Restricted Subsidiaries on a consolidated basis; provided, however, that if, during such period, such person or any of its Restricted Subsidiaries shall have made any Asset Sales or Asset Acquisitions, Consolidated Fixed Charges for such person and its Restricted Subsidiaries for such period shall be adjusted (in the manner set forth in the definition of the term "Consolidated Fixed Charge Coverage Ratio") to give pro forma effect to the Consolidated Fixed Charges directly attributable to the assets which are the subject of such Asset Sales or Asset Acquisitions during such period.

"Consolidated Income Tax Expense" means, with respect to any person for any period, the provision for federal, state, local and foreign income taxes of such person and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP consistently applied.

"Consolidated Interest Expense" means, with respect to any person for any period, without duplication, the sum of (i) the interest expense of such person and its Restricted Subsidiaries for Indebtedness for such period as determined on a consolidated basis in accordance with GAAP consistently applied, including, without limitation, (a) any amortization of debt discount, (b) the net cost under Interest Rate Protection Obligations (including any amortization of discounts), (c) the interest portion of any deferred payment obligation which in accordance with GAAP is required to be reflected on an income statement, (d) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (e) all accrued interest and (f) that portion of rental expense estimated to be representative of the interest factor and (ii) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP consistently applied.

"Consolidated Net Income" means, with respect to any person, for any period, the consolidated net income (or loss) of such person and its Restricted Subsidiaries for such period as determined in accordance with GAAP consistently applied adjusted, to the extent included in calculating such net income, by excluding,

without duplication, (i) all extraordinary gains or losses (net of fees and expenses relating to the transaction giving rise thereto) and the non-recurring cumulative effect of accounting changes, (ii) the portion of net income (or loss) of such person and its Restricted Subsidiaries allocable to minority interests in unconsolidated persons to the extent that cash dividends or distributions have not actually been received by such person or one of its Restricted Subsidiaries, (iii) net income (or loss) of any person combined with such person or one of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) gains or losses in respect of any Asset Sales by such person or one of its Restricted Subsidiaries (net of fees and expenses relating to the transaction giving rise thereto), on an after-tax basis, (v) the net income of any Restricted Subsidiary of such person to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulations applicable to that Restricted Subsidiary or its stockholders, (vi) gains or losses realized upon the termination of any employee pension benefit plan, on an after-tax basis and (vii) a non-recurring charge relating to the write off of goodwill of the Company's Automotive Diagnostics division, recorded on the Company's consolidated balance sheet in accordance with GAAP, in an aggregate amount not to exceed \$75,000,000.

"Consolidated Net Worth" means, with respect to any person at any date, the consolidated stockholders' equity of such person less the amount, if any, of such stockholders' equity attributable to Redeemable Capital Stock or treasury stock of such person and its Restricted Subsidiaries, as determined in accordance with GAAP consistently applied.

"Consolidated Non-cash Charges" means, with respect to any person for any period, the aggregate depreciation, amortization and other non-cash expenses (including, without limitation, non-cash reserves and non-cash charges) of such person and its Restricted Subsidiaries reducing Consolidated Net Income of such person and its Restricted Subsidiaries for such period, deter-

mined on a consolidated basis in accordance with GAAP consistently applied (but only to the extent such non-cash reserves, expenses and charges did not require an accrual of a reserve for cash disbursements for any future periods).

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution of this Indenture is located at 48 Wall Street, New York, New York 10286 ; Attention: Corporate Trust Department.

"corporation" includes corporations, associations, partnerships, companies and business trusts.

"covenant defeasance" has the meaning set forth in Section 1203.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Defaulted Interest" has the meaning specified in Section 307.

"defeasance" has the meaning specified in Section 1202.

"Designated Senior Indebtedness" means (i) all Senior Indebtedness under the Bank Credit Agreement and (ii) any other Senior Indebtedness which, at the time of determination, has an aggregate principal amount outstanding, together with any commitments to lend additional amounts, of at least \$25,000,000 and is specifically designated by the Company, with the consent of the agent for the Banks under the Bank Credit Agreement, in its sole discretion, if such agreement is then in effect, in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as "Designated Senior Indebtedness."

"Employee Liabilities" means, with respect to any person, any liability in respect of employee benefits that would be reflected on a consolidated balance sheet of such person and its Restricted Subsidiaries prepared in accordance with GAAP.

"Event of Default" has the meaning specified in Section 501.

"Excess Proceeds" has the meaning set forth in Section 1013.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and rules and regulations thereunder.

"Existing Receivables Financing" means obligations of the Company incurred or issued pursuant to the terms of those certain agreements, dated as of April 30, 1991, between the Company and each of The First National Bank of Chicago and Falcon Asset Securitization Corporation.

"Federal Bankruptcy Code" means the Bankruptcy Act of Title 11 of the United States Code, as amended from time to time.

"GAAP" or "generally accepted accounting principles" means generally accepted accounting principles in the United States set forth in the Statements of Financial Accounting Standards and Interpretations, Accounting Principles Board Opinions and AICPA Accounting Research Bulletins which are applicable as of the Issue Date.

"Guarantee" has the meaning set forth in Section 1018.

"guarantee" means, as applied to any obligation, (i) a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation and (ii) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of nonperformance) of all or any part of such obligation including, without limiting the foregoing, the payment of amounts drawn down by letters of credit.

"Guarantor" means the issuer at any time of a Guarantee (so long as such Guarantee remains outstanding).

"Guarantor Senior Indebtedness" means the principal of and premium, if any, and interest on any Indebtedness of a Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Guarantee of such Guarantor. Without limiting the generality of the foregoing, "Guarantor Senior Indebtedness" shall also include the principal of and premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state or federal bankruptcy law, whether or not such interest is an allowable claim in such proceeding) on, and all other amounts owing by such Guarantor in respect of, (x) the Bank Credit Agreement or any guarantee thereof and (y) all Interest Rate Protection Obligations incurred to satisfy the requirements of the Bank Credit Agreement or any guarantee thereof. Notwithstanding the foregoing, "Guarantor Senior Indebtedness" shall not include (a) Indebtedness evidenced by the Guarantee of such Guarantor, (b) Indebtedness that is expressly subordinate or junior in right of payment to any Guarantor Senior Indebtedness of such Guarantor, (c) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of the Federal Bankruptcy Code, is by its terms without recourse to such Guarantor, (d) any repurchase, redemption or other obligation in respect of Redeemable Capital Stock of such Guarantor, (e) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade payables or other current liabilities (other than any current liabilities owing under the Bank Credit Agreement or any guarantee thereof or the current portion of any long-term Indebtedness which would constitute Guarantor Senior Indebtedness but for the operation of this clause (e)), (f) to the extent it might constitute Indebtedness, amounts owed by such Guarantor for compensation to employees or for services rendered to such Guarantor, (g) to the extent it might constitute Indebtedness, any liability for federal, state, local or other taxes owed or owing by such Guarantor, (h) Indebtedness of such Guarantor to a Subsidiary of such Guarantor or any other Affiliate of such Guarantor or any of such Affiliate's Subsidiaries and (i) that portion of any Indebtedness of such Guarantor-

tor which at the time of issuance is issued in violation of this Indenture.

"Guarantor Senior Subordinated Note Obligations" means, with respect to any Guarantee, any amounts payable pursuant to the terms of such Guarantee or Article Fourteen of this Indenture, including amounts received upon the exercise of right of rescission or other rights of action (including claims for damages) or otherwise, to the extent relating to the purchase price of the Securities or amounts corresponding to such principal, premium, if any, or interest on the Securities.

"Holder" means a person in whose name a Security is registered in the Security Register.

"Incremental Receivables Financing" means obligations of the Company incurred or issued pursuant to an increase in the Existing Receivables Financing or pursuant to a separate securitized receivables facility incurred or issued on commercially reasonable terms and conditions for similar financing transactions and are negotiated on an arm's-length basis from an unaffiliated leader.

"Indebtedness" means, with respect to any person, without duplication, (a) all liabilities of such person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such person in connection with any letters of credit, banker's acceptance or other similar credit transaction, (b) all obligations of such person evidenced by bonds, notes, debentures or other similar instruments, (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade accounts payable arising in the ordinary course of business, (d) all Capitalized Lease Obligations of such person, (e) all Indebtedness referred to in the preceding clauses of other persons and all dividends of other persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon property

(including, without limitation, accounts and contract rights) owned by such person, even though such person has not assumed or become liable for the payment of such Indebtedness (the amount of such obligations being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured), (f) all guarantees of Indebtedness referred to in this definition by such person, (g) all Redeemable Capital Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends, (h) all obligations under or in respect of currency exchange contracts and Interest Rate Protection Obligations of such person, (i) repurchase obligations or liabilities of such person with respect to accounts receivable or notes receivable sold by such person, (j) obligations incurred under or in connection with the Existing Receivables Financing or any Incremental Receivables Financing, notwithstanding the manner in which such obligations are characterized on a balance sheet of the Company prepared in accordance with GAAP, provided that, for purposes of calculating financial tests hereunder, such obligations shall be included only to the extent such obligations are with recourse to the Company or any of its Restricted Subsidiaries, (k) with respect to SPX Credit Corporation, obligations incurred under or in connection with any SPX Credit Lease Financing, notwithstanding the manner in which such obligations are characterized on a balance sheet of the Company and its Restricted Subsidiaries prepared in accordance with GAAP, provided that, for purposes of calculating financial tests hereunder, such obligations shall be excluded as Indebtedness, and (l) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) through (k) above. For purposes hereof, (x) the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Redeemable Capital Stock, such fair market value shall be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock, and (y) Indebtedness is deemed to be incurred pursuant to a revolving credit facility each time an advance is made thereunder.

"Indenture" means this instrument as originally executed (including all exhibits and schedules hereto) and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Interest Rate Protection Obligations" means the obligations of any person pursuant to any arrangement with any other person whereby, directly or indirectly, such person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Investment" means, with respect to any person, any direct or indirect loan or other extension of credit, advance, guarantee or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other person. For the purpose of making any calculations under this Indenture (i) Investment shall include the person's proportionate share of the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary and shall exclude the person's proportionate share of the fair market value of the net assets of any Unrestricted Subsidiary that is designated a Restricted Subsidiary and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at fair market value at the time of such transfer; provided that, in each case, the fair market value of an asset or property shall be as determined by the Board of Directors of the Company in good faith. For purposes of this Indenture, the change in designation of a Restricted Subsidiary to an Unrestricted Subsidiary shall be an Investment. "Investments" shall exclude extensions of trade credit on commercially reasonable terms consistent

with the normal course of business of the Company and the Restricted Subsidiaries.

"Issue Date" means the date on which the Securities are originally issued under this Indenture.

"Lien" means any mortgage, charge, pledge, lien (statutory or other), security interest, hypothecation, assignment for security, claim or preference or priority or other encumbrance upon or with respect to any property of any kind. A person shall be deemed to own subject to a Lien any property which such person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Maturity," when used with respect to any Security, means the date on which the principal of (and premium, if any) and interest on such Security become due and payable as therein or herein provided, whether at Stated Maturity, Change of Control Payment Date, Accelerated Payment Date, any payment date for an Excess Proceeds Offer or Redemption Date and whether by declaration of acceleration, call for redemption or otherwise.

"Moody's" means Moody's Investors Services, Inc. and its successors.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary of the Company) net of (i) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel and investment bankers) related to such Asset Sale, (ii) provisions of all taxes payable as a result of such Asset Sale, (iii) amounts required to be paid and which have been paid, or amounts required to be pledged and which are pledged to repay or secure Indebtedness owed to any person (other than the Company or any Restricted Subsidiary of the Company) owning a beneficial interest in the assets subject to the Asset Sale (which, in the case of a Lien, is being pledged to permanently reduce Indebtedness secured by such Lien) and (iv) appro-

prate amounts to be provided by the Company or any Restricted Subsidiary of the Company, as the case may be, as a reserve required in accordance with GAAP consistently applied against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary of the Company, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers' Certificate delivered to the Trustee.

"Non-payment Default" means any event (other than a Payment Default) the occurrence of which entitles one or more persons to accelerate the maturity of any Designated Senior Indebtedness.

"Officers' Certificate" means a certificate signed by (i) the Chairman, a Vice-chairman, the President, a Vice President or the Treasurer of the Company and (ii) the Secretary or an Assistant Secretary of the Company and delivered to the Trustee; provided, however, that such certificate may be signed by two of the officers and directors listed in clause (i) above in lieu of being signed by one of such officers and directors listed in such clause (i) and one of the officers listed in clause (ii) above.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company, and who shall be acceptable to the Trustee. Each such opinion (i) shall include the statements provided for in TIA Section 314(e) to the extent applicable and (ii) may state that the counsel rendering such opinion have relied upon an Officers' Certificate with respect to factual matters which are set forth in such opinion.

"Outstanding," when used with respect to the Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

- (i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment, redemption or purchase money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities, and the Trustee or such Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of Article Thirteen hereof; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Sections 1202 and 1203, with respect to which the Company has effected defeasance as provided in Article Twelve; and

(iv) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, direction, consent, notice or waiver hereunder, and for the purpose of making the calculations required by TIA Section 313, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, direction, consent, notice or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company

or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means any person (including the Company acting as Paying Agent) authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Company.

"Payment Blockage Period" has the meaning set forth in Section 1303.

"Payment Default" means any default in the payment of principal of (or premium, if any) or interest on Designated Senior Indebtedness beyond any applicable grace period with respect thereto.

"Pari Passu Indebtedness" means any Indebtedness of the Company that is pari passu in right of payment to the Securities.

"Pari Passu Offer" has the meaning set forth in Section 1013.

"Permitted Indebtedness" means

(1) Indebtedness of the Company under the Bank Credit Agreement in an aggregate principal amount at any one time outstanding not to exceed \$225,000,000;

(2) Indebtedness of the Company (including, without limitation, Indebtedness under the Bank Credit Agreement in excess of the \$225,000,000 permitted in clause (1) above) that is intended to provide working capital financing or financing for general corporate purposes as long as the incurrence of such Indebtedness would not result in the aggregate outstanding Indebtedness incurred pursuant to this clause (2) being in excess of (i) the sum of (x) 60% of the net aggregate book value of inventory and (y) 85% of the aggregate book value of all accounts and lease receivables (net of bad debt expense) of the Company and its Restricted Subsidiaries on a consolidated basis, at the time such Indebtedness is incurred, as determined in accordance with GAAP minus (ii) \$225,000,000;

(3) Indebtedness of the Company pursuant to the Securities and Indebtedness of any Subsidiary pursuant to a Guarantee;

(4) Indebtedness of the Company outstanding on the date of the Indenture other than Indebtedness pursuant to clauses (1), (12), (13) and (14) hereof;

(5) Interest Rate Protection Obligations of the Company or any Guarantor covering Indebtedness of the Company or any such Guarantor; provided, however, that (i) any Indebtedness to which any such Interest Rate Protection Obligations relate bears interest at fluctuating interest rates and is otherwise permitted to be incurred under this covenant and (ii) the notional amount of any such Interest Rate Obligations does not exceed the principal amount of the Indebtedness to which such Interest Rate Obligations relates and which Indebtedness either is outstanding at the time the Interest Rate Protection Obligation is incurred or such Indebtedness is incurred within 90 days thereafter;

(6) Indebtedness of a Wholly Owned Restricted Subsidiary of the Company issued to and held by (x) the Company or (y) another Wholly Owned Restricted Subsidiary of the Company; provided, however, that any Indebtedness of a Guarantor owing to a Wholly Owned Restricted Subsidiary which is not a Guarantor shall be subordinated in right of payment from and after such time as the obligations under the Guarantee by such Wholly Owned Restricted Subsidiary shall become due and payable (whether at Stated Maturity, by acceleration or otherwise) to the payment and performance of such Wholly Owned Restricted Subsidiary's obligations under its Guarantee; and provided, further, that (a) any disposition, pledge or transfer of any such Indebtedness to a person (other than the Company or a Wholly Owned Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause; and (b) any transaction pursuant to which a Wholly Owned Restricted Subsidiary, which has Indebtedness owing to the Company or any other Wholly Owned Subsidiary, ceases to be a Wholly Owned Subsidiary shall be deemed to be the incurrence of Indebtedness by such Wholly Owned Re-

stricted Subsidiary that is not permitted by this clause;

(7) Indebtedness of the Company issued to and held by a Wholly Owned Restricted Subsidiary of the Company which is unsecured and subordinated in right of payment from and after such time as the Securities shall become due and payable (whether at a Stated Maturity, by acceleration or otherwise) to the payment and performance of the Company's obligations under the Indenture and the Securities; provided, however, that any subsequent transfer of such Indebtedness (other than to the Company or a Wholly Owned Restricted Subsidiary) will be deemed, in each case, to constitute the issuance of such Indebtedness by the Company or of such Indebtedness by such Wholly Owned Restricted Subsidiary that is not permitted by this clause;

(8) Indebtedness of the Company or any Restricted Subsidiary incurred in respect of performance bonds, surety bonds and bankers' acceptances provided in the ordinary course of business;

(9) Indebtedness of the Company or any Restricted Subsidiary representing Capitalized Lease Obligations or incurred in connection with the acquisition of fixed assets useful and intended to be used in carrying on the business of the Company or any such Restricted Subsidiary so long as the aggregate amount outstanding of such Indebtedness incurred pursuant to this clause would not at any time exceed \$10,000,000;

(10) Indebtedness of the Company or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five business days of incurrence;

(11) Indebtedness of the Company or any Restricted Subsidiary consisting of guaranties, indemnities or obligations in respect of purchase price

adjustments in connection with the acquisition or disposition of assets permitted under the Indenture;

(12) Indebtedness of the Company pursuant to the Existing Receivables Financing;

(13) Indebtedness of the Company pursuant to an Incremental Receivables Financing, so long as (i) at the time of such Indebtedness is incurred and after giving effect thereto, no Default or Event of Default has occurred and is continuing, and (ii) the aggregate amount of such Indebtedness permitted under this clause (13) shall not exceed at any one time outstanding an amount equal to (x) \$50,000,000 minus (y) the aggregate amount outstanding under the Existing Receivables Financing minus (z) the aggregate amount outstanding of any Indebtedness consisting of an SPX Credit Lease Financing incurred pursuant to clause (14) below;

(14) Indebtedness of SPX Credit Corporation pursuant to an SPX Credit Lease Financing, so long as (i) at the time such Indebtedness is incurred and after giving effect thereto, no Default or Event of Default has occurred and is continuing, and (ii) the aggregate amount of such Indebtedness permitted under this clause (14) shall not exceed at any one time outstanding an amount equal to (x) \$50,000,000 minus (y) the aggregate amount outstanding under the Existing Receivables Financing minus (z) the aggregate amount outstanding of any Indebtedness consisting of an Incremental Receivables Financing pursuant to clause (13) above;

(15) (i) Indebtedness of the Company, the proceeds of which are used solely to refinance (whether by amendment, renewal, extension or refunding) Indebtedness of the Company (including all or a portion of the Securities) or any of its Restricted Subsidiaries and (ii) Indebtedness of any Restricted Subsidiary of the Company the proceeds of which are used solely to refinance (whether by amendment, renewal, extension or refunding) Indebtedness of such Restricted Subsidiary, in each case outstanding on the Issue Date and other than the Indebtedness to be refinanced, redeemed or retired from the proceeds of the offering of the Securities; provided, howev-

er, that (A) the principal amount of Indebtedness incurred pursuant to this clause (15) (or, if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness) shall not exceed the sum of the principal amount of Indebtedness so refinanced (or, if the Indebtedness so refinanced provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accretion value attributable thereto since the original issuance of such Indebtedness) plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of such Indebtedness or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing by means of a tender offer or privately negotiated purchase, plus the amount of expenses in connection therewith and (B) in the case of any refinancing of Indebtedness that is not Senior Indebtedness, (1) such new Indebtedness is made subordinate to the Securities in the same manner and at least to the same extent as the Indebtedness being refinanced and (2) such new Indebtedness has an Average Life to Stated Maturity and final Stated Maturity of principal that equals or exceeds the Average Life to Stated Maturity and final Stated Maturity of principal, respectively, of the Indebtedness being refinanced;

(16) Indebtedness of the Company (including without limitation Indebtedness under the Bank Credit Agreement in excess of the amount permitted by clause (1) and clause (2) above) in addition to that described in clauses (1) through (15) above not to exceed \$25,000,000 outstanding at any time in the aggregate; or

(17) Indebtedness of any Subsidiary of the Company pursuant to a guarantee of the obligations of the Company under the Bank Credit Agreement.

Any accounts receivables used for the purposes of computing the amount of available Indebtedness under clause (2) above shall not be used or pledged in connection with the incurrence of Indebtedness under clauses (12), (13) and (14) above and vice versa.

"Permitted Investment" means any of the following: (i)

Investments by the Company or any Wholly Owned Restricted Subsidiary of the Company in another person, if as a result of such Investment such other person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to the Company or such Wholly Owned Restricted Subsidiary; (ii) Investments in short-term obligations of, or fully guaranteed by, the United States of America; (iii) Investments in commercial paper rated "P-1" or better by Moody's or "A-1" or better by S&P; (iv) Investments in certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) in excess of \$100,000,000; (v) Investments in any mutual fund organized under the Investment Company Act of 1940 or money market fund organized under the laws of the United States of America or any state thereof which invests only in instruments described in clause (ii), (iii) or (iv) above or (vii) below; (vi) Investments representing Capital Stock or obligations issued to the Company or any of its Restricted Subsidiaries in settlement of claims against any other person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Company or of such Restricted Subsidiary; (vii) Investments in Cash Equivalents; (viii) loans and advances to employees and officers of the Company and its Restricted Subsidiaries made in compliance with clause (ii) of the second sentence under Section 1016; (ix) Investments by the Company or a Wholly Owned Restricted Subsidiary in the Capital Stock of a Wholly Owned Restricted Subsidiary; (x) Investments in any of the Securities; (xi) receivables owing to the Company or any Restricted Subsidiary created in the ordinary course of business; and (xii) Investments in any person in addition to that described in clauses (i) through (xi) above not to exceed \$10,000,000 in the aggregate at any time outstanding.

"person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for a mutilated security or in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Security.

"Preferred Stock" means, with respect to any person, any and all shares, interests, participations or other equivalents (however designated) of such person's preferred or preference stock, whether now outstanding or issued after the Issue Date, and including, without limitation, all classes and series of preferred or preference stock of such person.

"Public Equity Offering" means an underwritten public offering of Capital Stock of the Company pursuant to a registration statement that has been declared effective by the Commission pursuant to the Securities Act (other than a registration statement on Form S-8 or any successor form thereto or otherwise relating to equity securities issuable under any employee benefit plan of such corporate entity); provided that the gross proceeds to the Company therefrom are at least \$50,000,000.

"Redeemable Capital Stock" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed prior to any Stated Maturity of the Securities or is redeemable at the option of the holder thereof at any time prior to any Stated Maturity of the Securities or, at the option of the holder thereof, is convertible into or exchangeable for debt securities at any time prior to any Stated Maturity of the Securities.

"Redemption Date," when used with respect to any Securities to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Registration Statement" means the Registration Statement on Form S-3 of the Company, No. 33-52833, filed with the Commission on March 28, 1994, as amended at the time such Registration Statement was declared effective by the Commission under the Securities Act.

"Regular Record Date" for the interest payable on any Interest Payment Date means the _____ or _____ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Responsible Officer," when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers or assigned by the Trustee to administer corporate trust matters at its Corporate Trust Office, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Payment" has the meaning set forth under Section 1011.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"SPT" has the meaning set forth under Section 1011.

"SPX Credit Lease Financings" means secured or unsecured obligations of SPX Credit Corporation which are in the nature of sales or pledges of undivided interests in a pool of leases of SPX Credit Corporation (including any such leases which have been transferred to SPX Credit

Corporation by the Company or any of its other Subsidiaries in the ordinary course of business consistent with past practices) and which are (a) non-recourse to the Company and its other Subsidiaries and (b) otherwise incurred on commercially reasonable terms and conditions or for similar financing transactions and are negotiated on an arm's-length basis from an unaffiliated lender and (c) permitted under clause (14) of the definition of Permitted Indebtedness.

"S&P" means Standard & Poor's Corporation and its successors.

"Securities Act" means the Securities Act of 1933, as amended, from time to time, and rules and regulations thereunder.

"Security" and "Securities" have the meaning stated in the first recital of this Indenture and more particularly mean any Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Senior Indebtedness" means the principal of, premium, if any, and interest on any Indebtedness of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Securities. Without limiting the generality of the foregoing, "Senior Indebtedness" shall also include all obligations of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed, under or in respect of the Bank Credit Agreement, whether for principal, interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws whether or not allowable in such proceeding), reimbursement of amounts drawn under letters of credit issued or arranged for pursuant thereto, obligations owed to the Banks with respect to Interest Rate Protection Obligations incurred to satisfy the requirements of the Bank Credit Agreement or otherwise and reimbursement of other amounts, guaran-

tees in respect thereof and all charges, fees, expenses and other amounts in respect of the Bank Credit Agreement incurred by the Banks in respect of the Bank Credit Agreement. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (a) Indebtedness evidenced by the Securities, (b) Indebtedness that is expressly subordinate or junior in right of payment to any Indebtedness of the Company, (c) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of the Federal Bankruptcy Code, is by its terms without recourse to the Company, (d) any repurchase, redemption or other obligation in respect of Redeemable Capital Stock, (e) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade payables or other current liabilities (other than any current liabilities owing under the Bank Credit Agreement or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (e)), (f) to the extent it might constitute Indebtedness, amounts owed by the Company for compensation to employees or for services rendered to the Company, (g) to the extent it might constitute Indebtedness, any liability for federal, state, local or other taxes owed or owing by the Company, (h) Indebtedness of the Company to a Subsidiary of the Company or any other Affiliate of the Company or any of such Affiliate's Subsidiaries and (i) that portion of any Indebtedness which at the time of issuance is issued in violation of this Indenture.

"Significant Subsidiary" shall have the same meaning as in Rule 1.02(v) of Regulation S-X under the Securities Act, provided that each Guarantor shall in all events be deemed a Significant Subsidiary.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity" means, when used with respect to any Security or any installment of interest thereon, the date specified in such Security as the fixed date on which any principal of such Security or such installment of interest is due and payable and, when used with respect to any other Indebtedness or any installments of interest thereon, means any date specified in the instru-

ment governing such Indebtedness as the fixed date on which the principal of such Indebtedness, or such installment of interest thereon, is due and payable.

"Subordinated Indebtedness" means, with respect to the Company, Indebtedness of the Company which is expressly subordinated in right of payment to the Securities or, with respect to any Guarantor, Indebtedness of such Guarantor which is expressly subordinated in right of payment to the Guarantee of such Guarantor.

"Subsidiary" means, with respect to any person, (i) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such person, by one or more Subsidiaries of such person or by such person and one or more Subsidiaries of such person and (ii) any other person (other than a corporation), including, without limitation, a joint venture or partnership, in which such person, one or more Subsidiaries of such person or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof, has at least a majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other person performing similar functions). For purposes of this definition, any directors' qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary.

"Surviving Entity" has the meaning set forth in Section 801.

"Treasury Rate" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the date fixed for redemption of the Securities following a Change of Control (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining Average Life to Stated Maturity of the Securities; provided, however, that if the Average Life to Stated Maturity of the Securities is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear

interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Average Life to Stated Maturity of the Securities is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended and as in force at the date as of which this Indenture was executed, except as provided in Section 905.

"Trustee" means the person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Unrestricted Subsidiary" means any Subsidiary of the Company designated as such by the Company (a) no portion of the Indebtedness or any other obligation (contingent or otherwise) of which (i) is guaranteed by the Company or any other Subsidiary of the Company, (ii) is recourse to or obligates the Company or any other Subsidiary of the Company in any way or (iii) subjects any property or asset of the Company or any other Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, (b) which has no Indebtedness or any other obligation that, if in default in any respect (including a nonpayment default), would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity, (c) with which the Company or any other Subsidiary of the Company has no contract, agreement, arrangement, understanding or is subject to an obligation of any kind, whether written or oral, other than a transaction on terms no less favorable to the Company or any other Subsidiary of the Company than those which might be obtained at the time from persons at arm's length who are not Affiliates of the Company and (d) with which neither the Company nor any other Subsidiary of the Company has any obligation (other than by the terms of the Indenture) (i) to subscribe for

additional shares of Capital Stock or other equity interest therein or (ii) to maintain or preserve such Subsidiary's financial condition or to cause such Subsidiary to achieve certain levels of operating results; provided, however, that in no event shall any Guarantor be an Unrestricted Subsidiary. The Company may designate an Unrestricted Subsidiary as a Restricted Subsidiary by written notice to the Trustee under this Indenture; provided, however, that the Company shall not be permitted to designate any Unrestricted Subsidiary as a Restricted Subsidiary unless (A) after giving pro forma effect to such designation, the Company would be permitted to incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) under this Indenture and (B) any Indebtedness or Liens of such Unrestricted Subsidiary would be permitted to be incurred by a Restricted Subsidiary of the Company under this Indenture. A designation of an Unrestricted Subsidiary as a Restricted Subsidiary may not thereafter be rescinded.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of any person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" means (i) any Restricted Subsidiary of the Company of which 100% of the outstanding Capital Stock is owned by the Company or another Wholly Owned Restricted Subsidiary of the Company and (ii) SPT. For purposes of this definition, any directors' qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Restricted Subsidiary.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a

condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than pursuant to Section 1008(a)) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person or that they be so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters,

and any such person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel know, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing, and except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to TIA Section 315) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), any such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such solicitation is completed.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Securities then Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for this purpose the Securities then Outstanding shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee, any Paying

Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to or filed with

(1) the Trustee by any Holder, the Banks, the holders of Designated Senior Indebtedness or the Company shall be sufficient for every purpose hereunder if made, given, furnished or delivered in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Department; or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if made, given, furnished or delivered in writing to the Company addressed to it at the address of its principal office specified in the first paragraph of this Indenture, Attention: President, or at any other address furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice of any event to Holders by the Company or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when deposited for mailing to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder, whether or not actually received by such Holder. Where this Inden-

ture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 107. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 108. Conflict of Any Provision of Indenture with Trust Indenture Act.

If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by Sections 310 to 318, inclusive, of the Trust Indenture Act or conflicts with any provision (an "incorporated provision") required by or deemed to be included in this Indenture by operation of such Trust Indenture Act Sections, such imposed duties or incorporated provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its respective successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any person (other than the parties hereto and their successors hereunder, any Paying Agent, the Holders and the holders of Senior Indebtedness) any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict-of-laws rules thereof.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity or Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date or at the Stated Maturity or Maturity; provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Stated Maturity or Maturity, as the case may be, to the next succeeding Business Day.

ARTICLE TWO

SECURITY FORMS

SECTION 201. Forms Generally.

The Securities and the Trustee's certificate of authentication shall be in substantially the forms set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The definitive Securities shall be printed, lithographed or engraved or may be produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers of the Company executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. Form of Face of Security.

SPX CORPORATION

% Senior Subordinated Note due 2002

No. \$

SPX Corporation, a Delaware corporation (herein called the "Company," which term includes any successor person under the Indenture hereinafter referred to), for value received, hereby promises to pay to or registered assigns, the principal sum of _____ Dollars on _____, 2002, at the office or agency of the Company referred to below, and to pay interest thereon on _____, 1994 and semi-annually thereafter, on _____ and in each year, from _____, 1994, or from the most recent Interest Payment Date to _____

which interest has been paid or duly provided for, at the rate of _____ % per annum, until the principal hereof is paid or duly provided for. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the _____ or _____ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date, and such defaulted interest, and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities, may be paid to the person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in The City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the

reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: SPX CORPORATION

By _____

Attest:

Authorized Signature

SECTION 203. Form of Reverse of Security.

This Security is one of a duly authorized issue of securities of the Company designated as its % Senior Subordinated Notes due 2002 (herein called the "Securities"), limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to \$260,000,000, which may be issued under an indenture (herein called the "Indenture") dated as of _____, 1994 between the Company and The Bank of New York, trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

This Security may be entitled after the date hereof to certain senior subordinated Guarantees made for the benefit of the Holders. Reference is hereby made to Section 1018 of the Indenture and to Exhibit A to the Indenture for the terms of any Guarantee.

The Securities are, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all

Senior Indebtedness of the Company, whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee his attorney-in-fact for such purpose.

The Securities are subject to redemption upon not less than 30 nor more than 60 days' notice, in amounts of \$1,000 or an integral multiple of \$1,000 at any time on or after _____, 1998, as a whole or in part, at the election of the Company, at a Redemption Price equal to the percentage of the principal amount set forth below if redeemed during the twelve-month period beginning _____, of the years indicated below:

Year ----	Redemption Price -----
1998	_____ %
1999	_____ %
2000 and thereafter	100.00%

together in the case of any such redemption with accrued interest, if any, to the Redemption Date, all as provided in the Indenture.

The Securities are not entitled to the benefit of any mandatory sinking fund.

In the case of any redemption of Securities, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Regular Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities for the unre-

deemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

Sections 1013 and 1014 of the Indenture provide that upon the occurrence of a Change of Control and following any Asset Sale, and subject to further limitations contained therein, the Company shall make an offer to purchase certain amounts of the Securities at a purchase price and in accordance with the procedures set forth in the Indenture.

In addition, up to 30% of the aggregate principal amount of the Securities outstanding on the Issue Date will be redeemable prior to _____, 1996, at the option of the Company, within 45 days of the sale of Capital Stock in a Public Equity Offering from the net proceeds of such sale at a redemption price equal to % of the principal amount to be redeemed, together with accrued and unpaid interest, if any, thereon to the date of redemption.

If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company and any Guarantor on this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their

consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company maintained for such purpose in The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges payable in connection therewith.

Prior to the time of due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have this Security purchased by the Company pursuant to Section 1013 or 1014 of the Indenture, check the appropriate box:

Section 1013 []
Section 1014 []

If you wish to have a portion of this Security purchased by the Company pursuant to Section 1013 or 1014 of the Indenture, state the amount:

\$ _____

Date: _____ Your Signature: _____
(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

SECTION 204. Form of Trustee's Certificate of Authentication.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

This is one of the Securities referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK,
as Trustee

By _____
Authorized Signatory

ARTICLE THREE

THE SECURITIES

SECTION 301. Title and Terms.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is limited to \$260,000,000, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 303, 304, 305, 306, 906, 1013, 1014 or 1108.

The Securities shall be known and designated as the " % Senior Subordinated Notes due 2002" of the Company. Their Stated Maturity shall be , 2002, and they shall bear interest at the rate of % per annum from , 1994, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on , 1994 and semi-annually thereafter on and in each year, and at said Stated Maturity, until the principal thereof is paid or duly provided for.

The principal of (and premium, if any) and interest on the Securities shall be payable at the office or agency of the Company maintained for such purpose in The City of New York, or at such other office or agency of the Company as may be maintained for such purpose; provided, however, that, at the option of the Company, interest may be paid by check mailed to addresses of the persons entitled thereto as such addresses shall appear on the Security Register.

The Securities shall be redeemable as provided in Article Eleven.

The Securities shall be subordinated in right of payment to Senior Indebtedness as provided in Article Thirteen.

The Securities shall not be entitled to the benefits of any sinking fund.

SECTION 302. Denominations.

The Securities shall be issuable only in registered form without coupons and only in denominations of \$1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman, its President or one of its Vice Presidents, under its corporate seal reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile signatures and may be imprinted or otherwise reproduced on the Securities.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of one of its duly authorized signatories, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Company, pursuant to Article Eight, shall be consolidated or merged with or into any other person or shall convey, transfer, lease or otherwise dispose of substantially all of its properties and assets to any person, and the successor person resulting from such consolidation, or surviving such merger, or into which the Company shall have been merged, or the successor person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article Eight, any of the Securities authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor person, be exchanged for other Securities executed in the name of the successor person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Securities surrendered for such exchange and of like principal amount; and the Trustee, upon Company Order of the successor person, shall authenticate and deliver Securities as specified in such request for the purpose of such exchange. If Securities shall at any time be authenticated and delivered in any new name of a successor person pursuant to this Section in exchange or substitution for or upon registration of transfer of any Securities, such successor person, at the option of any Holder but without expense to such Holder, shall provide for the exchange of all Securities at the time Outstanding held by such Holder for Securities authenticated and delivered in such new name.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without

unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 1002, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive securities of authorized denominations. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 305. Registration, Registration of Transfer and

Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Security Register shall be in written form or any other form capable of being converted into written form within a reasonable time. At all reasonable times, the Security Register shall be open to inspection by the Trustee. The Trustee is hereby initially appointed as security registrar (the "Security Registrar") for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations of a like aggregate principal amount.

At the option of the Holder, Securities may be exchanged for other Securities of any authorized denomination and of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surren-

dered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange or redemption shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange or redemption of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 303, 304, 906, 1013, 1014 or 1108 not involving any transfer.

The Company shall not be required (a) to issue, register the transfer of or exchange any Security during a period beginning at the opening of business (i) 15 days before the mailing of a notice of redemption of the Securities selected for redemption under Section 1104 and ending at the close of business on the day of such mailing or (ii) 15 days before an Interest Payment Date and ending on the close of business on the Interest Payment Date, or (b) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

Securities.

If (i) any mutilated Security is surrendered to the Trustee, or (ii) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon Company Order the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute a contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; provided, however, that each installment of interest may at the Company's option be paid by mailing a check for such interest, payable to or upon the written order of the person entitled thereto pursuant to Section 308, to the address of such person as it appears in the Security Register.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the holder on the Regular Record Date by virtue of having been such Holder, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Securities (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this clause provided.

Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date, and in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears on the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to the due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name such Security is registered as the owner of such Security for the purpose of receiving

payment of principal of (and premium, if any) and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures and certification of their disposal delivered to the Company unless by Company Order the Company shall direct that cancelled Securities be returned to it.

SECTION 310. Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Securities herein

expressly provided for) and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when

(1) either

(a) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust with the Trustee or any Paying Agent or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(b) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust solely for the benefit of Holders for that purpose an amount in U.S. dollars sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and

interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the making of such Company Request does not constitute a default under the Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound;

(3) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(4) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 606 and any Guarantor's obligations in respect thereof and, if money shall have been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee. Money so held in trust shall not be subject to the provisions of Article Thirteen of this Indenture.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

The occurrence of any one of the following events will be an "Event of Default":

(1) default in the payment of the principal of (or premium, if any) when due and payable, on any of the Securities (at its Stated Maturity, upon optional redemption, required purchase or otherwise), whether or not such payment shall be prohibited by the provisions of Article Thirteen hereof;

(2) default in the payment of an installment of interest on any of the Securities, when due and payable, and such default continues for a period of 30 days, whether or not such payment shall be prohibited by the provisions of Article Thirteen hereof;

(3) the failure by the Company to make or consummate an Offer in accordance with Sections 1013 or 1014;

(4) the failure by the Company to comply with its obligations under Article Eight;

(5) the failure by the Company to perform or observe any other term, covenant or agreement contained in the Securities or this Indenture (other than a default specified in Section 501(1), 501(2), 501(3) or 501(4)) for a period of 30 days after written notice of such failure requiring the Company to remedy the same shall have been given (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of 25% in aggregate principal amount of the Securities then Outstanding;

(6) (A) default or defaults under one or more agreements, instruments, mortgages, bonds, debentures or other evidences of Indebtedness under which the Company or any Restricted Subsidiary of the Company then has outstanding indebtedness in excess of \$10,000,000, individually or in the aggregate,

and either (i) such Indebtedness is already due and payable in full or (ii) such default or defaults have resulted in the acceleration of the maturity of such Indebtedness, or (B) failure to pay such Indebtedness beyond any applicable grace period when such Indebtedness has been required to be prepaid or repurchased (other than scheduled required prepayment) prior to the Stated Maturity of such Indebtedness;

(7) one or more judgments, orders or decrees of any court or regulatory or administrative agency of competent jurisdiction for the payment of money in excess of \$10,000,000, individually or in the aggregate, shall be entered against the Company or any Restricted Subsidiary of the Company or any of their respective properties and shall not have been discharged or fully bonded, and either (1) any creditor shall have commenced an enforcement proceeding upon such judgment (other than a judgment that is stayed by pending appeal or otherwise) or (2) there shall have been a period of 60 days after the date on which any period for appeal has expired and during which a stay of enforcement of such judgment, order or decree, shall not be in effect;

(8) any Guarantee ceases to be in full force and effect (other than as provided in Section 1018(b)) or is declared null and void, or any Guarantor denies that it has any further liability under any Guarantee, or gives notice to such effect (other than by reason of the termination of this Indenture or the release of any such Guarantee in accordance with this Indenture);

(9) a decree or order is entered by a court having jurisdiction in the premises (i) for relief in respect of the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary in an involuntary case or proceeding under the Federal Bankruptcy Code or any other federal or state bankruptcy, insolvency, reorganization or similar law or (ii) adjudging the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary as bankrupt or insolvent, or approv-

ing as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary under the Federal Bankruptcy Code or any other similar applicable federal or state law for the relief of debtors, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary or of any substantial part of any of their properties, or ordering the winding up or liquidation of any of their affairs, and any such decree or order remains unstayed and in effect for a period of 60 consecutive days; or

(10) the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary institutes a voluntary case or proceeding under the Federal Bankruptcy Code or any other similar applicable federal or state law for the relief of debtors or any other case or proceedings to be adjudicated as bankrupt or insolvent, or the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary consents to the entry of a decree or order for relief in respect of the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary in any involuntary case or proceeding under the Federal Bankruptcy Code or any other similar applicable federal or state law for the relief of debtors or to the institution of bankruptcy or insolvency proceedings against the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary or the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary files a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable federal or state law for the relief of debtors, or consents to the filing of any such petition or to

the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of any of the Company or any Significant Subsidiary or one or more Subsidiaries which, in the aggregate, would constitute a Significant Subsidiary or of any substantial part of its property, or makes an assignment for the benefit of creditors, or is or are unable to pay debts generally as they come due, or admits in writing its or their inability to pay its or their debts generally as they become due or takes corporate action in furtherance of any such action.

SECTION 502. Acceleration of Maturity; Rescission and

Annulment.

If an Event of Default (other than as specified in Section 501(9) or 501(10) with respect to the Company or any Significant Subsidiary) shall occur and be continuing, the Trustee, by notice to the Company, or the Holders of at least 25% in aggregate principal amount of the Securities then Outstanding, by notice to the Trustee and the Company, may declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the Outstanding Securities due and payable immediately, upon which declaration, all amounts payable in respect of the Securities shall be immediately due and payable. If an Event of Default specified in Section 501(9) or 501(10) with respect to the Company or any Significant Subsidiary occurs and is continuing, then the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the Outstanding Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of Securities.

At any time after a declaration of acceleration has been made and before a judgment or decree for payment of money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Securities Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

- (1) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(B) all overdue interest on all Outstanding Securities,

(C) all unpaid principal of and premium, if any, on any Outstanding Securities which has become due otherwise than by such declaration of acceleration, and interest on such unpaid principal at the rate borne by the Securities, and

(D) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the rate borne by the Securities which has become due otherwise than by such declaration of acceleration;

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(3) all Events of Default, other than the non-payment of amounts of principal of, premium, if any, and interest on Securities that have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(a) default is made in the payment of any installment of interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to the Trustee for the benefit of the holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest, and interest on any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installment of interest, at the rate borne by the Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the

Trustee shall have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursement and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 606.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition or other similar arrangement affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceed-

ing relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel be for the ratable benefit of the holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Subject to Article Thirteen, any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 606;

SECOND: To the payment of the amounts then due and unpaid for principal of (any premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: The balance, if any, to the Company.

SECTION 507. Limitation on Suits.

No Holder of any Securities shall have any right to institute any proceeding, judicial or otherwise, with respect to their Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 30 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Holders of a majority or more in principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment, as provided herein and in such Security of the principal of (and premium, if any) and interest on, such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of not less than a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) subject to the provisions of TIA Section 315, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee need not take any action which involves it in personal liability or is unjustly prejudicial to the Holders not consenting.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past Default or Event of Default hereunder and its consequences, except a Default or Event of Default

(1) in the payment of the principal of (or premium, if any) or interest on any Security, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the respective Stated Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Notice of Defaults.

If a Default or an Event of Default occurs and is continuing and is known to the Trustee, the Trustee shall transmit in the manner and to the extent provided in TIA Section 313(c), notice of such Default hereunder known to the Trustee within 60 days after such occurrence, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of (or premium, if any) or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

SECTION 602. Certain Rights of Trustee.

Subject to the provisions of TIA Section 315(a) through 315(d):

(1) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specific-

ly prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(7) the Trustee may execute any of the trusts or power hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(8) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

The Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 603. Trustee Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except for the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility and Qualification of Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 604. May Hold Securities.

The Trustee, any Paying Agent, any Security Registrar or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

SECTION 605. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 606. Compensation and Reimbursement.

The Company agrees:

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The obligations of the Company under this Section to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. As security for the performance of such obligations of the Company, the Trustee shall have a claim prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on particular Securities.

SECTION 607. Conflicting Interests. The Trustee shall comply with the provisions of Section 310(b) of the TIA.

SECTION 608. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least \$20,000,000 and have its Corporate Trust Office in The City of New York (or if its Corporate Trust Office shall not be located in The City of New York, which shall maintain an office in The City of New York where the Securities may be presented or surrendered and notices and demands hereunder may be served or made). If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 609. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 610.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 610 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by an Act of the Holders of not less than a majority in principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of TIA Section 310(b), or

(2) the Trustee shall cease to be eligible under Section 608, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company, by a Board Resolution, may remove the Trustee, or (ii) subject to TIA Section 315(e), any Holder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, the Company or Holders of at least 10% in principal amount of the Securities then Outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of Securities in the manner provided for in Section 106. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

SECTION 610. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 611. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of

any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities; and in case at that time any of the Securities shall not have been authenticated, any successor Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Disclosure of Names and Addresses of Holders.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312.

SECTION 702. Reports by Trustee.

Within 60 days after June 15 of each year commencing with the first June 15 after the first issuance of Securities, the Trustee shall transmit to the Holders, in the manner and to the extent provided in TIA Section

313(c), a brief report dated as of such May 15 if required by TIA Section 313(a).

SECTION 703. Reports by Company.

The Company will file, to the extent permitted under the Exchange Act, with the Commission the annual reports, quarterly reports and other documents required to be filed with the Commission pursuant to Sections 13 and 15 of the Exchange Act, whether or not the Company has a class of securities registered under the Exchange Act. The Company will file with the Trustee, and provide to each holder of the Securities copies of such reports and documents within 15 days after it files them with the Commission or, if filing such documents by the Company with the Commission is not permitted under the Exchange Act, within 15 days after it would otherwise have been required to file such reports and documents if permitted, in each case at the Company's cost.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, etc., Only on Certain

Terms.

(a) The Company will not, in any transaction or series of transactions, merge or consolidate with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to, any person or persons, and the Company will not permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Company or of the Company and its Restricted Subsidiaries, taken as a whole, to any other person or persons, unless at the time and after giving effect thereto:

(i) either (A)(1) if the transaction or series of transactions is a merger or consolidation involving the Company, the Company shall be the surviving person of such merger or consolidation or (2) if the transaction or transactions is a merger or consolidation involving a Restricted Subsidiary of the Company, such Restricted Subsidiary shall be the surviving person and such surviving person shall be a Restricted Subsidiary of the Company or (B)(1) the person formed by such consolidation or into which the Company or such Restricted Subsidiary is merged or to which the properties and assets of the Company or such Restricted Subsidiary, as the case may be, substantially as an entirety, are transferred (any such surviving person or transferee person being the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and (2)(x) in case of a transaction involving the Company, the Surviving Entity shall expressly assume by a supplemental indenture executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture, and in each case, the Indenture shall remain in full force and

effect or (y) in the case of a transaction involving a Restricted Subsidiary that is a Guarantor, the Surviving Entity shall expressly assume by a supplemental indenture executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of such Restricted Subsidiary under its Guarantee and related supplemental indenture, and in each case, such Guarantee and supplemental indenture shall remain in full force and effect;

(ii) immediately before and immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing and the Company, or the Surviving Entity, as the case may be, after giving effect to such transaction or series of transactions on a pro forma basis, could incur \$1.00 of additional Indebtedness under Section 1010 (assuming a market rate of interest with respect to such additional Indebtedness); and

(iii) immediately after giving effect to such transaction, the Surviving Entity shall have a Consolidated Net Worth in an amount which is not less than the Consolidated Net Worth of the Company or such Restricted Subsidiary, as the case may be, immediately prior to such transaction;

provided that a Wholly Owned Restricted Subsidiary may consolidate with, or merge with or into, or convey, transfer or lease all or substantially all its assets to, the Company or another Wholly Owned Restricted Subsidiary.

In connection with any consolidation, merger, transfer, lease or other disposition contemplated hereby, the Company shall deliver, or cause to be delivered, to the Trustee, in form and substance satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, lease or other disposition and the supplemental indenture, if any, in respect thereof comply with the requirements under this Indenture. In addition, each

Guarantor, if any, unless it is the other party to the transaction or unless its Guarantee will be released and discharged in accordance with its terms as a result of the transaction, will be required to confirm, by supplemental indenture, that its Guarantee of the Securities will apply to the obligations of the Company or the Surviving Entity under this Indenture.

(b) A Guarantor shall not, and the Company shall not permit a Guarantor to, consolidate with or merge with or into any person unless:

(i) except in the circumstances where the Guarantee of the Guarantor is to be released in accordance with Section 1407, such Guarantor or, if the merger or consolidation involves the Company, the Company shall be the continuing person or the resulting or surviving person (the "surviving entity") and shall be a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia:

(ii) except in the circumstances where the Guarantee of the Guarantor is to be released in accordance with Section 1407 or where the Company is the surviving entity, the surviving entity shall expressly assume, by a supplemental indenture executed and delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, all of the obligations of such Guarantor under this Indenture, as modified by such supplemental indenture, and its Guarantee; and

(iii) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation or merger, and if a supplemental indenture is required in connection with such transaction or series of transactions, such supplemental indenture complies with this Section 801(b) and that all conditions precedent provided for in this Indenture relating to the transaction or series of transactions have been satisfied.

SECTION 802. Successor Substituted.

Upon any consolidation of the Company with or merger of the Company with or into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety to any person in accordance with Section 801, the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such Surviving Entity had been named as the Company herein, and in the event of any such conveyance or transfer, the Company (which term shall for this purpose mean the person named as the "Company" in the first paragraph of this Indenture or any Surviving Entity which shall theretofore become such in the manner described in Section 801), except in the case of a lease, shall be discharged of all obligations and covenants under this Indenture and the Securities and may be dissolved and liquidated.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures without Consent of

Holder.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (1) to evidence the succession of another person to the Company and the assumption by any such successor of the covenants of the Company contained herein and in the Securities;
- (2) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company;
- (3) to add any additional Events of Default;

(4) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee pursuant to the requirements of Section 610;

(5) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture; provided that such action shall not adversely affect the interests of the Holders;

(6) to add any Subsidiary as a Guarantor pursuant to the terms of Article Fourteen;

(7) to secure the Securities pursuant to the requirements of Section 1012 or otherwise;

(8) to make any other change that does not adversely affect the rights of any Holder; or

(9) to comply with the TIA.

Notwithstanding the above, the Trustee and the Company may not make any change that adversely affects the legal rights of any Holders hereunder. The Company shall be required to deliver to the Trustee an Opinion of Counsel stating that any such change under this Section 901 does not adversely affect the rights of any Holder.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

- (1) reduce the principal amount outstanding of or extend the fixed maturity of any Security or alter the redemption provisions with respect thereto;
- (2) make the principal of, premium, if any, or interest on any Security payable in money other than that stated in the Security;
- (3) reduce the percentage in outstanding aggregate principal amount of Securities the Holders of which must consent to an amendment, supplement or waiver of any provision of this Indenture, the Securities or any Guarantee;
- (4) impair the right to institute suit for the enforcement of any payment on or with respect to the Securities;
- (5) waive a default in the payment of the principal of, premium, if any, or interest on, or redemption or an offer to purchase required hereunder with respect to, any Security;
- (6) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate the offer with respect to any Asset Sale or modify any of the provisions or definitions with respect thereto;
- (7) reduce or change the rate or time for payment of interest on any Security;
- (8) modify or change any provision of this Indenture affecting the subordination of the Securities or any Guarantee in a manner adverse to the Holders;
- (9) release any Guarantor from any of its obligations under its Guarantee or this Indenture other than in compliance with Section 1407 of Exhibit A hereto; or
- (10) modify this Section 902 or Section 508 or Section 513.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to TIA Section 315(a) through 315(d) and Section 602 hereof) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to the Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental

Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee,

bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

SECTION 907. Notice of Supplemental Indentures.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium, If Any, and

Interest.

The Company covenants and agrees for the benefit of the Holders that it will duly and punctually pay the principal of (and premium, if any) and interest on the Securities in accordance with the terms of the Securities and this Indenture.

The Company shall pay interest on overdue principal at the rate borne by the Securities; it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in The City of New York an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be

served. The Corporate Trust Office of the Trustee shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency.

SECTION 1003. Money for Security Payments to Be Held in Trust.

Subject to Article Thirteen, if the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities, segregate and hold in trust for the benefit of the persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Subject to Article Thirteen, whenever the Company shall have one or more Paying Agents for the Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on, any Securities, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so

becoming due, such sum to be held in trust for the benefit of the persons entitled to such principal, premium or interest, and, unless such Paying Agent is the Trustee, the Company will promptly notify the Trustee of such action or any failure so to act.

The Company will cause each Paying Agent (other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will, subject to Article Thirteen:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities in trust for the benefit of the persons entitled thereto until such sums shall be paid to such persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities) in the making of any payment of principal (and premium, if any) or interest; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

Subject to Article Thirteen, the Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the

Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence, rights (charter and statutory) and franchises of the Company and each Subsidiary; provided, however, that the Company shall not be required to preserve any such existence (except of the Company), right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1005. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary or upon the income, profits or property of the Company or any Restricted Subsidiary and (b) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien upon the property of the Company or any Restricted Subsidiary; provided, however, that the Company shall not be required

to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 1006. Maintenance of Properties.

The Company will cause all properties owned by the Company or any Restricted Subsidiary or used or held for use in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Restricted Subsidiary and not disadvantageous in any material respect to the Holders.

SECTION 1007. Insurance.

The Company will at all times keep all of its and its Restricted Subsidiaries' properties which are of an insurable nature insured with insurers, believed by the Company to be responsible, against loss or damage to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties.

SECTION 1008. Compliance Certificate.

The Company shall deliver to the Trustee within 60 days after the end of each of the Company's first three fiscal quarters and within 120 days after the end of each of the Company's fiscal years an Officers' Certificate stating whether or not the signers know of any Default or Event of Default under this Indenture by the Company that occurred during such fiscal period. If they do know of such a Default or Event of Default, the certificate shall describe any such Default or Event of Default and its status. The first certificate to be

delivered pursuant to this Section 1008(a) shall be for the first fiscal quarter of the Company ending after the Issue Date. The Company shall also deliver a certificate to the Trustee at least annually from its principal executive, financial or accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture, such compliance to be determined without regard to any period of grace or requirement of notice provided herein.

SECTION 1009. Notice of Default.

The Company shall deliver to the Trustee within ten days after the Company becomes aware or should reasonably have become aware of the occurrence of any event which is, or after notice or lapse of time or both would become, an Event of Default, an Officers' Certificate specifying such Default or Event of Default, the period of existence thereof and what action the Company is taking or proposes to take with respect thereto.

SECTION 1010. Limitation on Indebtedness.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or in any other manner become directly or indirectly liable (in each case, to "incur") for the payment of any Indebtedness (including any Acquired Indebtedness but excluding Permitted Indebtedness); provided, however, that (i) the Company will be permitted to incur Indebtedness (including Acquired Indebtedness), contingently or otherwise, if at the time of such incurrence, and after giving pro forma effect thereto, the Consolidated Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries is at least equal to 2.0 to 1.0 through _____, 1996 and 2.25 to 1 thereafter and (ii) in the case of Subordinated Indebtedness, such Indebtedness has no scheduled principal payment on or prior to the Stated Maturity for the final scheduled principal payment of the Securities.

SECTION 1011. Limitation on Restricted Payments.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other distribution or payment on or in respect of Capital Stock of the Company or any payment made to the direct or indirect holders (in their capacities as such) of Capital Stock of the Company (other than dividends or distributions payable solely in Capital Stock (other than Redeemable Capital Stock) or rights to purchase Capital Stock of the Company (other than Redeemable Capital Stock));

(ii) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, any Capital Stock of the Company or any Affiliate of the Company (other than any such Capital Stock of any Wholly Owned Restricted Subsidiary of the Company);

(iii) make any principal payment on, or purchase, defease, repurchase, redeem or otherwise acquire or retire for value, prior to any scheduled maturity (unless within one year of maturity), scheduled repayment, scheduled sinking fund payment or other Stated Maturity, any Subordinated Indebtedness;

(iv) make any Investment (other than any Permitted Investment) in any person, including any Unrestricted Subsidiary (other than in the Company, a Wholly Owned Restricted Subsidiary of the Company or a person that becomes a Wholly Owned Restricted Subsidiary as a result of such Investment); or

(v) declare or pay any dividend or make any other distribution on or in respect of any Capital Stock of any Subsidiary to the direct or indirect holders (in their capacities as such) of Capital Stock of the Subsidiary (other than with respect to Capital Stock held by the Company or any of its Wholly Owned Restricted Subsidiaries) or any purchase, redemption or other acquisition or retirement

for value, of any Capital Stock of any Restricted Subsidiary (other than any such Capital Stock held by the Company or any Wholly Owned Restricted Subsidiary);

(such payments, dividends, distributions, purchases, defeasances, repurchases, redemptions, acquisitions, retirements or Investments described in the preceding clauses (i) through (v) are collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than in cash, being as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a Board Resolution), (A) no Default or Event of Default shall have occurred and be continuing, (B) the aggregate amount of all Restricted Payments declared or made from and after the date immediately following the Issue Date would not exceed the sum of (1) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period (treated as one accounting period) beginning on December 31, 1993 and ending on the last day of the fiscal quarter of the Company immediately preceding the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income of the Company for such period shall be a deficit, minus 100% of such deficit) plus (2) the aggregate net cash proceeds received by the Company after the Issue Date from the issuance or sale (other than to any of its Restricted Subsidiaries) of Capital Stock (excluding Redeemable Capital Stock but including Capital Stock issued upon the conversion of convertible Indebtedness or in exchange for outstanding Indebtedness (to the extent such Indebtedness is originally sold for cash) or from the exercise of options, warrants or rights to purchase Capital Stock (other than Redeemable Capital Stock)) of the Company to any person (other than to a Restricted Subsidiary of the Company) (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below), plus (3) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date (excluding any Investment made pursuant to clause (v) of the following paragraph, an amount equal to the lesser of the return of capital with respect to such

Investment and the cost of such Investment, in either case, less the cost of the disposition of such Investment and (C) the Company could incur \$1.00 of additional Indebtedness under Section 1010. For purposes of the preceding clause (B)(2), the value of the aggregate net proceeds received by the Company upon the issuance of Capital Stock, either upon the conversion of convertible Indebtedness or in exchange for outstanding Indebtedness or upon the exercise of options, warrants or rights will be the net cash proceeds received upon the issuance of such Indebtedness, options, warrants or rights plus the incremental amount received by the Company upon the conversion, exchange or exercise thereof.

(b) None of the foregoing provisions will prohibit: (i) the payment of any dividend within 90 days after the date of its declaration, if at the date of declaration such payment would be permitted by the foregoing paragraph (a); (ii) the redemption, repurchase or other acquisition or retirement of any shares of any class of Capital Stock of the Company or any Restricted Subsidiary of the Company in exchange for (including any such exchange pursuant to a conversion right or privilege in connection with which cash is paid in lieu of fractional shares or scrip), or out of the net cash proceeds of, a substantially concurrent issue and sale of other shares of Capital Stock (other than Redeemable Capital Stock) of the Company to any person (other than to a Restricted Subsidiary of the Company); provided, however, that such net cash proceeds are excluded from clause (B)(2) of the preceding paragraph (a); (iii) any redemption, defeasance, repurchase or other acquisition or retirement for value (each for purposes of this clause, a "refinancing") of Pari Passu Indebtedness or Subordinated Indebtedness by exchange for, or out of the net cash proceeds of, a substantially concurrent issue and sale of (1) Capital Stock (other than Redeemable Capital Stock) of the Company; provided, however, that any such net cash proceeds are excluded from clause (B)(2) of the preceding paragraph (a); or (2) new Indebtedness of the Company so long as such Indebtedness (A) is pari passu with or expressly subordinated in right of payment to the Securities in the same manner and at least to the same extent as the Securities are subordinated to Senior Indebtedness, (B) has a principal amount that does not exceed the principal amount so refinanced plus the amount of any premium required to be paid in connection with such

refinancing pursuant to the terms of the Indebtedness refinanced or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing, plus the amount of fees and expenses of the Company incurred in connection with such refinancing; provided that for purposes of this clause, the principal amount of any Indebtedness shall be deemed to mean the principal amount thereof or if such indebtedness provides for an amount less than the principal amount thereof upon a declaration of acceleration thereof, such lesser amount as of the date of determination, (C) has a Stated Maturity for the final scheduled principal payment of such Indebtedness on or later than the Stated Maturity for the final scheduled principal payment of the Securities and (D) has an Average Life to Stated Maturity that equals or exceeds the Average Life to Stated Maturity of the Securities; (iv) the redemption or repurchase of the limited partnership interests of Sealed Power Technologies Limited Partnership ("SPT") owned by certain employees of SPT on the Issue Date for an aggregate amount not to exceed \$3,000,000; (v) so long as no Default of Event or Default shall have occurred and be continuing, the making of (x) Investments constituting Restricted Payments and (y) other Restricted Payments such that, after giving effect thereto, the sum of the aggregate outstanding amount of such Investments (valued at their cost) referred to in clause (x) made after the Issue Date and the aggregate amount of such other Restricted Payments referred to in clause (y) made after the Issue Date would not exceed \$10,000,000; or (vi) Investments constituting Restricted Payments made as a result of the receipt of non-cash consideration from any Asset Sale made pursuant to and in compliance with Section 1014. In computing the amount of Restricted Payments for the purposes of clause (B) of the preceding paragraph, Restricted Payments made under (i) and (vi) shall be included.

SECTION 1012. Limitation on Liens.

The Company will not and will not permit any Restricted Subsidiary to create, incur, assume or suffer to exist any Lien of any kind upon any of its property or assets, now owned or hereafter acquired, to secure any Pari Passu Indebtedness or Subordinated Indebtedness unless prior to or contemporaneously therewith the Securities are secured equally and ratably; provided that (1) if such secured Indebtedness is Pari Passu Indebtedness,

the Lien securing such Pari Passu Indebtedness shall rank equally and ratably with the Lien securing the Securities and (2) if such secured Indebtedness is Subordinated Indebtedness, the Lien securing such Subordinated Indebtedness shall be subordinate and junior to the Lien securing the Securities at least to the same extent as such Subordinated Indebtedness is subordinated to the Securities. The foregoing shall not apply to any Lien securing Acquired Indebtedness of the Company; provided that any such Lien only extends to the assets that were subject to such Lien prior to the related acquisition by the Company and was not created, incurred or assumed in contemplation of such transaction. The foregoing shall not apply to the incurrence of Indebtedness pursuant to clause (9), (12), (13) or (14) of the definition of "Permitted Indebtedness."

SECTION 1013. Purchase of Securities upon Change of Control.

Upon the occurrence of a Change of Control, the Company shall be obligated to make an offer to purchase (a "Change of Control Offer") and shall, subject to the provisions described below, purchase, on a Business Day (the "Change of Control Purchase Date") not more than 60 nor less than 30 days following the occurrence of the Change of Control, all of the then Outstanding Securities at a purchase price (the "Change of Control Purchase Price") equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the Change of Control Purchase Date; provided, however, that notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to make a Change of Control Offer in the event that it has exercised its right to redeem all of the Securities as described in Section 1101 and the form of Securities in Section 203 within 30 days after the occurrence of such Change of Control. The Company shall, subject to the provisions described below, be required to purchase all Securities properly tendered into the Change of Control Offer and not withdrawn. Prior to the mailing of the notice to holders provided for below, the Company shall have (x) terminated all commitments and repaid in full all Indebtedness under the Bank Credit Agreement, or offered to terminate such commitments and repay in full such Indebtedness and have in fact terminated the commitments of and repaid all Indebtedness of any lender under the Bank Credit Agreement who

accepts such offer or (y) obtained the requisite consents under the Bank Credit Agreement to permit the purchase of the Securities as provided for in this Section. If a notice has been mailed when such condition precedent has not been satisfied, the Company shall have no obligation to (and shall not) effect the purchase of Securities until such time as such condition precedent is satisfied. Failure to mail the notice on the date specified below or to have satisfied the foregoing condition precedent by the date that the notice is required to be mailed shall in any event constitute a covenant Default under clause (3) of Section 501.

Notice of a Change of Control Offer shall be mailed by the Company not later than the 30th day after the Change of Control to the Holders of Securities at their last registered addresses with a copy to the Trustee and the Paying Agent. The Change of Control Offer shall remain open from the time of mailing for at least 20 Business Days and until 5:00 p.m., New York City time, on the Business Day immediately prior to the Change of Control Purchase Date. The notice, which shall govern the terms of the Change of Control Offer, shall include such disclosures as are required by law and shall state:

(a) that the Change of Control Offer is being made pursuant to this Section 1013 and that all Securities validly tendered into the Change of Control Offer and not withdrawn shall be accepted for payment;

(b) the Change of Control Purchase Price (including the amount of accrued interest, if any) for each Security, the Change of Control Purchase Date and the date on which the Change of Control Offer expires;

(c) that any Security not tendered for payment will continue to accrue interest in accordance with the terms thereof;

(d) that, unless the Company shall default in the payment of the Change of Control Purchase Price, any Security accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date;

(e) that Holders electing to have Securities purchased pursuant to a Change of Control Offer will be required to surrender their Securities to the Paying Agent at the address specified in the notice prior to 5:00 p.m., New York City time, on the Change of Control Purchase Date and must complete any form letter of transmittal proposed by the Company and acceptable to the Trustee and the Paying Agent;

(f) that Holders of Securities will be entitled to withdraw their election if the Paying Agent receives, not later than 5:00 p.m., New York City time, on the Business Day before the Change of Control Purchase Date, or such longer period as may be required by law, a tested telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Securities the Holder delivered for purchase, the Security certificate number (if any) and a statement that such holder is withdrawing its election to have such Securities purchased;

(g) that Holders whose Securities are purchased only in part will be issued Securities equal in principal amount to the unpurchased portion of the Securities surrendered;

(h) the instructions that Holders must follow in order to tender their Securities; and

(i) information concerning the business of the Company, the most recent annual and quarterly reports of the Company filed with the Commission pursuant to the Exchange Act (or, if the Company is not then required to file any such reports with the Commission, the comparable reports prepared pursuant to Section 1009), a description of material developments in the Company's business, historical financial information after giving effect to such Change of Control and such other information concerning the circumstances and relevant facts regarding such Change of Control and Change of Control Offer as would be material to a Holder of Securities in connection with the decision of such Holder as to whether or not it should tender Securities pursuant to the Change of Control Offer, including informa-

tion regarding the persons acquiring control and such persons' business plans going forward.

On the Change of Control Purchase Date, the Company shall (i) accept for payment Securities or portions thereof validly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent money, in immediately available funds, sufficient to pay Change of Control Purchase Price of all Securities or portions thereof so tendered and accepted, and (iii) deliver to the Trustee the Securities so accepted together with an Officers' Certificate setting forth the Securities or portions thereof tendered to and accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to the Holders of Securities so accepted payment in an amount equal to the Change of Control Purchase Price, and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Security equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Change of Control Offer not later than the first Business Day following the Change of Control Purchase Date.

The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements applicable to a Change of Control Offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Change of Control Offer.

The Company shall comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws or regulations in connection with the repurchase of Securities pursuant to a Change of Control Offer.

SECTION 1014. Disposition of Proceeds of Asset Sales.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Sale unless (i) the Company or such Restricted Subsid-

ary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value, as determined in good faith by the Board of Directors of the Company, of the shares or assets sold or otherwise disposed of and (ii) at least 85% of such consideration consists of cash and Cash Equivalents. To the extent that the Net Cash Proceeds of any Asset Sale are not required by the terms of any Senior Indebtedness to be applied to prepay Senior Indebtedness (and thereby permanently reduce the commitments or amounts available to be reborrowed under such Senior Indebtedness as required by the terms thereof), or are not so applied, the Company or a Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds from such Asset Sale, within 360 days of such Asset Sale, to an investment in properties and assets other than working capital that replace the properties and assets that were the subject of such Asset Sale or in properties and assets other than working capital that will be used in the business of the Company and its Restricted Subsidiaries existing on the Issue Date or in businesses reasonably related thereto ("Replacement Assets") so long as the Company or such Restricted Subsidiary has notified the Trustee in writing within 270 days of such Asset Sale that it has determined to apply the Net Cash Proceeds from such Asset Sale to an investment in such Replacement Assets. Any Net Cash Proceeds from any Asset Sale not applied as provided in the preceding two sentences within 360 days of such Asset Sale constitute "Excess Proceeds" subject to disposition as provided in paragraph (b) below.

(b) When the aggregate amount of Excess Proceeds equals \$10,000,000 or more, the Company shall apply the Excess Proceeds to the repayment of the Securities and any Pari Passu Indebtedness required to be repaid or repurchased under the instrument governing such Pari Passu Indebtedness as follows: (i) the Company shall make an offer to purchase (an "Asset Sale Offer") to all Holders of the Securities in accordance with paragraph (e) of this Section in the maximum principal amount (expressed as a multiple of \$1,000) of Securities that may be purchased out of an amount (the "Securities Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the Outstanding principal amount of the Securities, and the denominator of which is the sum of the Outstanding principal amount of the Securities and the outstanding prin-

principal amount of such Pari Passu Indebtedness (subject to proration in the event such Securities Amount is less than the aggregate Asset Sale Offer Price of all Securities tendered) and (ii) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Securities Amount; provided that in no event shall the Company be required to make a Pari Passu Offer in a Pari Passu Debt Amount exceeding the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Securities to be purchased plus accrued and unpaid interest, if any, thereon (the "Asset Sale Offer Price") to the date (the "Asset Sale Offer Date") such Asset Sale Offer is consummated, in accordance with the procedures set forth in paragraph (e) of this Section. To the extent that the aggregate Asset Sale Offer Price of the Securities tendered pursuant to the Asset Sale Offer is less than the Securities Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, in either case constituting a "Deficiency"), the Company shall use such Deficiency in any manner. Upon completion of the purchase of all the Securities tendered pursuant to an Asset Sale Offer and repurchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(c) Whenever the Excess Proceeds received by the Company exceed \$5,000,000, such Excess Proceeds shall, prior to the purchase of Securities or any Pari Passu Indebtedness described in paragraph (b) above, be set aside by the Company in a separate account pending (i) deposit with the depository or a Paying Agent of the amount required to purchase the Securities or Pari Passu Indebtedness tendered in an Asset Sale Offer or a Pari Passu Offer, respectively, (ii) delivery by the Company of the Asset Sale Offer Price to the holders of the Securities or Pari Passu Indebtedness tendered in an Asset Sale Offer or a Pari Passu Offer, respectively, and (iii) application, as set forth above, of Excess Proceeds in

the business of the Company and its Restricted Subsidiaries. Such Excess Proceeds may be invested in Cash Equivalents; provided that the maturity date of any such investment shall not be later than (A) in the event the amount of Excess Proceeds equals \$7,000,000 or more, the Asset Sale Offer Date, or (B) in any other event, six months. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Cash Equivalents; provided that the Company shall not be entitled to such interest, and shall not withdraw such interest from the separate account, if an Event of Default has occurred and is continuing.

(d) The Company will not, and will not permit any Restricted Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under (i) Indebtedness as in effect on the Issue Date as such Indebtedness may be refinanced or replaced from time to time or (ii) any Senior Indebtedness existing on the Issue Date or thereafter, provided that such restrictions contained in such refinanced Indebtedness are no less favorable to the Holders of Securities than those existing on the date of the Indenture) that would materially impair the ability of the Company to make an Asset Sale Offer or, if such Asset Sale Offer is made, to pay for the Securities tendered for purchase.

(e) Notice of an Asset Sale Offer shall be mailed by the Company to all Holders of Securities not less than 20 Business Days nor more than 40 Business Days before the Asset Sale Purchase Date at their last registered address with a copy to the Trustee and the Paying Agent. The Asset Sale Offer shall remain open from the time of mailing for at least 20 Business Days and until at least 5:00 p.m., New York City time, on the Asset Sale Purchase Date. The notice, which shall govern the terms of the Asset Sale Offer, shall include such disclosures as are required by law and shall state:

(1) that the Asset Sale Offer is being made pursuant to this Section 1014;

(2) the Asset Sale Offer Price (including the amount of accrued interest, if any) for each Security, the Asset Sale Purchase Date and the date on which the Asset Sale Offer expires;

(3) that any Security not tendered or accepted for payment will continue to accrue interest in accordance with the terms thereof;

(4) that, unless the Company shall default in the payment of the Asset Sale Offer Price, any Security accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Asset Sale Purchase Date;

(5) that Holders electing to have Securities purchased pursuant to an Asset Sale Offer will be required to surrender their Securities to the Paying Agent at the address specified in the notice prior to 5:00 p.m., New York City time, on the Asset Sale Purchase Date and must complete any form letter of transmittal proposed by the Company and acceptable to the Trustee and the Paying Agent;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than 5:00 p.m., New York City time, on the Business Day before the Asset Sale Purchase Date, or such longer period as may be required by law, a tested telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Securities the Holder delivered for purchase, the Security certificate number (if any) and a statement that such Holder is withdrawing its election to have such Securities purchased;

(7) that if Securities in a principal amount in excess of the Holder's pro rata share of the amount of Excess Proceeds are tendered pursuant to the Asset Sale Offer, the Company shall purchase Securities on a pro rata basis among the Securities tendered (with such adjustments as may be deemed appropriate by the Company so that only Securities in denominations of \$1,000 or integral multiples of \$1,000 shall be acquired);

(8) that Holders whose Securities are purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered;

(9) the instructions that Holders must follow in order to tender their Securities; and

(10) information concerning the business of the Company, the most recent annual and quarterly reports of the Company filed with the Commission pursuant to the Exchange Act (or, if the Company is not required or permitted to file any such reports with the Commission, the comparable reports prepared pursuant to Section 1009), a description of material developments in the Company's business, pro forma historical financial information after giving effect to such Asset Sale and Asset Sale Offer and information concerning the circumstances and relevant facts regarding such Asset Sale and Asset Sale Offer as would be material to a Holder of the Securities in connection with the decision of such Holder as to whether or not it should tender Securities pursuant to the Asset Sale Offer.

(f) On the Asset Sale Purchase Date, the Company shall (i) accept for payment, on a pro rata basis, Securities or portions thereof tendered pursuant to the Asset Sale Offer, (ii) deposit with the Paying Agent money, in immediately available funds, in an amount sufficient to pay the Asset Sale Offer Price of all Securities or portions thereof so tendered and accepted and (iii) deliver to the Trustee the Securities so accepted together with an Officers' Certificate setting forth the Securities or portions thereof tendered to and accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Securities so accepted payment in an amount equal to the Asset Sale Offer Price, and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Security equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Sale Offer not later than the first Business Day following the Asset Sale Purchase Date. To the extent that the aggregate principal amount of Securities tendered pursuant to an offer to purchase is less than the Excess Proceeds, the Company may use such Deficiency in any manner. Upon completion of such an offer to purchase, the amount of Excess Proceeds shall

be reset to zero. For purposes of this Section 1014, the Trustee shall act as Paying Agent.

(g) The Company shall comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws or regulations in connection with the repurchase of Securities pursuant to the Asset Sale Offer.

SECTION 1015. Limitation on Issuance and Sale of Capital Stock by Restricted Subsidiaries.

The Company (i) will not permit any of its Restricted Subsidiaries to issue any Capital Stock (other than to the Company or a Wholly Owned Restricted Subsidiary of the Company) and (ii) will not permit any person (other than the Company or a Wholly Owned Restricted Subsidiary of the Company) to own any Capital Stock of any Restricted Subsidiary of the Company other than with respect to (A) the limited partnership interests of SPT owned by certain employees of SPT on the Issue Date and (B) the general and limited partnership interests of SP Europe, so long as the Company shall be a general partner and own at least 51% of the combined general and limited partnership interests thereof.

SECTION 1016. Limitation on Transactions with Affiliates.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, transfer, disposition, purchase, exchange or lease of assets, property or services) with, or for the benefit of, any Affiliate of the Company (other than a Wholly Owned Restricted Subsidiary of the Company) or any "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of 10% or more of the Company's Common Stock at any time outstanding ("Interested Persons"), except (i) on terms that are no less favorable to the Company, or its Restricted Subsidiary, as the case may be, than those which could have been obtained in a comparable transaction or transactions on an arm's-length basis at such time from persons who are not Affiliates of the Company or Interested Persons, (ii) with respect to a transaction or series of transactions

involving aggregate payments or value equal to or greater than \$10,000,000, (A) the Company has obtained a written opinion from a nationally recognized investment banking firm stating that the terms of such transaction or series of transactions are fair to the Company or its Restricted Subsidiary, as the case may be, from a financial point of view or such transaction or series of transactions shall have been approved by a majority of the disinterested members of the Board of Directors of the Company and (B) the Company shall have delivered an Officers' Certificate to the Trustee certifying that such transaction or series of transactions comply with the preceding clause (i), and (iii) with respect to any transaction or series of transactions involving aggregate payments or value equal to or greater than \$1,000,000 and less than \$10,000,000, the Company shall have complied with the condition set forth in clause (ii)(B) above. This covenant will not restrict the Company from (i) paying reasonable and customary regular fees to directors of the Company who are not employees of the Company, (ii) making loans or advances to employees and officers of the Company and its Restricted Subsidiaries for bona fide business purposes of the Company in the ordinary course of business consistent with past practice, (iii) the payment of dividends in respect of the Company or any Restricted Subsidiary permitted under Section 1011 or (iv) transactions provided for under agreements in existence on the date of this Indenture and listed on Schedule A hereto.

SECTION 1017. Limitation on Dividend and Other Payment
Restrictions Affecting Restricted Subsidiaries.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of the Company to (a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary of the Company, (c) make loans or advances to the Company or any other Restricted Subsidiary of the Company (d) transfer any of its properties or assets to the Company or any other Restricted Subsidiary of the Company or (e) guarantee any Indebtedness of the Company or any

other Restricted Subsidiary of the Company, except for such encumbrances or restrictions existing under or by reason of (i) any agreement or other instrument of a person acquired by the Company or any Restricted Subsidiary of the Company in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired, (ii) any encumbrance or restriction in the Bank Credit Agreement or any other agreement as in effect on the date of this Indenture and listed on Schedule B hereto and (iii) any encumbrance or restriction pursuant to any agreement that extends, refinances, renews or replaces any agreement described in clause (i) and (ii) above, which is not materially more restrictive or less favorable to the Holders than those existing under the agreement being extended, refinanced, renewed or replaced.

SECTION 1018. Limitation on Guarantees by Restricted

Subsidiaries.

(a) The Company will not permit any Restricted Subsidiary, directly or indirectly, to assume, guarantee or in any other manner become liable with respect to any Indebtedness of the Company or any Guarantor, unless such Restricted Subsidiary is a Guarantor or simultaneously executes and delivers a supplemental indenture providing for the guarantee of payment of the Securities by such Restricted Subsidiary pursuant to the terms of Exhibit A hereto and such guarantee shall be subordinated to the Guarantor Senior Indebtedness of such Restricted Subsidiary in the manner and to the extent set forth in such Exhibit A; provided, however, that in the case of any guarantee of any Guarantor with respect to Senior Indebtedness, the guarantee of the payment of the Securities by such Guarantor to be provided in accordance herewith shall be subordinated to the guarantee with respect to such Senior Indebtedness in the same manner and to the same extent as the Securities are subordinated to such Senior Indebtedness. The supplemental indenture shall supplement this Indenture by, among other things, creating an additional Article Fourteen applicable to such Restricted Subsidiary and any other Guarantor in the form set forth in Exhibit A hereto, and in connection with the execution and delivery of the supplemental indenture,

such Restricted Subsidiary shall execute and deliver to the Trustee a Guarantee substantially in the form of Exhibit B hereto. Such Article Fourteen shall not become effective until the provisions of Section 1403 have been complied with. Each guarantee created pursuant to the provisions described above is referred to as a "Guarantee," and the issuer of each such Guarantee, so long as the Guarantee remains outstanding, is referred to as a "Guarantor."

(b) Notwithstanding the foregoing, in the event that a Guarantor is released from all obligations which pursuant to the first sentence of Section 1018(a) above obligate it to become a Guarantor, such Guarantor shall be released from all obligations under its Guarantee (provided that the provisions of the first sentence of the Section 1018(a) shall apply anew in the event that such Guarantor subsequent to being released incurs any obligations that pursuant to such sentence obligate it to become a Guarantor). In addition, upon any sale or disposition (by merger or otherwise) of any Guarantor by the Company or a Restricted Subsidiary of the Company to any person that is not an Affiliate of the Company or any of its Restricted Subsidiaries which is otherwise in compliance with the terms of this Indenture, such Guarantor will be deemed to be released from all obligations under its Guarantee; provided, however, that each such Guarantor is sold or disposed of in accordance with Section 1014; provided further that the foregoing proviso shall not apply to the sale or disposition of a Guarantor in a foreclosure to the extent that such proviso would be inconsistent with the requirements of the Uniform Commercial Code.

SECTION 1019. Restriction on Transfer of Assets.

The Company will not sell, convey, transfer or otherwise dispose of its assets or property to any of its Subsidiaries, except for transactions permitted by Section 1011 and sales, conveyances, transfers or other dispositions (a) made in the ordinary course of business or (b) made to any Wholly Owned Restricted Subsidiary, if such Wholly Owned Restricted Subsidiary (x) simultaneously with such sale, conveyance, transfer or disposal executes and delivers a supplemental indenture to this Indenture providing for the guarantee of payment of the

Securities by such Wholly Owned Restricted Subsidiary pursuant to the terms of Exhibit A hereto and (y) waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any rights against the Company or any other Subsidiary as a result of any payment by such Wholly Owned Restricted Subsidiary under its guarantee. Such a guarantee shall be unconditional (except for a customary savings clause with respect to fraudulent conveyance or fraudulent transfer laws) and shall be subordinated to the Guarantor Senior Indebtedness of such Wholly Owned Restricted Subsidiary in the manner and to the extent set forth in such Exhibit A.

SECTION 1020. Limitation on Certain Other Subordinated

Indebtedness.

The Company will not issue, directly or indirectly, any Indebtedness which is subordinated or junior in ranking in any respect to Senior Indebtedness unless such Indebtedness is expressly pari passu with or subordinated in right of payment to the Securities.

SECTION 1021. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 1010 through 1012, inclusive, and Sections 1015 through 1018, inclusive, if before or after the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities, by Act of such Holders, waive such compliance in such instance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 1022. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or

any usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture and (to the extent that it may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Right of Redemption.

The Securities may be redeemed, at the election of the Company, as a whole or from time to time in part, at any time after _____, 1998, subject to the conditions and at the Redemption Prices specified in the form of Security, together with accrued and unpaid interest, if any, to the Redemption Date.

In addition, up to 30% of the aggregate principal amount of the Securities outstanding on the Issue Date will be redeemable prior to _____, 1996, at the option of the Company, within 45 days of the sale of Capital Stock in a Public Equity Offering from the net proceeds of such sale at a redemption price equal to ___% of the principal amount to be redeemed, together with accrued and unpaid interest, if any, thereon to the date of redemption.

SECTION 1102. Applicability of Article.

Redemption of Securities at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 1103. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities pursuant to Section 1101 shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities to be redeemed and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Securities to be redeemed pursuant to Section 1104.

SECTION 1104. Selection by Trustee of Securities to Be

Redeemed.

If less than all the Securities are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities not previously called for redemption, in compliance with the requirements of the principal national securities exchange, if any, on which the Securities are listed or, if the Securities are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Securities; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Security not redeemed to less than \$1,000.

The Trustee shall promptly notify the Company and the Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 1105. Notice of Redemption.

Notice of redemption shall be given in the manner provided for in Section 106 not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed at his address appearing in the Security Register.

All notices of redemption shall state:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) if less than all Outstanding Securities are to be redeemed, the identification (and, in the case of a partial redemption, the principal amounts) of the particular Securities to be redeemed,
- (4) that on the Redemption Date the Redemption Price (together with accrued interest, if any, to the Redemption Date payable as provided in Section 1107) will become due and payable upon each such Security, or the portion thereof, to be redeemed, and that interest thereon will cease to accrue on and after said date, and
- (5) the place or places where such Securities are to be surrendered for payment of the Redemption Price.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1106. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in same-day funds (or New York Clearing House funds if such deposit is made prior to the applicable Redemption Date) sufficient to pay the Redemption Price of, and accrued interest on, all the Securi-

ties or portions thereof which are to be redeemed on that date.

SECTION 1107. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate borne by the Securities.

SECTION 1108. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at the office or agency of the Company maintained for such purpose pursuant to Section 1002 (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1201. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may, at its option by Board Resolution, at any time, with respect to the Securities, elect to have either Section 1202 or Section 1203 be applied to all Outstanding Securities upon compliance with the conditions set forth below in this Article Twelve.

SECTION 1202. Defeasance and Discharge.

Upon the Company's exercise under Section 1201 of the option applicable to this Section 1202, the Company and any Guarantor shall be deemed to have been discharged from their obligations with respect to all Outstanding Securities on the date the conditions set forth in Section 1204 are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the then Outstanding Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1205 and the other Sections of this Indenture referred to in (A) and (B) below, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), and Holders of the Securities and the Guarantees and any amounts deposited under Section 1204 shall cease to be subject to any obligations to, or the rights of, any holder of Senior Indebtedness or Guarantor Senior Indebtedness under Article Thirteen, Article Fourteen or otherwise, except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of Outstanding Securities to receive, solely from the trust fund described in Section 1204 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 304, 305, 306, 1002 and 1003 and any Guarantor's obligations in respect thereof, (C) the rights, powers, trusts,

duties and immunities of the Trustee hereunder and (D) this Article Twelve. Subject to compliance with this Article Twelve, the Company may exercise its option under this Section 1202 notwithstanding the prior exercise of its option under Section 1203 with respect to the Securities.

SECTION 1203. Covenant Defeasance.

Upon the Company's exercise under Section 1201 of the option applicable to this Section 1203, the Company shall be released from its obligations under any covenant contained in Section 801 and in Sections 1007 through 1020 with respect to the Outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and the Securities shall thereafter be deemed not to be "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder and Holders of the Securities and the Guarantees and any amounts deposited under Section 1204 shall cease to be subject to any obligations to, or the rights of, any holder of Senior Indebtedness or Guarantor Senior Indebtedness under Article Thirteen, Article Fourteen or otherwise. For this purpose, such covenant defeasance means that, with respect to the Outstanding Securities, the Company and any Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(4), but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 1204. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 1202 or Section 1203 to the Outstanding Securities:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 608 who shall agree to comply with the provisions of this Article Twelve applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) cash in United States dollars in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of (and premium, if any) and interest on the Outstanding Securities on the Stated Maturity (or Redemption Date, if applicable) of such principal (and premium, if any) or installment of interest; provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to said payments with respect to the Securities; and provided further that upon the effectiveness of this Section 1204, the cash or U.S. Government Obligations deposited shall not be subject to the rights of the holders of Senior Indebtedness pursuant to the provisions of Article Thirteen. For this purpose, "U.S. Government Obligations" means securities that are (x) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (y) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government obligation

or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt;

(2) No Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit or, insofar as Section 501(9) or 501(10) hereof are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(3) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any Guarantor is a party or by which it is bound;

(4) In the case of an election under Section 1202, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(5) Such defeasance or covenant defeasance shall not cause the Trustee to have a conflicting

interest with respect to any Securities of the Company or any Guarantor;

(6) In the case of an election under Section 1203, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(7) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that (x) the trust funds will not be subject to any rights of any holders of Senior Indebtedness of the Company, including, without limitation, rights arising under this Indenture, and (y) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable Federal Bankruptcy Code;

(8) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 1202 or the covenant defeasance under Section 1203 (as the case may be) have been complied with;

(9) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with intent of preferring the Holders or any Guarantor over the other creditors of the Company or any Guarantor with the intent of defeating, hindering or delaying or defrauding creditors of the Company, any Guarantor or others; and

(10) If the Bank Credit Agreement is in effect, the Company shall have delivered to the Trustee any required consent of the lenders under the Bank Credit Agreement to such defeasance or covenant defeasance, as the case may be.

SECTION 1205. Deposited Money and U.S. Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee--collectively for purposes of this Section 1205, the "Trustee") pursuant to Section 1204 in respect of the Outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law. Money and U.S. Government Obligations so held in trust are not subject to Article Thirteen.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1204 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Securities.

Anything in this Article Twelve to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1204 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance, as applicable, in accordance with this Article.

SECTION 1206. Reinstatement.

If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 1205 by reason of any order or judgment of any court or governmental

authority enjoining, restraining or otherwise prohibiting such application, then the obligations of the Company and any Guarantor under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 1202 or 1203, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 1205; provided, however, that if the Company makes any payment of principal of (or premium, if any) or interest on any Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE THIRTEEN

SUBORDINATION OF SECURITIES

SECTION 1301. Securities Subordinate to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees, for the benefit of the holders, from time to time, of Senior Indebtedness that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Securities and the payment of the principal of (and premium, if any) and interest on each and all of the Securities are hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness of all existing and future Senior Indebtedness of the Company, which includes, without limitation, all obligations under the Bank Credit Agreement; provided, however, that the Securities, the indebtedness represented thereby and the payment of the principal of (and premium, if any) and interest on the Securities in all respects shall rank equal with all other existing and future Pari Passu Indebtedness and senior to all future Subordinated Indebtedness.

This Article shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such provi-

sions are made for the benefit of the holders of Senior Indebtedness, and such holders are made obligees hereunder and they and/or each of them may enforce such provisions.

SECTION 1302. Payment Over of Proceeds upon Dissolution, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relating to the Company or its assets, (b) any liquidation, dissolution or other winding-up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or other marshalling of assets or liabilities of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, then and in any such event

(1) the holders of Senior Indebtedness shall be entitled to receive payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness of all amounts due on or in respect of all Senior Indebtedness, or provision shall be made for such payment in accordance with the instrument governing such Senior Indebtedness, before the Holders of the Securities are entitled to receive any payment or distribution of any kind or character (other than any payment or distribution in the form of equity securities or subordinated securities of the Company or any successor obligor with respect to the Senior Indebtedness provided for by a plan of reorganization or readjustment that, in the case of any such subordinated securities, are subordinated in right of payment to all Senior Indebtedness that may at the time be outstanding to substantially the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article (such equity securities or subordinated securities of a person hereinafter being "Permitted Junior Securities") or payments made pursuant to Article Twelve) on account of the principal of (and premium, if any) and interest on each and all of the Securities; and

(2) in the event that, notwithstanding the foregoing provisions of this Section, after an event described in clause (a), (b) or (c), the Trustee or any Holder of the Securities shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, in respect of the principal of (and premium, if any) and interest on each and all of the Securities before all Senior Indebtedness is paid in full or payment thereof provided for in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness, then and in such event such payment or distribution (other than a payment or distribution in the form of Permitted Junior Securities or payments made pursuant to Article Twelve) shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full in cash, Cash Equivalents or other form of payment, acceptable to the holders of Senior Indebtedness after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company into, another person or the liquidation or dissolution of the Company following the conveyance, transfer or lease of its properties and assets substantially as an entirety to another person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purposes of this Section if the person formed by such consolidation or into which the Company is merged or the person which acquires by conveyance, transfer or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions set forth in Article Eight.

SECTION 1303. Suspension of Payment When Senior Indebtedness

in Default.

(a) Unless Section 1302 shall be applicable, upon the occurrence of a Payment Default, then no payment or distribution of any assets of the Company of any kind or character (other than Permitted Junior Securities or payments made pursuant to Article Twelve) shall be made by the Company or the Trustee (if notice of such Payment Default has been received by the Trustee pursuant to Section 1309) or received by the Holders on account of the principal of (and premium, if any) and interest on each and all of the Securities or on account of the purchase or redemption or other acquisition of Securities unless and until such Payment Default shall have been cured or waived or shall have ceased to exist or such Senior Indebtedness shall have been discharged or paid in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness, after which the Company shall resume making any and all required payments in respect of the Securities, including any missed payments.

(b) Unless Section 1302 shall be applicable, upon (1) the occurrence of a Non-payment Default and (2) receipt by the Trustee from the representative of holders of Designated Senior Indebtedness of written notice of such occurrence, then no payment or distribution of any assets of the Company of any kind or character (other than Permitted Junior Securities or payments made pursuant to Article Twelve) shall be made by the Company on account of the principal of (and premium, if any) and interest on each and all of the Securities or on account of the purchase or redemption or other acquisition of Securities for a period ("Payment Blockage Period") commencing on the date of receipt by the Trustee of such notice from such representative unless and until (subject to any blockage of payments that may then be in effect under paragraph (a) of this Section) (A) more than 179 days shall have elapsed since receipt of such written notice by the Company or the Trustee (provided such Designated Senior Indebtedness as to which notice was given shall not theretofore have been accelerated), (B) such Non-payment Default shall have been cured or waived in writing or shall have ceased to exist (provided that no other Payment Default or Non-payment Default has occurred and is then continuing after giving effect to

such cure or waiver) or (C) such Designated Senior Indebtedness shall have been discharged or paid in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Designated Senior Indebtedness or (D) such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from such representative initiating such Payment Blockage Period, after which, in the case of clause (A), (B), (C) or (D), whichever was earlier, the Company shall resume making any and all required payments in respect of the Securities, including any missed payments. Notwithstanding any other provision of this Agreement, only one Payment Blockage Period may be commenced within any consecutive 360-day period, and no Non-payment Default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or can be made, the basis for the commencement of a subsequent Payment Blockage Period whether or not within a period of 360 consecutive days unless such event of default shall have been cured or waived for a period of not less than 90 consecutive days. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Trustee of the notice and there must be at least a 181-consecutive-day period in any 360-day period during which no Payment Blockage Period is in effect.

(c) In the event that, notwithstanding the foregoing, the Trustee or the Holder of any Security shall have received a payment prohibited by the foregoing provisions of this Section, then and in such event such payment shall be paid over and delivered forthwith by the Trustee (if the notice required by Section 1309 has been received by the Trustee) or an amount equal to such payment or distribution shall be paid over and delivered forthwith by such Holder to the agent under the Bank Credit Agreement for the benefit of, and distribution to, the holders of Designated Senior Indebtedness or, if the Bank Credit Agreement has been terminated, to the Company; provided that, in the event any Holder has received notice that such payment is prohibited by the foregoing provisions of this Section prior to the receipt of such payment by such Holders, any such Holders shall hold such payment in trust for the benefit of the holders of Designated Senior Indebtedness.

SECTION 1304. Payment Permitted If No Default.

Nothing contained in this Article or elsewhere in this Indenture or in any of the Securities shall prevent the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshalling of assets and liabilities of the Company referred to in Section 1302 or under the conditions described in Section 1303, from making payments at any time of principal of (and premium, if any) or interest on the Securities.

SECTION 1305. Subrogation to Rights of Holders of Senior Indebtedness.

Subject to the payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness of all Senior Indebtedness, the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of (and premium, if any) and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payments pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Securities, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

SECTION 1306. Provisions Solely to Define Relative Rights.

The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as between the Company and the Holders of the

Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of (and premium, if any) and interest on the Securities as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the Holders of the Securities and creditors of the Company other than the Holders of Senior Indebtedness; or (c) prevent the Trustee or the holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness.

SECTION 1307. Trustee to Effectuate Subordination.

Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 1308. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without in any way limiting the generality of paragraph (a) of this Section, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness, do any one or more of the following: (1) change the manner,

place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (3) release any person liable in any manner for the collection of Senior Indebtedness; and (4) exercise or refrain from exercising any rights against the Company and any other person; provided, however, that in no event shall any such actions limit the right of the Holders of the Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five hereof or to pursue any rights or remedies hereunder or under applicable laws if the taking of such action does not otherwise violate the terms of this Indenture.

SECTION 1309. Notice to Trustee.

(a) The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee, subject to TIA Section 315(a) through 315(d), shall be entitled in all respects to assume that no such facts exist; provided, however, that, if the Trustee shall not have received the notice provided for in this Section at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

(b) Subject to TIA Section 315(a) through 315(d), the Trustee shall be entitled to rely on the delivery to it of a written notice by a person representing himself to be a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article and, if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

SECTION 1310. Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, subject to TIA Section 315(a) through 315(d), and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding-up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

SECTION 1311. Rights of Trustee as a Holder of Senior Indebtedness; Preservation of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 606.

SECTION 1312. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 1311 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

SECTION 1313. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five or to pursue any rights or remedies hereunder or under applicable law.

SECTION 1314. Trust Moneys Not Subordinated.

Notwithstanding anything contained herein to the contrary, payments from cash or the proceeds of U.S. Government Obligations held in trust under Article Twelve hereof by the Trustee (or other qualifying trustee) and which were deposited in accordance with the terms of Article Twelve hereof and not in violation of Section 1303 hereof for the payment of principal of (and premium, if any) and interest on the Securities shall not be

subordinated to the prior payment of any Senior Indebtedness or subject to the restrictions set forth in this Article Thirteen, and none of the holders shall be obligated to pay over any such amount to the Company or any holder of Senior Indebtedness or any other creditor of the Company.

SECTION 1315. Proof of Claim.

In the event of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Holders irrevocably authorize and empower the agent under the Bank Credit Agreement (but without imposing any obligation on, or any duty to such agent) to file and prove all claims therefor in the name of the Holders (or otherwise, as such agent may determine, to be necessary or appropriate for the enforcement of the provisions of this Article Thirteen) if the Trustee or the Holders do not file a proper claim or proof of debt in the form required in any such proceeding prior to 15 days before the expiration of the time to file such claim or claims.

This Indenture may be signed in any number of counterparts each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

SPX CORPORATION

[SEAL]

By _____
Title:

Attest: _____
Title:

THE BANK OF NEW YORK

[SEAL]

By _____
Title:

Attest: _____
Title:

ARTICLE FOURTEEN

GUARANTEE OF SECURITIES

SECTION 1401. Guarantee.

Subject to the provisions of this Article Fourteen, each Guarantor hereby jointly and severally unconditionally guarantees to each Holder of a Security Outstanding authenticated and delivered by the Trustee and to the Trustee, irrespective of the validity and enforceability of this Indenture, the Securities or the obligations of the Company or any other Guarantors to the Holders or the Trustee hereunder or thereunder, that: (a) the principal of, premium, if any, and interest on the Securities will be duly and punctually paid in full when due, whether at maturity, by acceleration or otherwise, and interest on the overdue principal and (to the extent permitted by law) interest, if any, on the Securities and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder (including fees, expenses or other) and all other Guarantor Senior Subordinated Note Obligations will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Securities or any of such other Guarantor Senior Subordinated Note Obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. This Guarantee is a present and continuing guarantee of payment and performance, and not of collectibility only. Accordingly, failing payment when due of any amount so guaranteed, or failing performance of any other obligation of the Company to the Holders under this Indenture or the Securities, for whatever reason, each Guarantor shall be obligated to pay, or to perform or cause the performance of, the same immediately. An Event of Default under this Indenture or the Securities shall constitute an event of default under this Guarantee, and shall entitle the Holders of Securities to accelerate the obligations of the Guarantors hereunder in the same

manner and to the same extent as the obligations of the Company.

Each of the Guarantors hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, any release of any other Guarantor, the recovery of any judgment against the Company, any action to enforce the same, whether or not a Guarantee is affixed to any particular Security, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each of the Guarantors hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Guarantee will not be discharged except by complete performance of the obligations contained in the Securities, this Indenture and this Guarantee. If any Holder or the Trustee is required by any court or otherwise to return to the Company or to any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or such Guarantor, any amount paid by the Company or such Guarantor to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor further agrees that, as between it, on the one hand, and the Holders of Securities and the Trustee, on the other hand, (a) subject to this Article Fourteen, the maturity of the obligations guaranteed hereby may be accelerated as provided in Article Five hereof for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (b) in the event of any acceleration of such obligations as provided in Article Five hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Guarantee.

This Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Company for liquidation or

reorganization, should the Company become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Company's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Securities are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Securities, whether as a "voidable preference," "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Securities shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

The Guarantors shall have the right to seek contribution from any nonpaying Guarantor so long as the exercise of such right does not impair the rights of the Holders under this Guarantee.

SECTION 1402. Execution and Delivery of Guarantee.

The validity and enforceability of any Guarantee shall not be affected by the fact that it is not affixed to any particular Security. Each of the Guarantors hereby agrees that its Guarantee set forth in Section 1401 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of such Guarantee.

If an Officer of a Guarantor whose signature is on the Indenture or a Guarantee no longer holds that office at the time the Trustee authenticates any Security or at any time thereafter, such Guarantor's Guarantee of such Security shall be valid nevertheless.

The delivery of any Guarantee to the Trustee as required by Section 1018(a) shall constitute due delivery of such Guarantee on behalf of the Guarantor to and for the benefit of all Holders of the Securities.

SECTION 1403. Additional Guarantors.

Any person may become a Guarantor by executing and delivering to the Trustee (a) a supplemental indenture in form and substance satisfactory to the Trustee, which subjects such person to the provisions of this Indenture as a Guarantor, and (b) an Opinion of Counsel to the effect that such supplemental indenture has been duly authorized and executed by such person and constitutes the legal, valid, binding and enforceable obligation of such person (subject to such customary exceptions concerning fraudulent conveyance laws, creditors' rights and equitable principles as may be acceptable to the Trustee in its discretion).

SECTION 1404. Guarantee Obligations Subordinated to Guarantor Senior Indebtedness.

Each Guarantor covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees, for the benefit of the holders, from time to time, of Guarantor Senior Indebtedness that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Guarantee and all payments pursuant to the Guarantee made by or on behalf of such Guarantor are hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Guarantor Senior Indebtedness of all Guarantor Senior Indebtedness of such Guarantor.

This Section and the following Sections 1405 through 1417 of this Article shall constitute a continuing offer to all persons, who in reliance upon such provisions, become holders of, or continue to hold Guarantor Senior Indebtedness of any Guarantor and, to the extent set forth in Section 1406(b), holders of Designated Senior Indebtedness; and such provisions are made for the benefit of the holders of Guarantor Senior Indebtedness of each Guarantor and, to the extent set forth in Section 1406(b), holders of Designated Senior Indebtedness; and such holders, (to such extent) are made obligees hereunder and they or each of them may enforce such provisions.

SECTION 1405. Payment Over of Proceeds upon Dissolution, etc., of a Guarantor.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to any Guarantor or its assets, or (b) any liquidation, dissolution or other winding-up of any Guarantor, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets or liabilities of any Guarantor, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, then and in any such event

(1) the holders of Guarantor Senior Indebtedness of such Guarantor shall be entitled to receive payment in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Guarantor Senior Indebtedness of all amounts due on or in respect of all Guarantor Senior Indebtedness, or provision shall be made for such payment in accordance with the instrument governing such Guarantor Senior Indebtedness, before the Holders of the Securities are entitled to receive any payment or distribution of any kind or character by and on behalf of such Guarantor (other than any payment or distribution in the form of the Permitted Junior Securities of such Guarantor) on account of the Guarantor Senior Subordinated Note Obligations; and

(2) in the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of such Guarantor of any kind or character, whether in cash, property or securities, in respect of the Guarantor Senior Subordinated Note Obligations before all Guarantor Senior Indebtedness is paid in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Guarantor Senior Indebtedness or payment thereof is provided for, then and in such event such payment or distribution (other than a payment or distribution in the form of Permitted Junior Securities of such Guarantor) shall be paid over or delivered forthwith to the trustee in bankruptcy,

receiver, liquidating trustee, custodian, assignee, agent or other person making payment or distribution of assets of such Guarantor for application to the payment of all Guarantor Senior Indebtedness remaining unpaid, to the extent necessary to pay all Guarantor Senior Indebtedness in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Guarantor Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Guarantor Senior Indebtedness.

The consolidation of any Guarantor with, or the merger of any Guarantor into, another person or the liquidation or dissolution of any Guarantor following the conveyance, transfer or lease of its properties and assets substantially as an entirety to another person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purposes of this Section if the person formed by such consolidation or into which such Guarantor is merged or the person which acquires by conveyance, transfer or lease such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions set forth in Article Eight.

SECTION 1406. Suspension of Guarantee Obligations When Senior Indebtedness in Default.

(a) Unless Section 1405 shall be applicable, upon the occurrence of a Payment Default, then no payment or distribution of any assets of any Guarantor of any kind or character (other than Permitted Junior Securities of such Guarantor) shall be made by such Guarantor or the Trustee (if notice of such Payment Default has been received by the Trustee pursuant to Section 1309) or received by the Holders on account of the Guarantor Senior Subordinated Note Obligations or on account of the purchase or redemption or other acquisition of Securities or the Guarantee of such Guarantor unless and until such Payment Default shall have been cured or waived or shall have ceased to exist or the Senior Indebtedness as to which such Payment Default relates shall have been dis-

charged or paid in full in cash, Cash Equivalents or other form of payment acceptable to the holders of Senior Indebtedness, after which such Guarantor shall resume making any and all required payments in respect of the Guarantee, including any missed payments.

(b) Unless Section 1405 shall be applicable, during any Payment Blockage Period in respect of the Securities, no payment or distribution of any assets of any Guarantor of any kind or character (other than Permitted Junior Securities of such Guarantor) shall be made by such Guarantor on account of the Guarantor Senior Subordinated Note Obligations or on account of the purchase or redemption or other acquisition of Securities or the Guarantee of such Guarantor; provided, however, that the foregoing prohibition shall not apply unless such Payment Blockage Period has been instituted under Section 1303(b) by the representative of holders of Designated Senior Indebtedness which also constitutes Guarantor Senior Indebtedness. Upon the termination of any Payment Blockage Period, subject to Section 1405 and Section 1406(a) (if applicable), such Guarantor shall resume making any and all required payments in respect of its obligations under this Guarantee.

(c) In the event that, notwithstanding the foregoing, the Trustee or the Holder of any Security shall have received a payment prohibited by the foregoing provisions of this Section, then and in such event such payment shall be paid over and delivered forthwith by the Trustee (if the notice required by Section 1309 has been received by the Trustee) or an amount equal to such payment or distribution shall be paid over and delivered forthwith by such Holder to the agent under the Bank Credit Agreement for the benefit of, and distribution to, the holders of Designated Senior Indebtedness only to the extent, if at all, that such Designated Senior Indebtedness also constitutes Guarantor Senior Indebtedness or, if the Bank Credit Agreement has been terminated, to the Guarantor; provided that, in the event any Holder has received notice that such payment is prohibited by the foregoing provisions of this Section prior to the receipt of such payment by such Holders, any such Holders shall hold such payment in trust for the benefit of the holders of Guarantor Senior Indebtedness.

SECTION 1407. Release of a Guarantor.

(a) Notwithstanding anything to the contrary contained in this Indenture, in the event that a Guarantor is released from all obligations which pursuant to Section 1018(a) obligate it to become a Guarantor, such Guarantor shall be released from all obligations under its Guarantee (provided that the provisions of Section 1018(a) shall apply anew in the event that such Guarantor subsequent to being released incurs any obligations that pursuant to Section 1018(a) obligate it to become a Guarantor).

(b) In addition, except in the case where the prohibition on transfer in Section 801(a) is applicable, upon the sale or disposition of all of the Capital Stock of a Guarantor by the Company or a Subsidiary, or upon the consolidation or merger of a Guarantor with or into any person (in each case, other than to the Company or an Affiliate of the Company), such Guarantor shall be deemed automatically and unconditionally released and discharged from all obligations under this Article without any further action required on the part of the Trustee or any Holder; provided, however, that each such Guarantor is sold or disposed of in accordance with Section 1014 hereof; and provided further that the foregoing proviso shall not apply to the sale or disposition of a Guarantor in a foreclosure to the extent that such proviso would be inconsistent with the requirements of the Uniform Commercial Code.

(c) The Trustee shall deliver an appropriate instrument evidencing the release of a Guarantor upon receipt of a request of the Company accompanied by an Officers' Certificate certifying as to the compliance with this Section 1407. Any Guarantor not so released or the entity surviving such Guarantor, as applicable, shall remain or be liable under its Guarantee as provided in this Article.

The Trustee shall execute any documents reasonably requested by the Company or a Guarantor in order to evidence the release of such Guarantor from its obligations under its Guarantee endorsed on the Securities and under this Article.

Except as set forth in Articles Eight and Ten and this Section 1407, nothing contained in the Indenture or in any of the Securities shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

SECTION 1408. Waiver of Subrogation.

Each Guarantor hereby irrevocably waives any claim or other rights which it may now or hereafter acquire against the Company or any Restricted Subsidiary that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this Guarantee and this Indenture, including, without limitation, any right of subrogation, reimbursement, exoneration, indemnification, and any right to participate in any claim or remedy of any Holder of Securities against the Company or any Restricted Subsidiary, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Company, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights. If any amount shall be paid to any Guarantor in violation of the preceding sentence and the Securities shall not have been paid in full, such amount shall be deemed to have been paid to such Guarantor for the benefit of, and held in trust for the benefit of, the Holders of the Securities and shall, subject to the provisions of this Article and to Article Thirteen, forthwith be paid to the Trustee for the benefit of such Holders to be credited and applied upon the Securities, whether matured or unmatured, in accordance with the terms of this Indenture. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the waiver set forth in this Section is knowingly made in contemplation of such benefits.

This Section as applicable to any particular Guarantor may be amended or modified, without the consent of the Holders, in a manner to be consistent with the terms of any waiver of subrogation language set forth in any guarantee of such Guarantor issued under the Bank

Credit Agreement at the time that the Guarantee hereunder is first issued and shall thereafter be required to be modified in the same manner as such guarantee under the Bank Credit Agreement is thereafter amended or modified; provided that no such amendment or modification to thereafter conform to the Bank Credit Agreement shall be in a manner which is adverse to the Holders in any respect. No modification or amendment referred to in the preceding sentence shall be permitted if it would disadvantage the Holders relative to the Banks pursuant to the Bank Credit Agreement other than by operation of the subordination provisions of this Article.

SECTION 1409. Subrogation to Rights of Holders of Guarantor Senior Indebtedness.

Subject to the payment in full of all Guarantor Senior Indebtedness of the Guarantors and all Senior Indebtedness of the Company, the Holders of the Securities shall be subrogated to the rights of the holders of such Guarantor Senior Indebtedness of the Guarantors to receive payments and distributions of cash, property and securities of a Guarantor applicable to such Guarantor Senior Indebtedness of the Guarantors until all amounts due under the Guarantee of such Guarantor shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Guarantor Senior Indebtedness of any cash, property or securities of such Guarantor to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payments pursuant to the provisions of this Article to the holders of Guarantor Senior Indebtedness of the Guarantors by Holders of the Securities or the Trustee, shall, as among such Guarantor, its creditors other than holders of Guarantor Senior Indebtedness, and the Holders of the Securities, be deemed to be a payment or distribution by such Guarantor to or on account of the Guarantor Senior Indebtedness.

SECTION 1410. Guarantor Provisions Solely to Define Relative Rights.

The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Guarantor Senior Indebtedness of each Guarantor and, to the extent set forth in Section 1406,

holders of Designated Senior Indebtedness on the other hand. Nothing contained in this Article (other than a release pursuant to Section 1407) or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as between each Guarantor and the Holders of the Securities, the obligation of each Guarantor, which is absolute and unconditional, to pay to the Holders of the Securities its obligations under the Guarantee as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against such Guarantor of the Holders of the Securities and creditors of such Guarantor other than the holders of Guarantor Senior Indebtedness of such Guarantor; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon Default or an Event of Default under this Indenture, subject to the rights, if any, under this Article of the holders of Guarantor Senior Indebtedness of the Guarantors hereunder and, to the extent set forth in Section 1406, holders of Designated Senior Indebtedness.

The failure by any Guarantor to make a payment in respect of its obligations under this Guarantee by reason of any provision of this Article shall not be construed as preventing the occurrence of a Default or an Event of Default hereunder.

SECTION 1411. Trustee to Effectuate Subordination of Guarantee Obligations.

Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 1412. No Waiver of Guarantee Subordination Provisions.

(a) No right of any present or future holder of any Guarantor Senior Indebtedness of any Guarantor to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or any Guarantor or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company

or any Guarantor with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting in any way the generality of subsection

(a) of this Section, the holders of Guarantor Senior Indebtedness of any Guarantor may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article Fourteen or the obligations hereunder of the Holders of the Securities to the holders of such Guarantor Senior Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Guarantor Senior Indebtedness or any Senior Indebtedness as to which such Guarantor Senior Indebtedness relates or any instrument evidencing the same or any agreement under which such Guarantor Senior Indebtedness or such Senior Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Guarantor Senior Indebtedness or any Senior Indebtedness as to which such Guarantor Senior Indebtedness relates; (3) release any person liable in any manner for the collection or payment of such Guarantor Senior Indebtedness or any Senior Indebtedness as to which such Guarantor Senior Indebtedness relates; and (4) exercise or refrain from exercising any rights against such Guarantor and any other person; provided, however, that in no event shall any such actions limit the right of the Holders of the Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five hereof or to pursue any rights or remedies hereunder or under applicable laws if the taking of such action does not otherwise violate the terms of this Indenture.

SECTION 1413. Guarantors to Give Notice to Trustee.

(a) The Company and each Guarantor shall give prompt written notice to the Trustee of any fact known to such Guarantor which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall

not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company, such Guarantor or a holder of Guarantor Senior Indebtedness or from any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee, subject to TIA Sections 315(a) through 315(d), shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice provided for in this Section at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Security) then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

(b) Subject to TIA Sections 315(a) through 315(d), the Trustee shall be entitled to rely on the delivery to it of a written notice by a person representing himself to be a holder of Guarantor Senior Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a holder of Guarantor Senior Indebtedness (or a trustee, fiduciary or agent therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Guarantor Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Guarantor Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article and, if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

SECTION 1414. Reliance on Judicial Order or Certificate of Liquidating Agent Regarding Dissolution, etc., of Guarantors.

Upon any payment or distribution of assets of any Guarantor referred to in this Article, the Trustee, subject to TIA Sections 315(a) through 315(d), and the Holders of the Securities shall be entitled to rely conclusively upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding-up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of the Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Guarantor Senior Indebtedness of such Guarantor and other Indebtedness of such Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

SECTION 1415. Rights of Trustee as a Holder of Guarantor Senior Indebtedness; Preservation of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Guarantor Senior Indebtedness of any Guarantor which may at any time be held by the Trustee, to the same extent as any other holder of such Guarantor Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 606.

SECTION 1416. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and

including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 1414 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

SECTION 1417. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five or to pursue any rights or remedies hereunder or under applicable law.

SECTION 1418. Proof of Claim.

In the event of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Guarantor or the property of any Guarantor or its creditors, the Holders irrevocably authorize and empower the agent under the Bank Credit Agreement, if the Bank Credit Agreement is in effect and the Banks are holders of Guarantor Senior Indebtedness (but without imposing any obligation on, or any duty to such agent) to file and prove all claims therefor in the name of the Holders (or otherwise, as such agent may determine, to be necessary or appropriate for the enforcement of the provisions of this Article Fourteen) if the Trustee or the Holders do not file a proper claim or proof of debt in the form required in any such proceeding prior to 15 days before the expiration of the time to file such claim or claims.

SENIOR SUBORDINATED GUARANTEE

For value received, the undersigned hereby unconditionally guarantees to the holder of a Security (as that term is defined in the Indenture dated as of _____ 1994 (the "Indenture") between SPX Corporation (the "Company") and The Bank of New York, as trustee (the "Trustee"), and the Trustee, the payments of principal of, premium, if any, and interest on such Security in the amounts and at the time when due and interest on the overdue principal, premium, if any, and interest, if any, of such Security, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Securities, all in accordance with and subject to the terms and limitations of such Security, Article Fourteen of the Indenture and this Guarantee. This Guarantee shall become effective in accordance with Article Fourteen of the Indenture, and its terms shall be evidenced therein. The validity and enforceability of this Guarantee shall not be affected by the fact that it is not affixed to any particular Security.

The obligations of the undersigned to the holders of Securities and to the Trustee pursuant to this Guarantee and the Indenture are expressly set forth in Article Fourteen of the Indenture, and reference is hereby made to the Indenture for the precise terms of this Guarantee and all of the other provisions of the Indenture to which this Guarantee relates. The Indebtedness (as defined in the Indenture) evidenced by this Guarantee is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full in cash or cash equivalents of all Guarantor Senior Indebtedness (as defined in the Indenture), and this Guarantee is issued subject to such provisions. Each holder of a Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such holder for such purpose; provided, however, that such subordination provisions shall

cease to affect amounts deposited in accordance with the defeasance provisions of the Indenture upon the terms and conditions set forth therein.

This Guarantee is subject to release upon the terms set forth in the Indenture.

[NAME OF GUARANTOR]

By:

Name:

Title:

GARDNER, CARTON & DOUGLAS
SUITE 3400-QUAKER TOWER
321 NORTH CLARK STREET
CHICAGO, ILLINOIS 60610-4795
(312) 644-3000
TELEX: 25-3626
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May 10, 1994

SPX Corporation
700 Terrace Point Drive
Muskegon, Michigan 49443

Re: SPX Corporation
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to SPX Corporation, a Delaware corporation (the "Issuer"), in connection with the registration under the Securities Act of 1933, as amended (the "Securities Act"), of an aggregate of \$260,000,000 principal amount of Senior Subordinated Notes due 2002 of the Issuer (the "Securities"), pursuant to the Registration Statement (the "Registration Statement") on Form S-3 (Registration No. 33-52833). The Securities are to be issued under an indenture (the "Indenture") between the Issuer and The Bank of New York, as trustee (the "Trustee").

In connection with this opinion, we have examined into the corporate organization of the Issuer and the proceedings taken to date by the Issuer for the sale of the Securities. Our examination has extended to all statutes, instruments, agreements, forms of agreements, resolutions, charter documents, certificates and records which we have deemed necessary of examination for purposes of this opinion.

With respect to all documents examined by us, we have assumed that (i) all signatures on documents are genuine, (ii) all documents submitted to us as originals are authentic and (iii) all documents submitted to us as copies conform to the originals of those documents. With respect to matters of fact necessary to provide the opinions expressed herein, we have obtained or been furnished with, and have relied upon, such certificates and assurances from officers and other representatives of the Issuer and public officials as we have deemed necessary or appropriate for purposes of this opinion.

We have assumed for purposes of this opinion that the Indenture, the Securities included in the Indenture and the Purchase Agreement (the "Purchase Agreement") to be entered into by and among the Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson Lufkin & Jenrette Securities Corporation and Wertheim Schroder & Co. Incorporated (the "Underwriters") will, when executed, be substantially similar to the forms thereof which have been or are being filed as exhibits to the Registration Statement.

Members of this firm are admitted to practice in the State of Illinois and we express no opinion as to the laws of any other jurisdiction other than the corporate laws of the State of Delaware and the laws of the United States of America.

Based upon our examination as aforesaid and subject to the assumptions set forth above, we are of the opinion that when (i) the Registration Statement, as finally amended, has become effective; (ii) the appropriate officers of the Issuer have adopted resolutions and taken all such other additional action as may be necessary to establish and approve the terms of the Securities; (iii) the Indenture is duly executed and delivered by the Issuer and the Trustee; (iv) the Purchase Agreement is duly executed and delivered by the Issuer and the Underwriters; and (v) the Securities are duly executed, authenticated and delivered to the Underwriters upon payment of the agreed-upon consideration therefor, the Securities will be validly issued and binding obligations of the Issuer entitled to the benefits provided by the Indenture, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws now or hereafter in effect relating to creditors' rights generally, and general principles of equity (whether considered in a proceeding at law or in equity).

We hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement and to the reference to our firm in the Registration Statement and related Prospectus under the caption "Legal Matters." In giving such consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

SPX CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	THREE MONTHS ENDED MARCH 31,		PRO FORMA TWELVE MONTHS ENDED MARCH 31,	PRO FORMA YEAR ENDED DEC. 31,	YEAR ENDED DECEMBER 31,				
	1994	1993	1994	1993	1993	1992	1991	1990	1989
	(IN THOUSANDS)								
Income (loss) before income taxes and cumulative effect of change in accounting methods and extraordinary loss.....	\$ 5,100	\$ 635	\$(25,300)	\$(30,400)	\$ 44,655	\$ 33,993	\$ (28,732)	\$ 23,102	\$ 33,333
Add (deduct):									
SPT and SP Europe equity losses.....	0	565	0	0	48,345	2,407	8,532	5,298	4,667
Income as adjusted.....	5,100	1,200	(25,300)	(30,400)	93,000	36,400	(20,200)	28,400	38,000
Fixed charges:									
Interest expense, net....	10,228	3,907	37,500	39,000	17,882	15,061	16,853	17,708	9,906
Amortization of debt expense.....	0	46	0	0	185	216	130	95	94
Rental expense representative of an interest factor.....	975	1,079	3,900	3,767	4,316	3,104	3,598	4,034	2,477
Total fixed charges.....	11,203	5,032	43,400	42,767	22,383	18,381	20,581	21,837	12,477
Total adjusted earnings available for payment of fixed charges.....	\$16,303	\$6,232	\$ 18,100	\$ 12,367	\$ 115,383	\$ 54,781	\$ 381	\$ 50,237	\$ 50,477
Ratio of earnings to fixed charges.....	1.46	1.24	*	*	5.15	2.98	*	2.30	4.05

* In the pro forma twelve months ended March 31, 1994, the pro forma year ended December 31, 1993, and the year ended December 31, 1993, earnings were insufficient to cover fixed charges by \$25.3 million, \$30.4 million and \$20.2 million, respectively. Pro forma twelve months ended March 31, 1994 and pro forma year ended December 31, 1993 included a pretax restructuring charge of \$27.5 million. The year ended December 31, 1991 included a pretax special charge of \$18.2 million.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports included in this Amendment No. 1 to Form S-3 Registration Statement of SPX Corporation and to all references to Arthur Andersen & Co., included in or made part of this filing.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
May 10, 1994