

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K

(Mark One)

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

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

COMMISSION FILE NUMBER: 0-419

SPX CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)  
700 TERRACE POINT DRIVE, MUSKEGON, MICHIGAN  
(Address of principal executive offices)  
Registrant's telephone number, including area code:  
Securities registered pursuant to Section 12(b) of the Act:

38-1016340  
(I.R.S. Employer  
Identification No.)  
49443-3301  
(Zip Code)  
616-724-5000

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON	NEW YORK STOCK EXCHANGE PACIFIC STOCK EXCHANGE

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

NONE  
(Title of Class)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS  
REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF  
1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE  
REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH  
FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES  NO

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

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

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

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

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

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

## PART I

## ITEM 1. BUSINESS

SPX Corporation ("SPX" or the "company") is a global leader in the design, manufacture and marketing of products for the motor vehicle industry. Its operations are focused on the markets for specialty service tools and equipment used in vehicular repair and maintenance, and original equipment components for the manufacture and repair of motor vehicles.

The company was organized in 1911 under the laws of Michigan, and reincorporated in Delaware in 1968. It was known as The Piston Ring Company until 1931, when it changed its name to Sealed Power Corporation. The name was changed again in 1988, when it became SPX Corporation. Today, SPX Corporation is a multi-national corporation with operations in 14 nations. The corporate headquarters is located in Muskegon, Michigan.

## Recent Developments

During 1993 the company completed several significant transactions that are designed to increase its focus upon two primary core markets, specialty service tools and original equipment components for the motor vehicle industry.

- On June 10, 1993, the company purchased the Allen Testproducts division and its related leasing company, Allen Group Leasing, from The Allen Group, Inc. These businesses are being merged with the company's Bear Automotive division to create the Automotive Diagnostics division to enhance the company's engine diagnostics, emissions testing and wheel service equipment capabilities. Allen Group Leasing was renamed SPX Credit Corporation and was combined with the company's existing leasing operation and provides customers with a leasing option when purchasing higher dollar specialty service equipment.
- On October 22, 1993, the company divested its Sealed Power Replacement division, which markets and distributes replacement engine and under vehicle parts.
- On November 5, 1993, the company divested its Truth division, which designs and manufactures window and door hardware products.
- Effective December 31, 1993, the company acquired Riken Corporation's 49% ownership interest in Sealed Power Technologies Limited Partnership ("SPT"). SPT represents substantially all of the company's original equipment components segment.
- Sealed Power Technologies Limited Partnership Europe ("SP Europe"), which has not previously been consolidated in the financial statements of SPX, has been consolidated as of December 31, 1993. While SPX now owns 70% of SP Europe, the partnership had not previously been consolidated due to a pending participation of a 20% ownership interest by Riken. The Riken participation was not consummated. SP Europe is managed by the Sealed Power division of SPT. The remaining 30% interest in SP Europe is held by Mahle GmbH, a German corporation.

## Refinancing

Late in the fourth quarter of 1993, the company determined that virtually all existing SPX and SPT debt should be refinanced in connection with the purchase of Riken's 49% interest in SPT, due to favorable prevailing interest rates, scheduled and accelerated existing debt maturities, and to maintain the flexibility of the company to grow through internal investments and through acquisitions. The plan of refinancing (the "Refinancing") includes two elements, a new \$225 million revolving bank credit 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, 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 syndication 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 will be reduced to \$225 million of maximum availability. Proceeds from this revolving credit facility were used to extinguish approximately \$205 million of SPX debt, much of which was technically in default of covenant provisions. At December 31, 1993, SPT was in compliance with its debt covenants.

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. The proceeds from the notes will be used to retire existing SPT borrowings which totaled \$210.2 million at December 31, 1993. Excess proceeds will be used to pay down the company's revolving credit facility.

If the company does not issue the 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. The existing SPT debt would remain outstanding in its current form, including security interests in SPT's assets.

#### BUSINESS SEGMENTS

The result of these transactions is to increase the company's focus upon two primary business segments, Specialty Service Tools and Original Equipment Components. Additionally, a lease financing segment supports the Specialty Service Tool segment. The following unaudited pro forma information summarizes the company's revenues as if the above transactions had occurred as of the beginning of 1991. Please refer to footnote 7 to the consolidated financial statements for further explanation of the 1993 pro forma results.

	1993		1992		1991	
	(MILLIONS OF DOLLARS)					
Specialty Service Tools.....	\$ 529.2	52%	\$ 606.2	58%	\$525.3	58%
Original Equipment Components.....	458.8	46	420.0	40	366.1	40
SPX Credit Corporation Lease Finance Revenue.....	15.7	2	16.7	2	15.2	2
	\$1,003.7	100%	\$1,042.9	100%	\$906.6	100%
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#### SPECIALTY SERVICE TOOLS

This segment includes six operating divisions that design, manufacture and market a wide range of specialty service tools and diagnostic equipment primarily to the worldwide motor vehicle industry. Approximately one-fourth of sales are to customers outside of North America.

The company competes with numerous companies which specialize in certain lines of its Specialty Service Tools. The company believes it is the world leader in offering specialty tool programs for motor vehicle original equipment manufacturers' franchised dealer networks. The company is a major producer of electronic engine diagnostic equipment, emission testing equipment and wheel service equipment in North America and Europe. The key competitive factors influencing the sale of Specialty Service Tools are design expertise, timeliness of delivery, quality, service and price. Sales of specialty service tools essential to franchised dealers tend to vary with changes in vehicle design and the number of dealerships and are not directly dependent on the volume of vehicles that are produced by the original equipment manufacturers.

Design of specialty service tools is critical to their functionality and generally requires close coordination with either the motor vehicle original equipment manufacturers or with the ultimate users of the tools or instruments. These products are marketed as solutions to service problems and as aids to performance improvements. After the design is completed, the company manufactures, assembles or outsources these products. The company also markets a broad line of equipment of other manufacturers through franchised dealer equipment programs coordinated with certain motor vehicle original equipment manufacturers.

Automotive Diagnostics -- This division is the combination of the company's Bear Automotive unit and Allen Testproducts, which was acquired in June of 1993. The division manufactures and markets performance test, emission test, and wheel service equipment, including related software, to the global automotive service industry. Products are marketed under both the Bear and Allen Testproducts brand names.

These products are marketed to both the dealership and aftermarket channels through a direct sales force, OEM distribution and through independent distributorships, primarily in foreign countries. In North America, sales are supported by a network of company owned distribution and service centers. The division has operations located in Australia, Canada, the United Kingdom, Switzerland, Germany, Italy, France and the United States.

Dealer Equipment and Services (formerly Kent-Moore Tool & Equipment). -- This division administers dealer equipment programs in North America and Europe for fourteen motor vehicle manufacturers, including General Motors, Saturn, Opel, Nissan, Toyota and Hyundai. Under the motor vehicle manufacturer's identity, the division supplies service equipment and support material to franchised dealers, develops and distributes equipment catalogues, and helps franchised dealers assess and meet their service equipment needs.

The division's operations, which consist primarily of distribution of purchased products to customers, are located in the United States and Canada, the United Kingdom, Switzerland, Germany and Spain.

Kent-Moore -- This division designs and markets specialty service tools and hand-held diagnostic products for the world's motor vehicle manufacturers.

Franchised dealers use its products to do essential warranty and service work. Examples of products include specialty hand-held mechanical tools and specialty hand-held electronic diagnostic instruments.

The division's technical product development and sales staffs work closely with the original equipment manufacturers to design tools to meet the exacting needs of specialty repair work. Products are sold to franchised dealerships 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.

The division has manufacturing operations in the United States and Spain. Sales and marketing operations exist in the United States, Switzerland, the United Kingdom, Australia, Spain, and Brazil. The division also manages the company's 50% interest in JATEK, a Japanese company that markets specialty service tools and equipment in the Asia Pacific Rim.

OTC -- The division designs, manufactures and markets a variety of specialty service tools and equipment that range from gear pullers to complex, hand held diagnostic equipment. These products are based on customer needs and are marketed globally through automotive, agricultural, and construction equipment manufacturers to their franchised dealers. The division also has a strong aftermarket distribution system around the world. Products are marketed under brand names including OTC, V.L. Churchill, Lowener, and Miller Special Tools.

The division's technical product development and sales staff works closely with original equipment manufacturers to design tools that meet the exacting needs of specialty repair and maintenance work. Products are sold to franchised dealerships 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.

The division's aftermarket distribution is primarily through warehouse distributors and jobbers who are supported by an in-house sales and technical support staff.

The division has manufacturing operations located in the United States and sales and marketing operations located in the United States, the United Kingdom, Germany, and Australia.

Power Team -- The division is a world leader in producing and marketing precision quality high-pressure hydraulic pumps, rams, valves, pullers and other equipment. The division markets these products through industrial distributors, its own sales force and independent agents. The sales and marketing effort is supported by a strong technical support staff as products must be designed to exacting specifications to meet the multitude of applications for these products. Approximately three-fourths of the division's sales are related to the motor vehicle service industry, while the balance of sales are made in non-transportation markets such as construction, aerospace and industrial maintenance.

The division has sales, marketing and manufacturing operations in the United States. Additionally, sales and marketing offices are located in Australia, The Netherlands, and Singapore.

The company is one of two major producers in this marketplace, which is also supplied by many niche companies.

Robinair -- The division is a global leader in the design, manufacture, and marketing of specialty tools and equipment for the service of stationary and mobile air conditioning and refrigeration systems. These specialty tools range from mechanical hand-held tools, vacuum pumps and recharging equipment and leak detection equipment to refrigerant recovery and recycling equipment. The division also manufactures and markets engine coolant recycling systems.

Approximately one-third of the division's sales are to the stationary, or non-transportation, market which includes appliance, refrigeration, and non-vehicular air conditioning repair. The division's manufacturing facilities are located in the United States. Sales and marketing operations exist in the United States, Canada, the United Kingdom, Switzerland, Spain, and Australia.

#### ORIGINAL EQUIPMENT COMPONENTS

This segment includes five operating divisions that design, manufacture and market component parts for light and heavy duty vehicle markets. The component parts for the light and heavy duty vehicle market are composed of two primary sectors: (i) the OEM sector and (ii) the vehicle maintenance and repair sector, the so-called replacement market or aftermarket. The U.S. -- Canadian -- European OEM sector is composed primarily of four classes of customers: (a) U.S. manufacturers, dominated by General Motors, Ford and Chrysler, but including other vehicle manufacturers such as Navistar International and Mack Trucks; (b) foreign companies producing vehicles in North America and Europe ("transplants"); (c) European vehicle manufacturers, sometimes sourcing the company's products through assemblies; and (d) vehicle manufacturers producing vehicles outside the U.S., Canada and Europe. Aftermarket customers include the service organizations of OEMs, automotive parts manufacturers and distributors, private brand distributors, and export customers.

OEM contracts typically are from one to five years in length with the one year contracts typically being renewed or renegotiated, depending on part changes, in the ordinary course of business and the longer term contracts typically containing material cost pass-through and productivity improvement clauses. Sales of products to OEMs are affected, to a large extent, by vehicle production which, in turn, is dependent on general economic conditions. Historically, global vehicle production has been cyclical.

Aftermarket sales are tied to the age of vehicles in service and the need for replacement parts. Sales of products to the aftermarket historically have been less adversely affected by general economic conditions since vehicle owners are more likely to repair vehicles than purchase new ones during recessionary periods.

In its main product areas, the company competes with a small number of principal competitors (including the OEMs in certain product categories), some of which are larger in size and have greater financial resources than the company. Competitive factors influencing sales include quality, technology, service and price.

Acutex -- This division produces solenoid valves and related assemblies for major vehicle and transmission manufacturers around the world. Acutex's 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. The continued growth of electronically controlled automatic transmissions should increase the company's sales of solenoid valves.

This division is also responsible for managing the company's 50% investment in RSV, a Japanese company that utilizes the company's technology to develop and manufacture solenoid valves for the Asia Pacific Rim.

Contech -- This division produces precision aluminum, magnesium, and zinc die cast parts for automotive steering and air conditioning systems, and other assorted automotive/light truck uses. Primary products in this area include steering column parts, rack-and-pinion components and other castings such as components for air conditioning compressors, fuel systems, clutches, and transmissions. Approximately one half of the castings are machined by the division prior to delivery to customers.

Products are sold almost exclusively to automotive OEMs through the division's marketing and sales personnel who are assisted by an outside sales organization. The market is driven primarily by major OEM model and assembly programs.

The division has recently completed a major investment in magnesium die casting. The benefits of magnesium, including less weight and higher strength-to-weight ratio, will increase the division's proportion of future sales that are magnesium die castings.

Filtran -- This division is a leading global producer of automatic transmission filters and other filter products and has a leading position in the U.S. and Canadian OEM market and aftermarket. A typical transmission filter product consists of a composite plastic/metal or all metal housing which contains a highly specialized needled felt, polymesh, or metal filter element designed to capture foreign particles.

The division sells filters directly to the worldwide OEM market and aftermarket. Approximately two thirds of sales are to the aftermarket which includes the OEM parts and service organizations as well as private brand manufacturers and assorted transmission rebuilders, repackagers, and "quick lube" shops.

The division participates in the worldwide OEM market in two different methods. In Europe, the company's 50% owned joint venture, IBS Filtran, manufactures and distributes filters to OEM customers. In the Asia Pacific Rim, the division exports filters to OEM manufacturers in Japan, Korea and Australia.

Hy-Lift -- This division is a major domestic supplier of a variety of valve train components, including tappets, lash adjusters and roller rocker arms. Sales are made to both the domestic OEM market and the domestic aftermarket. Sales to the aftermarket, comprising approximately one third of total sales, are made through several channels, including direct sales to the OEM parts and service organizations and sales to private brand and export customers.

Sealed Power Division -- The division is the leading North American producer of automotive piston rings and among the largest independent producers of cylinder sleeves for automotive and heavy duty engines. The division also produces sealing rings for automatic transmissions.

There is a continuing trend in the automotive industry to reduce the weight of vehicles, which increases gas mileage. This trend has resulted in the development of aluminum engine blocks which require cast iron cylinder sleeves. Engine blocks made of cast iron do not require a cylinder sleeve. The division has been successful in obtaining contracts from the OEMs for these high volume automotive cylinder sleeve applications.

The division's products are purchased by both automotive/light truck and heavy duty engine OEMs. The division utilizes a technical sales force that works with OEM engine and transmission designers to provide high-quality rings and cylinder sleeves.

Approximately one-fourth of the division's sales are to the aftermarket. In addition to OEM parts and service organizations, the division supplies the aftermarket through two main distribution channels: private brand organizations, which sell the products under their own labels and a special export sales organization.

Sealed Power Technologies (Europe) Limited Partnership ("SP Europe"), like its North American counterpart, Sealed Power division, is a leading designer, producer and distributor of automotive piston rings and cylinder sleeves. Its sales are predominately to European OEMs and to the European aftermarket. SP Europe's primary European customers are VW, Federal Mogul, Mahle, Kolbenschmidt, Alcan, Avdi, Volvo and Mercedes Benz. SP Europe was created in June of 1991 after acquiring the European piston ring and cylinder sleeve manufacturing business of TRW, Inc. In October of 1992, Mahle GmbH contributed its Spanish piston ring operation to SP Europe in exchange for a 30% ownership interest in SP Europe. The Sealed Power division has managed SP Europe since its inception.

The division manages a 50% owned investment in Allied Ring Corporation, a U.S. joint venture with Riken, which manufactures and distributes piston rings to foreign companies producing vehicles in North America ("transplants").

The division is also responsible for managing the company's 40% equity investment in Promec, a Mexican company that manufactures and distributes rings and sleeves in Mexico.

#### SPX CREDIT CORPORATION

This unit was created through the acquisition of Allen Group Leasing from the Allen Group in June of 1993. This business provides U.S. and Canadian customers, primarily of the Automotive Diagnostics division, with lease financing as an alternative for purchasing electronic diagnostic, emissions testing and wheel service equipment. Essentially all of the direct financing leases are with companies or individuals operating within the automotive repair industry and leases are five years in length or less.

#### INTERNATIONAL OPERATIONS

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, located in France, Germany and Spain.

Additionally, the company has the following non U.S. equity investments:

JATEK (50%). A Japanese company that sells various products into the Asia Pacific Rim market, including many of the company's service products.

RSV (50%). A Japanese company that utilizes the company's technology to develop and manufacture solenoid valves for the Asia Pacific Rim.

Promec (40%). A Mexican company which, through its subsidiaries, manufactures and distributes piston ring and cylinder sleeve products in Mexico.

IBS Filtran (50%). A German company that manufactures and distributes automotive transmission filters to the European market.

The company licenses its piston ring technology to a Brazilian automotive parts manufacturer and has a cross-licensing agreement for piston rings with Riken Corporation.

The company's international operations are subject to the risk of possible currency devaluation and blockage, nationalization or restrictive legislation regulating foreign investments and other risks attendant to the countries in which they are located.

The company's total export sales (for the three year period ending December 31, 1993), to both affiliated and unaffiliated customers, from the United States, were as follows (historical basis):

	1993	1992	1991
	-----	-----	-----
	(IN MILLIONS)		
Export sales:			
To unaffiliated customers.....	\$ 74.4	\$64.0	\$55.4
To affiliated customers.....	34.9	33.8	34.4
	-----	-----	-----
Total.....	\$109.3	\$97.8	\$89.8
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SPT's export sales have historically been less than 10% of its total sales.

#### 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 expended approximately \$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. With the addition of SPT, 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.

#### PATENTS/TRADEMARKS

The company owns numerous domestic and foreign patents covering a variety of its products and methods of manufacture and also owns a number of registered trademarks. Although in the aggregate its patents and trademarks are of considerable importance in the operation of its businesses, the company does not consider any single patent or trademark to be of such material importance that its absence would adversely affect the company's ability to conduct its businesses as presently constituted.

#### RAW MATERIALS

The company's manufactured products are made predominately from iron, steel, zinc, aluminum, magnesium, plastics and electronic components. These raw materials are generally purchased from multiple sources of supply and the company has not experienced any significant disruptions in its businesses due to shortages.

#### OTHER MATTERS

At the end of 1993, the company's employment was 8600 persons, which includes the employees of SPT and SP Europe. Approximately one-third of the company's 5000 production and maintenance employees are covered by collective bargaining agreements with various unions. The company has collective bargaining agreements with Locals 637, 221, and 1071, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW); Shopmen's Local Union No. 473 of the International Association of Bridge, Structural and Ornamental Iron Workers; District No. 9, International Association of Machinists and Aerospace Workers (MAW); International Molders and Allied Workers Union, AFL-CIO, Local No. 120; Local 7629 of the United Paper International Union; Local 2492 International Association of Machinists & Aerospace Workers (MAW); and Local 2074 of the International Brotherhood of Electrical Workers. The collective bargaining agreements with UAW Locals 637, 221, and 1071 will expire on July 24,

1998, August 15, 1997, and March 3, 1995, respectively. The collective bargaining agreement with MAW District 9 will expire on May 13, 1995; the Molders Local 120 on May 15, 1995; the Shopmen's Local 473 on April 30, 1996. The collective bargaining agreement with Local 7629 of the United Paper International Union expires July 1, 1996. The collective bargaining agreement with Local 2492 of MAW expires September 13, 1996. The collective bargaining agreement with Local 2074 of the International Brotherhood of Electrical Workers expires May 4, 1995. Management believes it has generally good relations with its employees and anticipates that all of its collective bargaining agreements will be extended or renegotiated in the ordinary course of business. Certain contracts with OEM customers require the company to stockpile critical components prior to the expiration of collective bargaining agreements.

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.

The company does not believe that order backlog is a significant factor in the specialty service tools and equipment sector. Within the original equipment components sector, long term contracts and the related level of new vehicle production are significant to future sales.

All of the company's businesses are required to maintain sufficient levels of working capital to support customer requirements, particularly inventory. Sales terms and payment terms are in line with the practices of the industries in which they compete, none of which are unusual.

The majority of the company's businesses tend to be nonseasonal and closely follow changes in vehicle design, vehicle production, and general economic conditions. However, specific markets such as air conditioning service and repair follow the seasonal trends associated with the weather (sales are typically higher in spring and summer). Government regulations, such as the Clean Air Act, can also impact the timing and level of certain specialty service tool sales.

## ITEM 2. 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, which are leased (all non manufacturing). These leased facilities aggregate 442,000 square feet and have an average lease term of 6 years.

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 all are leased. No single distribution and service center is of material significance 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.

The company's properties used for manufacturing, administration and warehousing are adequate to meet its needs as of December 31, 1993. The company configures and maintains these facilities as required by their business use. At December 31, 1993, the company does not have significant excess capacity at any of its major utilized facilities, and utilized its manufacturing facilities, taken as a whole, at approximately 75% of three shift capacity in 1993. A vacated manufacturing facility in Arkansas was sold in early 1994. A vacated administrative facility in Wisconsin (with three years remaining on its lease), is currently being marketed for a sub-lease. Plans were announced during the fourth quarter to close a small casting facility in Michigan. Products manufactured at this facility will be produced in other facilities or outsourced.

## ITEM 3. LEGAL PROCEEDINGS

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.

In addition, it is the company'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 effects 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 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 those 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.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

## ITEM -- EXECUTIVE OFFICERS OF REGISTRANT

The following table sets forth with respect to each executive officer or other significant employee of the company, his name, age, all positions and offices with the company held by him, the term during which he has been an officer of the company and, if he has been an officer of the company for less than five years, his business experience during the past five years.

NAME AND AGE	OFFICE	EXECUTIVE OFFICER SINCE
Dale A. Johnson (56)	Chairman, Chief Executive Officer	1985
Curtis T. Atkisson, Jr. (60)	President, Chief Operating Officer	1991(1)
Albert A. Zagotta (59)	Executive Vice President	1994(2)
Roland Gerber (55)	Group Vice President	1989
Robert C. Huff (44)	Treasurer	1994(3)
Stephen A. Lison (53)	Vice President, Human Resources	1989
James M. Sheridan (53)	Vice President, Administration and General Counsel	1976
John D. Tyson (56)	Vice President, Corporate Relations	1988
R. Budd Werner (62)	Vice President, Finance, Chief Financial Officer	1981

See page 59 for a complete list of all executive compensation plans and arrangements.

- (1) Effective October 1991, Mr. Atkisson was elected President, Chief Operating Officer. From May 1989 through September 1991, Mr. Atkisson was President, Chief Executive Officer of SPT. Prior to 1989, Mr. Atkisson was a Group Vice President of the company.
- (2) Effective February 1994, Mr. Zagotta was elected Executive Vice President. From October 1991 through February 1994, he served as President and Chief Executive Officer of SPT. Prior to October 1991, he served as Vice President, General Manager of the Sealed Power division.
- (3) Effective February 1994, Mr. Huff was elected Treasurer. From April 1989 through February of 1994, he was Vice President, Finance of SPT.

## PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED  
SHAREHOLDER MATTERS

The company's common stock is traded on the New York Stock Exchange and Pacific Stock Exchange under the symbol "SPW".

Set forth below are the high and low sales prices for the company's common stock as reported on the New York Stock Exchange composite transaction reporting system and dividends paid per share for each quarterly period during the past two years:

	HIGH	LOW	DIVIDENDS PER SHARE
	-----	-----	-----
1993			
4th Quarter.....	\$18 1/2	\$15 1/4	\$ .10
3rd Quarter.....	18 7/8	15 3/8	.10
2nd Quarter.....	17 7/8	15	.10
1st Quarter.....	18 1/2	16 3/4	.10
1992			
4th Quarter.....	\$21	\$15 1/2	\$ .10
3rd Quarter.....	23	15	.10
2nd Quarter.....	22 7/8	15 1/2	.10
1st Quarter.....	18 5/8	12 1/8	.10

The approximate number of record holders of the company's Common Stock as of December 31, 1993 was 7,500.

The company is subject to a number of restrictive covenants under various debt agreements. Please see Note 19 to the consolidated financial statements for further discussion.

Future dividends will depend upon the earnings and financial condition of the company and other relevant factors. The new revolving credit agreement includes a covenant that limits dividends. Please see Note 23 to the consolidated financial statements for further explanation. The company has no present intention to discontinue its dividend policy and believes that dividends will continue at current levels during 1994.

## ITEM 6. SELECTED FINANCIAL DATA

	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
Revenues.....	\$ 756.1	\$801.2	\$673.5	\$708.2	\$632.0
Operating income (loss).....	(42.9)(1)	49.1	(11.9)(4)	40.8	34.3
Interest expense, net.....	(17.9)	(15.1)	(16.9)	(17.7)	(9.9)
Gain on sale of businesses.....	105.4	--	--	--	8.9(5)
Income (loss) before income taxes...	44.7	34.0	(28.8)	23.1	33.3
Income taxes.....	(29.5)	(13.4)	7.2	(8.8)	(12.7)
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss....	\$ 15.2	\$ 20.6	\$(21.6)	\$ 14.3	\$ 20.6
Cumulative effect of change in accounting methods, net of taxes.....	(31.8)(2)	(5.7)(2)	--	--	--
Extraordinary loss, net of taxes....	(24.0)(3)	--	--	--	--
Income (loss) from continuing operations.....	\$ (40.6)	\$ 14.9	\$(21.6)	\$ 14.3	\$ 20.6
Income from discontinued operations, net of taxes.....	--	--	--	--	57.7(6)
Net income (loss).....	\$ (40.6)	\$ 14.9	\$(21.6)	\$ 14.3	\$ 78.3
Per share of common stock:					
Income (loss) before cumulative effect of change in accounting methods and extraordinary loss....	\$ 1.20	\$ 1.48	\$(1.56)	\$ 1.04	\$ 1.45
Cumulative effect of change in accounting methods, net of taxes.....	(2.52)	(0.41)	--	--	--
Extraordinary loss, net of taxes....	(1.90)	--	--	--	--
Income (loss) from continuing operations, net of taxes.....	\$ (3.22)	\$ 1.07	\$(1.56)	\$ 1.04	\$ 1.45
Income from discontinued operations, net of taxes.....	--	--	--	--	4.04
Net income (loss).....	\$ (3.22)	\$ 1.07	\$(1.56)	\$ 1.04	\$ 5.49
Dividends paid.....	\$ .40	\$ .40	\$ .70	\$ 1.00	\$14.10(7)
Other Financial Data:					
Working Capital.....	\$ 119.4	\$182.2	\$195.1	\$249.8	\$186.1
Total assets.....	1,024.4	560.3	579.3	624.1	574.6
Long-term debt.....	336.2	160.3	199.7	226.2	152.7
Shareholders' equity.....	145.4	185.5	180.7	210.1	202.1
Capital expenditures.....	15.1	20.4	19.4	26.7	41.0
Depreciation and amortization.....	24.4	25.3	23.8	19.9	19.7

(1) Includes restructuring charge of \$27.5 million, \$18.5 million aftertax and \$1.47 per share. Refer to Note 9 to the consolidated financial statements for explanation.

(2) Refer to Note 2 to the consolidated financial statements for explanation.

(3) Refer to Note 8 to the consolidated financial statements for explanation.

(4) Includes special charge of \$18.2 million, \$14.7 million aftertax and \$1.06 per share. Refer to Note 9 to the consolidated financial statements for explanation.

(5) Represents gain on sale of five small non-core businesses.

(6) Includes a \$50.7 million gain, net of income taxes, from the contribution of operations to SPT.

(7) Includes special dividend of \$13.00 per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

OVERVIEW

Strategic Change -- The company completed several major transactions in 1993 which were designed to increase its focus upon two primary core markets, specialty service tools and original equipment components for the motor vehicle industry. These transactions were as follows:

- Acquired the Allen Testproducts division and its related leasing subsidiary, Allen Group Leasing, from The Allen Group in June.
- Acquired Riken's 49% interest in SPT. SPT represents substantially all of the company's Original Equipment Component segment.
- Divested two divisions, SPR and Truth, that are no longer strategic to the company's core markets.

As a result of these changes, the company's business is categorized into two primary segments, Specialty Service Tools and Original Equipment Components. Additionally, a lease financing segment, SPX Credit Corporation, supports the Specialty Service Tools segment.

Specialty Service Tools -- Over the past 11 years, the company has made significant investments in the specialty service tool market. The company acquired Kent-Moore and Robinair in 1982, acquired OTC and Power Team in 1985, acquired V.L. Churchill (United Kingdom) in 1985, acquired Bear Automotive in 1988, created Dealer Equipment and Services in 1989, acquired Miller Special Tools in 1991 and acquired Allen Testproducts and Lowener (Germany) in 1993. The specialty service tool market continues to be a source of opportunity as customers' needs for products and services continue to expand due to the increasing complexity of repairing motor vehicles. The company's acquisition of Allen Testproducts has enhanced its offering of electronic diagnostic products. Closely related to Specialty Service Tools, particularly electronic diagnostic and wheel service equipment, the company also acquired Allen Group Leasing in June. Now named SPX Credit Corporation, this lease financing operation provides customers with a leasing option when purchasing higher dollar specialty service equipment.

Revenues of Specialty Service Tools were \$503.6 million in 1993, which included seven months of Allen Testproducts. The 1993 operating loss of \$11.7 million for Specialty Service Tools was significantly affected by the third quarter \$27.5 million pretax restructuring charge associated with the acquisition of Allen Testproducts. The integration of Bear Automotive and Allen Testproducts began with the acquisition in June and was approximately 75% complete as of year-end 1993. In addition to the restructuring charge, which covered facility and work force reduction expenses, other incremental costs have been incurred during this transitional period. Management believes the annualized cost savings will be in excess of \$20 million once the integration is completed by mid-1994.

Original Equipment Components -- During 1993, the company determined to focus its position as an original equipment component supplier. As of December 31, 1993, the purchase of the other half of SPT enabled the company to increase its focus on original equipment components. Combined with the company's majority stake in SP Europe and its Acutex division, the company has a broad range of products for both original equipment manufacturers and aftermarket customers. Each of the Original Equipment Component segment's operating divisions have achieved various OEM customer quality awards.

Pro forma 1993 sales of this segment are \$458.8 million. Current U.S. motor vehicle manufacturers' production forecasts for the next few years show increased volumes, and signs of some economic recovery in Europe are encouraging. Finally, the continued growth of electronically controlled automatic transmissions should increase the company's sales of solenoid valves.

Pro forma operating income for the Original Equipment Components segment was \$18.1 million in 1993. In addition, it should be noted that in 1993; (a) a \$4.5 million charge for the closure of a manufacturing plant and the write down of equipment was recorded; (b) substantial work force reductions and efficiency improvements were completed at SP Europe; (c) negotiations were completed limiting a significant portion of retirement health care costs; and (d) volume increases at the solenoid valve facility improved fixed cost recovery at that plant. Management believes that these actions will benefit future results of operations.

SPX Credit Corporation -- Formed as a part of the acquisition of Allen Group Leasing in June, this lease financing operation provides leasing alternatives primarily to Automotive Diagnostics' customers. Pro forma 1993 leasing revenues were \$15.7 million and operating income was \$9.7 million. Management believes that SPX Credit Corporation will continue to be a positive factor in the sale of its electronic diagnostic and wheel service equipment.

Divestitures and Refinancing Plan -- The divestitures of the SPR and Truth divisions were based on the belief that these operations were not strategically related to either the Specialty Service Tools or Original Equipment Components segments. The sale of these units provided proceeds of approximately \$189 million, net of tax.

The company also established a new revolving credit facility of \$250 million in March 1994 with a syndicate of banks. The bank credit facility, coupled with the planned \$260 million offering of senior subordinated notes during the second quarter of 1994, will provide the company with a more favorable debt maturity schedule. Management believes this debt capacity will provide flexibility for future acquisitions and internal growth opportunities.

#### RESULTS OF OPERATIONS

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 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 Specialty Service Tools were down \$36.0 million principally from reduced sales of refrigerant recovery and recycling systems. In 1992, revenues benefited from approximately \$60.0 million of incremental sales of HFC134a refrigerant recovery and recycling systems to franchised automotive dealerships as many original equipment manufacturers required their dealerships to purchase this equipment. The balance of Specialty Service Tools 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 Allen Testproducts.

Revenues of Original Equipment Components 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.

## 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 Allen Testproducts 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

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, the interest on the 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 Allen Testproducts 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	
	(DOLLARS 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.....	(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.

Specialty Service Tools incurred an \$11.7 million loss in 1993, which includes a \$27.5 million restructuring charge for the combination of Bear Automotive and Allen Testproducts into the new Automotive Diagnostics division (see 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.



Overall revenues increased principally from increases within the Specialty Service Tools segment.

Specialty Service Tools revenues 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 dealerships, 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 general sales mix shift towards 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		INCREASE (DECREASE)
	1992	1991	
	-----		-----
	(DOLLARS 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.....	(17.1)	(20.2)	3.1
	-----		-----
Total.....	\$ 49.1	\$(11.9)	\$ 61.0
	-----		-----

Operating losses in 1991 were impacted by a \$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.

Specialty Service Tools' 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 writeoff 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.

Original Equipment Components' operating losses decreased due to improvements at the company's 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). Also, 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 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 higher 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

	YEAR		
	1993	1992	1991
	(IN MILLIONS)		
Cash flows from operating activities.....	\$ 25.3	\$ 67.5	\$ 67.4
Cash flows from investing activities.....	44.3	(24.9)	(34.9)
Cash flows from financing activities.....	38.5	(44.0)	(33.9)
Net cash flow.....	\$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.

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 Allen Testproducts and Allen Group Leasing for approximately \$102 million. In addition, 1993 included \$19.9 million of advances to SP Europe prior to it 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 were included.

Cash flows from financing activities reflected \$37.7 million of debt reduction in 1992 compared to \$44.0 million of additional borrowings in 1993. In 1991 a \$24.2 million debt reduction was achieved.

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 acquisition of SPT and to refinance certain SPX debt.

#### Capitalization

	DECEMBER 31	
	1993	1992
	(IN MILLIONS)	
Notes payable and current maturities of long-term debt.....	\$ 94.0	\$ 14.0
Long-term debt.....	336.2	160.3
Total Debt.....	\$430.2	\$174.3
Shareholders' equity.....	145.4	185.5
Total Capitalization.....	\$575.6	\$359.8
Total debt to capitalization ratio.....	74.7%	48.4%

At December 31, 1993, the company's total debt was composed of existing SPX debt of \$220.0 million and of SPT debt of \$210.2 million. In March 1994, the company extinguished approximately \$205 million of the SPX debt by utilizing its existing cash balance and a portion of the new \$250 million revolving credit facility. As of March 1994, the SPT debt remains outstanding.

In March 1994, the company initiated the process to issue \$260 million in senior subordinated notes. The issuance is expected to be completed before the end of the second quarter of 1994. At that time, the outstanding SPT debt will be extinguished using the proceeds from this offering. The December 31, 1993 unaudited pro forma presentation that follows assumes that both the revolving credit facility and the senior subordinated notes were available (in millions):

	CASH	DEBT
Actual at December 31, 1993.....	\$117.8	\$ 430.2
Payment to purchase 49% of SPT.....	(39.0)	--
Transaction and early extinguishment fees.....	(26.6)	--
Use of existing cash to pay SPX debt.....	(39.5)	(39.5)
Payment of SPX debt with new revolver.....	--	(165.3)
Borrowings under new revolver.....	--	165.3
Pro forma December 31, 1993 after Bank borrowings.....	\$ 12.7	\$ 390.7
Transaction and early extinguishment fees paid using new revolver.....	--	19.5
Payment of SPT debt.....	--	(210.2)
Reduction of new revolver.....	--	(49.8)
Proceeds from sale of senior subordinated notes.....	--	260.0
Pro forma December 31, 1993 after senior subordinated notes.....	\$ 12.7	\$ 410.2

On an unaudited pro forma basis, the following summarizes the debt outstanding and unused credit availability:

	TOTAL COMMITMENT	AMOUNT OUTSTANDING	UNUSED CREDIT AVAILABILITY
	(IN MILLIONS)		
Revolving Credit.....	\$225.0	\$ 135.0	\$ 90.0
Senior Subordinated Notes.....	260.0	260.0	--
Industrial Revenue Bonds.....	15.2	15.2	--
Total.....	\$500.2	\$ 410.2	\$ 90.0

After completion of this 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.

If the notes are not issued, the revolving credit facility commitment will remain at \$250 million and be secured by the company's assets (excluding SPT) and the SPT debt will remain outstanding. The combination of the unused SPX revolver availability of \$85 million and SPT unused credit availability of \$46 million at December 31, 1993, would be sufficient to cover the company's 1994 operational cash requirements, working capital requirements and capital expenditures.

#### Capital Expenditures

Capital expenditures were \$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 purchase of SPT, 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) 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 company's new revolving credit agreement 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 are 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 dependent 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 dealerships 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 original equipment manufacturers, the company is able to anticipate and manage these requirements.

#### IMPACT OF INFLATION

The company believes that inflation has not had a significant impact on operations during the period 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 does not anticipate that this standard will materially impact its financial position or results of operations upon adoption.

Automotive Diagnostics -- 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 Diagnostic 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 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.

Actuarial Discount Rate -- At year-end 1993, the company (and SPT) reduced the discount rate used for computation of pension and other 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 further 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.

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

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of  
SPX Corporation:

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

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

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

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

ARTHUR ANDERSEN & CO.

Chicago, Illinois,  
March 25, 1994.

## SPX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

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

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
REVENUES (Note 3).....	\$ 756,145	\$801,169	\$673,468
COSTS AND EXPENSES:			
Cost of products sold.....	508,032	533,169	461,626
Selling, general, and administrative expense.....	207,607	209,945	193,943
Other expense, net.....	7,524	6,594	3,046
Restructuring and special charges (Note 9).....	27,500	--	18,200
SPT equity losses (Note 5).....	26,845	2,407	8,532
SP Europe equity losses (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 aftertax. This charge recognizes the cumulative difference of expense since the inception of the ESOP until January 1, 1993 to reflect the shares allocated

## SPX CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1993

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 aftertax 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 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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (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)		
<b>Revenues:</b>			
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
<b>Total.....</b>	<b>\$ 756,145</b>	<b>\$801,169</b>	<b>\$673,468</b>
<b>Operating income (loss):</b>			
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)
<b>Total.....</b>	<b>(42,863)</b>	<b>\$ 49,054</b>	<b>\$(11,879)</b>
<b>Identifiable Assets:</b>			
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
<b>Total.....</b>	<b>\$1,024,401</b>	<b>\$560,328</b>	<b>\$579,343</b>
<b>Capital expenditures:</b>			
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
<b>Total.....</b>	<b>\$ 15,116</b>	<b>\$ 20,351</b>	<b>\$ 19,428</b>
<b>Depreciation and amortization:</b>			
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
<b>Total.....</b>	<b>\$ 24,370</b>	<b>\$ 25,277</b>	<b>\$ 23,771</b>

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

- (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.

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:

	1993	1992	1991
	(IN THOUSANDS)		
Geographic Areas:			
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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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

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

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

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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (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 in 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

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 and 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. Any changes in proceeds as a result of adjustments to the closing balance sheets are not expected to be material.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (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.

	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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

- (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.

## (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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (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

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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## 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.

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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 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.

## (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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (12) RECEIVABLES

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

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

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

## (13) INVENTORIES

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

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

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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (14) INCOME TAXES

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

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

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

	1993	1992	1991
	-----	-----	-----
Amount computed at statutory rate.....	35.0%	34.0%	(34.0)%
Increase (decrease) in taxes resulting from:			
U.S. rate change on net deferred taxes.....	2.0	--	--
Tax credits and incentives.....	(0.5)	(0.6)	(1.6)
Foreign losses not tax benefitted.....	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 benefitted.....	--	--	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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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)
	-----

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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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) 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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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

	LAND	BLDGS.	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
	(IN THOUSANDS)				
PROPERTY, PLANT & EQUIPMENT, AT COST:					
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

	BLDGS.	MACHINERY AND EQUIPMENT	TOTAL
	(IN THOUSANDS)		
ACCUMULATED DEPRECIATION:			
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 periodically 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 write down 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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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 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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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 of the SPT lenders will remove this restriction. Should the notes not be issued, the SPT indebtedness will remain in place, including the restrictions.

## (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.

	DECEMBER 31		
	1993	1992	1991
	-----	-----	-----
	(IN THOUSANDS)		
Shares of Common Stock			
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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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.

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

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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 Tool 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 division. In 1993 (since the acquisition), approximately \$5.8 million of equipment was repurchased under this agreement.

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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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

## (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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

In March of 1994, the first portion of the Refinancing was completed when the company closed a \$250 million revolving credit facility with 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.

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

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.

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)

## SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1993

## (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.....	\$ 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

	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)

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\* 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	--

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

(a) Directors of the company.

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the caption "Election of Directors".

(b) Executive Officers of the company.

See Part I of this Form 10-K at page 10.

ITEM 11. MANAGEMENT REMUNERATION AND TRANSACTIONS

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the headings "Compensation of Executive Officers" and "Directors' Compensation".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the caption "Stock Ownership of Management and Certain Beneficial Owners".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Peter H. Merlin, a Director of the company, is a Partner and Chairman -- International Department of the law firm of Gardner, Carton & Douglas which the company has retained in 1993 and many prior years and anticipates retaining in 1994 and thereafter.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed, or incorporated by reference, as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements on page 22 of this Form 10-K.
2. Financial Statement Schedules. None required. See page 22 of this Form 10-K.
3. Exhibits

ITEM NO.	DESCRIPTION
2	Acquisition Agreement between SPX Corporation and Riken Corporation.
3(i)	Restated Certificate of Incorporation, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1987.
(ii)	Certificate of Ownership and Merger dated April 25, 1988, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(iii)	By-Laws as amended through April 24, 1985, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1987.
4(i)	Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of March 24, 1994.
(ii)	14 1/2% Senior Subordinated Debentures due May 15, 1999 of Sealed Power Technologies Limited Partnership ("SPT") and SPT Corp., incorporated herein by reference from Exhibit 4(i) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989, as amended by Amendment No. 1 on Form 8 dated July 24, 1990.
(iii)	Indenture dated as of May 30, 1989 between SPT, SPT Corp. and Norwest Bank Minnesota, National Association, incorporated herein by reference from Exhibit 4.1 to Post-Effective Amendment No. 1 to Registration Statement 33-27994, filed by SPT and SPT Corp. on August 7, 1989.
(iv)	Bank Credit Agreement (the "SPT Credit Agreement") dated as of May 30, 1989, between SPT and Chemical Bank, as agent for the banks indicated therein, incorporated herein by reference from Exhibit 4.2 to Post-Effective Amendment No. 1 to Registration Statement 33-27994, filed by SPT and SPT Corp. on August 7, 1989.
(v)	First Amendment and Second Amendment to the SPT Credit Agreement dated as of November 30, 1989 and December 22, 1989, respectively, incorporated herein by reference from Exhibits 4(iv) and 4(v) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989, as amended by Amendment No. 1 on Form 8 dated July 24, 1990.
(vi)	Waiver dated as of March 30, 1990, under the SPT Credit Agreement, incorporated herein by reference from Exhibit 4(vi) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989, as amended by Amendment No. 1 on Form 8 dated July 24, 1990.

ITEM NO.	DESCRIPTION
(vii)	Third Amendment dated as of April 19, 1991, to the SPT Credit Agreement, incorporated herein by reference from Exhibit 4(vii) to SPT's and SPT Corp.'s Quarterly Report on Form 10-Q, file No. 33-27994, for the quarter ended March 31, 1991.
(viii)	Fourth Amendment dated as of October 23, 1991, to the SPT Credit Agreement, incorporated herein by reference from Exhibit 4(viii) to SPT's and SPT Corp.'s Quarterly Report on Form 10-Q, file No. 33-27994, for the quarter ended September 30, 1991.
10(i)	SPX Corporation Executive Share Unit Plan, as amended and restated, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(ii)	Sealed Power Corporation Executive Performance Unit Plan, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
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(v)	SPX Corporation Supplemental Retirement Plan for Top Management, as amended and restated, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(vi)	SPX Corporation Excess Benefit Plan No. 3, as amended and restated, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(vii)	SPX Corporation Executive Severance Agreement, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(viii)	SPX Corporation Trust Agreement for Supplemental Retirement Plan for Top Management, Excess Benefit Plan No. 3, and Retirement Plan for Directors, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(ix)	SPX Corporation Trust Agreement for Participants in Executive Severance Agreements, Special Separation Pay Plan for Corporate Staff Executive Personnel Agreements and Special Separation Pay Plan for Corporate Staff Management and Administrative Personnel Agreements, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.
(x)	SPX Corporation Stock Compensation Plan Limited Stock Appreciation Rights Award, incorporated herein by reference from the company's Amendment No. 1 on Form 8 to the Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1988.

ITEM NO.	DESCRIPTION
(xi)	SPX Corporation Stock Ownership Plan, incorporated herein by reference from the company's Current Report on Form 8-K, file No. 0-419, filed on July 26, 1989.
(xii)	SPX Corporation Stock Ownership Trust, incorporated herein by reference from the company's Current Report on Form 8-K, file No. 0-419, filed on July 26, 1989.
(xiii)	SPX Corporation 1992 Stock Compensation Plan, incorporated herein by reference from Exhibit 10(iii)(n) to the company's Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1992.
(xiv)	SPX Corporation Supplemental Employee Stock Ownership Plan, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 0-419, for the year ended December 31, 1990.
(xv)	Sealed Power Technologies L.P. Retirement Savings Fund, incorporated herein by reference from Exhibit 10(viii) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989.
(xvi)	Sealed Power Technologies L.P. Pension Plan No. 302, incorporated herein by reference from Exhibit 4(ix) to SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1989.
(xvii)	Sealed Power Technologies Limited Partnership Employee Option Plan, incorporated herein by reference from Exhibit 4(i) to SPT's Form S-8 Registration Statement No. 33-35993, filed by SPT and SPT Corp. on July 23, 1990.
11	Statement re computation of earnings per share. See Consolidated Statement of Income included in this Form 10-K.
21	Subsidiaries.
23	Consent of Independent Public Accountants.
99	Consolidated Financial Statements of SPT and SPT Corp., incorporated herein by reference from SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1993.

## (b) Reports on Form 8-K.

The company, on October 26, 1993, filed Form 8-K which provided the information regarding the divestiture of its Sealed Power Replacement division.

The company, on November 5, 1993, filed Form 8-K which provided the information regarding the divestiture of its Truth division.

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 25th day of March, 1994.

DALE A. JOHNSON  
Dale A. Johnson, Chairman  
and Chief Executive Officer;  
Director

R. BUDD WERNER  
R. Budd Werner  
Vice President, Finance,  
Chief Financial and  
Accounting Officer

FRANK A. EHMANN  
Frank A. Ehmann  
Director

CHARLES E. JOHNSON II  
Charles E. Johnson II  
Director

RONALD L. KERBER  
Ronald L. Kerber  
Director

DAVID P. WILLIAMS  
David P. Williams  
Director

CURTIS T. ATKISSON, JR.  
Curtis T. Atkisson, Jr.  
President and Chief  
Operating Officer;  
Director

J. KERMIT CAMPBELL  
J. Kermit Campbell  
Director

EDWARD D. HOPKINS  
Edward D. Hopkins  
Director

REUBEN W. KAPLAN  
Reuben W. Kaplan  
Director

PETER H. MERLIN  
Peter H. Merlin  
Director

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99	Consolidated Financial Statements of SPT and SPT Corp., incorporated herein by reference from SPT's and SPT Corp.'s Annual Report on Form 10-K, file No. 33-27994, for the year ended December 31, 1993.	

## PURCHASE AGREEMENT

This PURCHASE AGREEMENT ("Agreement") is made and entered into as of December 31, 1993, by and among SPX Corporation, a Delaware corporation ("SPX"), Kodiak Partners Corp., a Delaware corporation ("Kodiak"), Kodiak Partners II Corp., a newly-formed Delaware corporation and wholly-owned subsidiary of SPX ("Kodiak II"), Riken Corporation, a Japanese corporation ("Riken"), and Riken International U.S.A., Inc., a Delaware corporation ("Seller").

WHEREAS, pursuant to the Fourth Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement") of Sealed Power Technologies Limited Partnership (the "Partnership") dated as of October 9, 1991 among Sealed Power Management Corp., a Delaware corporation (the "Managing General Partner"), Kodiak, Seller and various individuals, Seller owns a 48% limited partnership interest and a 1% general partnership interest in the Partnership (the "Partnership Interests");

WHEREAS, the Managing General Partner has a capitalization consisting of 500 authorized shares of Class A Common Stock, \$.01 par value, all of which shares are issued and outstanding and owned by Kodiak, and 500 shares of Class B Common Stock, \$.01 par value, all of which shares are issued and outstanding and owned by Seller (the "MGP Shares");

WHEREAS, Kodiak II desires to purchase the Partnership Interests and the MGP Shares and Seller desires to sell the Partnership Interests and the MGP Shares to Kodiak II;

WHEREAS, Kodiak currently owns 275 shares of the issued and outstanding Common Stock, no par value (the "ARC Shares"), of Allied Ring Corporation, a Delaware corporation ("ARC");

WHEREAS, Riken desires to purchase the ARC Shares and Kodiak desires to sell the ARC Shares to Riken;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

## ARTICLE I

PURCHASE AND SALE OF PARTNERSHIP INTERESTS,  
MGP SHARES AND ARC SHARES; GUARANTY OF PAYMENT

1.1 Agreement to Purchase and Sell the Partnership Interests, MGP Shares and ARC Shares. Upon the terms and subject to the conditions set forth in this Agreement: (a) Seller hereby agrees to sell and Kodiak II hereby agrees to purchase from Seller, the Partnership Interests and the MGP Shares, in each case on the Closing Date (as defined below) free and clear of all Encumbrances (as defined below) for \$39 million (the "Kodiak II Purchase Price") and (b) Kodiak hereby agrees to sell and Riken hereby agrees to purchase from Kodiak, the ARC Shares on the Closing Date free and clear of all Encumbrances for \$550,000 (the "ARC Purchase Price").

1.2 SPX Guaranty. SPX hereby absolutely and irrevocably guarantees to Riken and Seller, the full and prompt payment of the sum of \$38,450,000 (the Kodiak II Purchase Price less the ARC Purchase Price), which amount is payable by Kodiak II to Riken or Seller at Closing. This guaranty is an absolute, unconditional and irrevocable guaranty of payment by Kodiak II and is in no way conditioned upon any requirement that Riken or Seller first attempt to collect payment from Kodiak II or any other party, obligor or guarantor, institute any suit or other legal proceedings against Kodiak II or any successors thereto, or resort to any other security or other means of obtaining payment or upon any other contingency whatsoever upon Kodiak II's failure to make the payment required by Sections 1.1(a) and 1.4(b)(i).

1.3 The Closing. The consummation (the "Closing") of the transactions contemplated in this Agreement shall take place at the Chicago offices of Skadden, Arps, Slate, Meagher & Flom at 10:00 a.m., local time, on March 15, 1994 or as soon thereafter as practicable following satisfaction or waiver of all of the conditions set forth in Article IV and Article V hereof or at such other place and time as may be agreed upon in writing by SPX, Kodiak, Kodiak II, Riken and Seller (the date on which the Closing occurs is referred to as the "Closing Date").

1.4 Deliveries at Closing. (a) At or prior to the Closing, Seller shall deliver or cause to be delivered to Kodiak II the following:

(i) a certificate evidencing the MGP Shares, free and clear of all Encumbrances, which certificate shall be properly endorsed for transfer or accompanied by duly executed stock powers, in either case executed in blank or in favor of Kodiak II (with all necessary stock transfer and

other documentary stamps affixed), and otherwise in a form acceptable for transfer on the books of the Managing General Partner;

(ii) an instrument or instruments of assignment of the Partnership Interests, together with evidence of payment of all applicable transfer and similar taxes, and any other documents that are necessary to transfer to Kodiak II good and marketable title to the Partnership Interests, free and clear of all Encumbrances;

(iii) resignations of the directors of the Managing General Partner elected by Seller; and

(iv) the certificate required to be delivered pursuant to Section 5.4.

(b) At or prior to the Closing, Kodiak II and/or Kodiak, as the case may be, shall deliver or cause to be delivered to Seller or Riken, as the case may be, the following:

(i) \$38,450,000 (the Kodiak II Purchase Price less the ARC Purchase Price) by wire transfer of immediately available United States funds to an account or accounts designated by Seller and Riken;

(ii) the certificate required to be delivered pursuant to Section 4.4; and

(iii) a certificate evidencing the ARC Shares, free and clear of all Encumbrances, which certificate shall be properly endorsed for transfer or accompanied by duly executed stock powers, in either case executed in blank or in favor of Riken or such designee as Riken may have directed prior to the Closing (with all necessary stock transfer and other documentary stamps affixed), and otherwise in a form acceptable for transfer on the books of ARC.

## ARTICLE II

## REPRESENTATIONS AND WARRANTIES OF RIKEN AND SELLER

Riken and Seller jointly and severally represent and warrant to SPX, Kodiak and Kodiak II as follows:

2.1 Organization and Qualification. Riken and Seller are each corporations duly organized, validly existing and in good standing under the laws of the jurisdiction of their incorporation. The Partnership Interests and the MGP Shares represent the only interests of Riken and Seller in the Partnership and the Managing General Partner.

2.2 Ownership of Partnership Interests and MGP Shares. The Partnership Interests and the MGP Shares are owned and have been owned at all times during the immediately preceding twelve months, beneficially and of record, by Seller, and Seller has complete power and right to sell, assign, transfer and deliver the Partnership Interests and MGP Shares free and clear of all options, pledges, security interests, liens, charges or other encumbrances or restrictions on transfer or voting of any kind whatsoever ("Encumbrances"), other than restrictions contained in the Partnership Agreement and the Stockholders Agreement, dated October 9, 1991, between Kodiak and Seller (the "Stockholders Agreement"). Upon consummation of the transactions contemplated hereby, Kodiak II will acquire good and marketable title to the Partnership Interests and the MGP Shares, free and clear of all Encumbrances other than restrictions contained in the Partnership Agreement and the Stockholders Agreement.

2.3 Authorization. Each of Riken and Seller has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The Board of Directors of Seller and the Board of Directors of Riken have duly approved and authorized the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and no further corporate action or other proceeding on the part of Riken or Seller is necessary to approve and authorize the execution and delivery of this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Riken and Seller and constitutes a valid and binding agreement of Riken and Seller, enforceable against each of them in accordance with its terms, except that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or to general principles of equity (regardless of whether enforcement is sought in a proceeding at equity or at law).

2.4 No Approvals or Conflicts. Except with respect to the Partnership Agreement and the Stockholders Agreement, neither the execution and delivery by Riken or Seller of this Agreement nor the consummation by Riken or Seller of the transactions contemplated hereby will (i) violate, conflict with or result in a breach of any provision of the charter or by-laws or similar governing document of Riken or Seller, (ii) violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the creation of any Encumbrance upon any of Seller's or Riken's properties or assets, including Seller's interest in the Partnership Interests or the MGP Shares or upon the properties or assets of any of their respective subsidiaries or affiliates (including, without limitation, the Partnership) under any note, indenture, license, franchise, permit, lease, contract, agreement or other instrument or obligation to which Seller or Riken or any of their respective subsidiaries or affiliates may be bound or subject, (iii) violate any order, writ, injunction, decree, judgment, ruling, law, rule or regulation of any court or governmental authority, domestic or foreign, applicable to the Partnership or Riken or Seller or any of their respective subsidiaries or affiliates or any of their respective properties or assets or (iv) require any consent, approval or authorization of, or notice to, or declaration, filing or registration with, any governmental or regulatory authority or other person in connection with the execution, delivery and performance of this Agreement by Riken or Seller; except in the case of clauses (ii), (iii) and (iv) above, where such violation, conflict, breach, default, termination, acceleration, creation or failure to obtain or make any such consent, approval, authorization, notice, declaration, filing or registration, or any other consequence or event described therein, would not, individually or in the aggregate, be reasonably likely to adversely affect the ability of Riken or Seller to consummate the transactions contemplated hereby.

2.5 Investment Intent. Riken is acquiring the ARC Shares for its own account and not with a view to or for sale in connection with any distribution thereof.

2.6 Brokers and Finders. Neither Riken, Seller nor any of their respective officers, directors, employees, affiliates or associates has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SPX, KODIAK AND KODIAK II

SPX, Kodiak and Kodiak II jointly and severally represent and warrant to Riken and Seller as follows:

3.1 Corporate Organization. SPX, Kodiak and Kodiak II are each corporations duly organized, validly existing and in good standing under the laws of the State of Delaware.

3.2 Ownership of ARC Shares. The ARC Shares are owned, beneficially and of record, by Kodiak, and Kodiak has complete power and right to sell, assign, transfer and deliver the ARC Shares free and clear of all Encumbrances. Upon consummation of the transactions contemplated hereby, Riken will acquire good and marketable title to the ARC Shares, free and clear of all Encumbrances.

3.3 Authorization, etc. Each of SPX, Kodiak and Kodiak II has full corporate power and authority to execute and deliver this Agreement and to carry out the transactions contemplated hereby. The Board of Directors of each of SPX, Kodiak and Kodiak II has duly approved and authorized the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and no further corporate action or other proceeding on the part of SPX, Kodiak or Kodiak II is necessary to approve and authorize the execution and delivery of this Agreement by SPX, Kodiak or Kodiak II or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each of SPX, Kodiak and Kodiak II and constitutes a valid and binding obligation of SPX, Kodiak and Kodiak II, enforceable against each of them in accordance with its terms, except that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or to general principles of equity (regardless of whether enforcement is sought in a proceeding at equity or at law).

3.4 No Approvals or Conflicts. Neither the execution and delivery by SPX, Kodiak or Kodiak II of this Agreement nor the consummation by SPX, Kodiak or Kodiak II of the transactions contemplated hereby will (i) violate, conflict with or result in a breach of any provision of the certificate of incorporation or by-laws of SPX, Kodiak or Kodiak II, (ii) except as shown on Schedule A hereto, violate, conflict with or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the creation of any Encumbrance upon any of SPX's, Kodiak's or Kodiak II's properties or assets, including the ARC Shares, or upon the properties or assets of any of their subsidiaries or affiliates (including, without limitation, the Partnership), under any note, indenture, license, franchise, permit, lease, contract, agreement or other instrument or obligation to which SPX, Kodiak or Kodiak II or any of their subsidiaries or affiliates or any of their respective properties may be bound or subject, (iii) violate any order, writ, injunction, decree, judgment, ruling, law, rule or regulation of any court or governmental authority, domestic or foreign, applicable to SPX, Kodiak or Kodiak II or any of their subsidiaries or affiliates or any of their respective properties or assets, or (iv) require

any consent, approval or authorization of, or notice to, or declaration, filing or registration with, any governmental or regulatory authority in connection with the execution, delivery and performance of this Agreement by SPX, Kodiak or Kodiak II; except in case of clauses (ii), (iii) and (iv) above, where such violation, conflict, breach, default, termination, acceleration, creation or failure to obtain or make any such consent, approval, authorization, notice, declaration, filing or registration, or any other consequence or event described therein, would not, individually or in the aggregate, be reasonably likely to adversely affect the ability of SPX, Kodiak or Kodiak II to consummate the transactions contemplated hereby.

3.5 Investment Intent. Kodiak II is acquiring the Partnership Interests and the MGP Shares for its own account and not with a view to or for sale in connection with any distribution thereof.

3.6 Brokers and Finders. Neither SPX, Kodiak, Kodiak II nor any of their respective officers, directors, employees, affiliates or associates has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees for which Seller or Riken will be liable in connection with the transactions contemplated by this Agreement.

#### ARTICLE IV

##### CONDITIONS TO SELLER'S AND RIKEN'S OBLIGATIONS

Each and every obligation of Seller and Riken under this Agreement to consummate the transactions contemplated hereby is subject to the satisfaction, at or prior to the Closing, of each of the following conditions, unless waived in writing by Seller and Riken:

4.1 Representations and Warranties. The representations and warranties made by SPX, Kodiak and Kodiak II in this Agreement shall be true and correct in all material respects when made and at and as of the Closing Date as though such representations and warranties were made at and as of such date, except for changes expressly permitted or contemplated by the terms of this Agreement.

4.2 Performance. Each of SPX, Kodiak and Kodiak II shall have performed and complied in all material respects with all agreements, obligations and conditions required by this Agreement to be so performed or complied with by SPX, Kodiak and Kodiak II prior to the Closing.

4.3 Injunctions. On the Closing Date, there shall be no injunction, writ, preliminary restraining order or other order in effect of any nature issued by a court or governmental agency of competent jurisdiction directing that the transactions provided for herein not be consummated as provided herein.

4.4 Officer's Certificate. Each of SPX, Kodiak and Kodiak II shall have delivered to Seller a certificate, dated the Closing Date and executed by the President or a Vice President of SPX, Kodiak and Kodiak II, certifying to the fulfillment of the conditions specified in Sections 4.1 and 4.2 hereof.

#### ARTICLE V

##### CONDITIONS TO SPX'S, KODIAK'S AND KODIAK II'S OBLIGATIONS

Each and every obligation of SPX, Kodiak and Kodiak II under this Agreement to consummate the transactions contemplated hereby is subject to the satisfaction, at or prior to the Closing, of each of the following conditions, unless waived in writing by SPX, Kodiak and Kodiak II:

5.1 Representations and Warranties. The representations and warranties made by Riken and Seller in this Agreement shall be true and correct in all material respects when made and at and as of the Closing Date as though such representations and warranties were made at and as of such date, except for changes expressly permitted or contemplated by the terms of this Agreement.

5.2 Performance. Each of Riken and Seller shall have performed and complied in all material respects with all agreements, obligations and conditions required by this Agreement to be so performed or complied with by Riken or Seller prior to the Closing.

5.3 Injunctions. On the Closing Date there shall be no injunction, writ, preliminary restraining order or other order in effect of any nature issued by a court or governmental agency of competent jurisdiction directing that the transactions provided for herein not be consummated as provided herein.

5.4 Officer's Certificate. Each of Riken and Seller shall have delivered to SPX, Kodiak and Kodiak II a certificate, dated the Closing Date and executed by an officer of Riken and Seller, respectively, certifying to the fulfillment of the conditions specified in Sections 5.1 and 5.2 hereof.

5.5 Consents. SPX shall have received consents, waivers or amendments to permit the transactions contemplated herein pursuant to the agreements listed on Schedule A hereto or, refinancing of the amounts borrowed pursuant to such agreements upon terms and conditions reasonably satisfactory to SPX.

## ARTICLE VI

### COVENANTS AND AGREEMENTS

6.1 Confidentiality. Each of Riken and Seller will hold, and will cause their respective consultants and advisors to hold, in strict confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of its respective counsel, by other requirements of law, all documents and information concerning SPX, Kodiak, Kodiak II and the Partnership furnished to them in connection with this Agreement, the Partnership Agreement or the Partnership or reflecting or based upon, in whole or in part, such information, except to the extent that such information can be shown to have been (i) previously known by the party or parties to which it was furnished (provided that such information is not subject to another confidentiality agreement or other obligation of secrecy owed to the party or parties providing such information), (ii) in the public domain through no fault of the party or parties to which it was furnished or (iii) later lawfully acquired from other sources by the party or parties to which it was furnished (provided that such sources are not known by such party or parties to be bound by a confidentiality agreement with or other obligation of secrecy to the disclosing party or parties or another party). Each of Riken's and Seller's covenant contained in this Section 6.1 shall continue for five years from the Closing Date, except to the extent the information referred to herein comes into the public domain through no fault of the party or parties required to hold it in confidence.

6.2 Notice of Breach of Representation or Warranty. From time to time prior to the Closing, the parties agree to notify promptly each other with respect to any matter, condition or occurrence hereafter arising which, if existing or occurring at the date of this Agreement would have resulted in the breach of a representation or warranty made in this Agreement. No such notice with respect to this Agreement shall be deemed to cure any breach of any representation or warranty made in this Agreement so as to permit the Closing to occur unless SPX, Kodiak, Kodiak II, Riken or Seller, as the case may be, specifically agrees thereto in writing.

6.3 Covenant to Satisfy Conditions. Each of Riken, Seller, Kodiak, Kodiak II and SPX agree to use reasonable efforts to insure that the conditions set forth in Article IV

and Article V hereof are satisfied, insofar as such matters are within the control of any of them.

6.4 Obligations under Partnership Agreement. Each of Riken and Seller agrees that from and after the date hereof they shall not take any position in any tax return, amended tax return or audit or otherwise with respect to taxes that is inconsistent with any provision of the Partnership Agreement. Except as otherwise provided in this Section 6.4 and Section 6.1, as of the Effective Date (as defined below), Seller shall no longer be deemed to be a partner in the Partnership and shall not have any continuing obligation or liability to any other partner of the Partnership or the Partnership and no other partner or the Partnership shall have any continuing obligation or liability to Seller or Riken, in each case, under the terms of the Partnership Agreement.

6.5 Effective Date. Each of Riken, Seller, SPX, Kodiak and Kodiak II agree that the transfer of the MGP Shares and Partnership Interests by Seller to Kodiak II and the transfer of the ARC Shares by SPX to Riken shall be effective immediately prior to the close of business on December 31, 1993 (the "Effective Date").

## ARTICLE VII

### TERMINATION

7.1 Termination. This Agreement may be terminated and abandoned at any time prior to Closing:

(a) by the mutual written consent of Riken, Seller, Kodiak, Kodiak II and SPX; or

(b) by either Riken, Seller, Kodiak, Kodiak II or SPX in the event the Closing has not occurred on or before September 30, 1994; provided, however, that the right to terminate this Agreement shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date.

7.2 Effect of Termination. In the event of any termination of this Agreement, neither party to this Agreement will have any liability to the other, except for any breach of any provisions of this Agreement.

## ARTICLE VIII

CONDUCT OF BUSINESS OF  
PARTNERSHIP PENDING THE CLOSING

8.1 Regular Course of Business. Prior to the Closing, the parties hereto agree to use best efforts to insure that the Partnership shall carry on the Partnership Operations (as hereinafter defined) substantially in the same manner as heretofore conducted, and shall not institute with respect to the Partnership Operations any new methods of purchase, sale, lease, management, or accounting or operation or engage in any transaction or activity, enter into any agreement or make any commitment relating to the Partnership Operations, except in the ordinary course of business and consistent with past practice. For purposes of this Agreement, "Partnership Operations" means all of the Partnership's properties, assets, operations and businesses and all other rights and privileges, real, personal or mixed, intangible or tangible, pertaining, or relating to the Partnership's divisions of every kind and description, wherever such properties, assets, operations and businesses may be located, as the same exist on the date of this Agreement.

8.2 Organization. Prior to the Closing, the parties hereto agree to use best efforts to insure that the Partnership shall preserve the relationships of the Partnership Operations with lessors, suppliers, distributors, customers and others having business relations with it; provided, however, that nothing herein shall prevent the Partnership from asserting any claims against any such lessors, suppliers, distributors, customers and others.

8.3 Compliance with Laws. The parties hereto agree to use best efforts to insure that the Partnership shall use all reasonable efforts to comply duly with all laws applicable to the Partnership Operations, the violation of which would be reasonably likely to result in a material adverse effect upon the Partnership Operations.

## ARTICLE IX

## MISCELLANEOUS

9.1 Survival of Representations and Warranties. The several representations and warranties of the parties contained in this Agreement or in any instrument delivered pursuant hereto shall survive the Closing Date for a period of one year; provided however, that the representations and warranties contained in Sections 2.2 and 3.2 shall survive the Closing Date without limitation.

9.2 Fees and Expenses. Each of the parties shall bear its own expenses in connection with the negotiation and consummation of the transactions contemplated by this Agreement. If either of the parties has retained a broker or finder in connection with the transactions contemplated herein, such party shall bear the fees and expenses of such broker or finder.

9.3 Further Assurances. From time to time, each party, without further consideration, will execute and deliver such documents (including, without limitations, any tax election) and take such action as the other party may reasonably request in order to more effectively consummate the transactions contemplated hereby and to vest in Kodiak II title to the Partnership Interests and the MGP Shares and to vest in Riken title to the ARC Shares. SPX agrees to negotiate in good faith with its creditors to obtain all necessary modifications, consents, amendments or waivers which may be required pursuant to the agreements listed on Schedule A attached hereto that are not being repaid or refinanced as contemplated by Section 5.5.

9.4 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of New York (without giving effect to its principles of conflict of laws). The parties acknowledge and agree that each has entered into this Agreement in the mutual expectation that its terms and conditions will be governed by and interpreted in accordance with the substantive laws of the State of New York. Therefore, the parties waive any right which any of them may have to challenge the efficacy of this provision or to contend that the laws of any other jurisdiction should govern the interpretation of this Agreement because such other jurisdiction has more significant contacts with, or a greater interest in, the matter in dispute than does the State of New York. Each party agrees that any suit, action or proceeding with respect to this Agreement, and the performance of the parties hereunder shall only be brought in the Courts of the State of New York in the County of New York, City of New York, or in the United States District Court for the Southern District of New York. Accordingly, each party submits irrevocably to the exclusive jurisdiction of each such Court for the purpose of any such suit, action or proceeding and waives irrevocably both any right which it may have to bring any such suit, action or proceeding in any forum other than a Court of the State of New York in the County of New York, City of New York, or in the United States District Court for the Southern District of New York, and any defense which it may have to the enforcement of this provision, whether based on the inconvenience of the forum or otherwise. Each party acknowledges that service of process in any such suit, action or proceeding may be effected in any manner then permitted, as the case may be, under the New York Civil Practice Law and Rules or the Federal Rules of Civil Procedure of the United States of America (or any instrument corresponding thereto).

9.5 Amendment. This Agreement may not be amended, modified or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto.

9.6 No Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but, except as provided in this Section 9.6, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties; Kodiak II may assign all or any portion of its rights and obligations to purchase the Partnership Interests and the MGP Shares under this Agreement to any person, corporation, business trust, joint venture, association or company (a "Kodiak Permitted Assignee"); Riken may assign all or any portion of its rights and obligations to purchase the ARC Shares to a direct or indirect wholly-owned subsidiary of Riken (a "Riken Permitted Assignee"). If such assignment shall be made by Kodiak II or Riken, as the case may be, such Kodiak Permitted Assignee or Riken Permitted Assignee shall be entitled to all of the rights and shall assume all of the obligations of Kodiak II or Riken, as the case may be, with respect to such assignment but such assignment shall not relieve Kodiak II or Riken, as the case may be, of its obligations hereunder.

9.7 Publicity. None of SPX, Riken, Kodiak, Kodiak II or Seller shall make or issue, or cause to be made or issued, any announcement or written statement concerning this Agreement or the transactions contemplated hereby for dissemination to the general public without the prior written consent of the other parties. This provision shall not apply, however, to any announcement or written statement required, in the opinion of counsel to such party, to be made by law or the regulations of any federal or state governmental agency or any stock exchange, except that the party required to make such announcement shall, whenever practicable, consult with the other parties concerning the timing and content of such announcement before such announcement is made.

9.8 Waiver. Any of the terms or conditions of this Agreement which may be lawfully waived may be waived in writing at any time by the party which is entitled to the benefits thereof. Any waiver of any of the provisions of this Agreement by any party hereto shall be binding only if set forth in an instrument in writing signed on behalf of such party. No failure to enforce any provision of this Agreement shall be deemed to or shall constitute a waiver of such provision and no waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

9.9 Notices. Any notices and other communications to be given in connection with this Agreement shall be in writing, and shall be deemed to have been given upon the

earliest of delivery thereof if by hand or upon receipt if sent by mail (registered or certified mail, postage prepaid, return receipt requested), or on the second business day after deposit if sent by a recognized overnight delivery service or upon transmission if sent by telex or facsimile transmission (with request for assurance of receipt in a manner customary for communications of such type) as follows:

If to SPX or Kodiak II:

SPX Corporation  
100 Terrace Plaza  
Muskegon, Michigan 49443  
Attention: General Counsel

with a copy to:

Skadden, Arps, Slate, Meagher & Flom  
333 West Wacker Drive  
Chicago, Illinois 60606  
Attention: William R. Kunkel

If to Riken or Seller:

Riken Corporation  
13-5 Kudankita 1-chome  
Chiyoda-ku, Tokyo 102 Japan  
Attention: Managing Director

with a copy to:

Whitman, Breed, Abbott & Morgan  
200 Park Avenue  
New York, New York 10166  
Attention: Jay Gladis

or to such other address as any party hereto may, from time to time, designate in a written notice given in like manner.

9.10 Complete Agreement. This Agreement and the other documents and writings referred to herein or delivered pursuant hereto, contain the entire understanding of

the parties with respect to their subject matter. There are no restrictions, agreements, promises, warranties, covenants or undertakings other than those expressly set forth in such documents with respect to the subject matter of this Agreement. Except as otherwise provided herein, this Agreement supersedes all prior agreements and understandings, both written and oral, between the parties with respect to such subject matter. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

9.11 Counterparts. This Agreement may be executed in one or more counterparts all of which shall be considered one and the same agreement and each of which shall be deemed an original.

9.12 Headings. The headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

9.13 Severability. Any provision of this Agreement which is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof in such jurisdiction or rendering that or any other provision of this Agreement invalid, illegal or unenforceable in any other jurisdiction.

9.14 Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and permitted assigns (including, without limitation, a Permitted Assignee pursuant to Section 9.6), any rights, remedies, obligations or liabilities under or by reason of this Agreement.

IN WITNESS WHEREOF, SPX, Kodiak, Kodiak II, Riken and Seller have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

SPX CORPORATION

By: /s/ Dale A. Johnson  
Name: Dale A. Johnson  
Title: Chairman & Chief Executive Officer

KODIAK PARTNERS CORP.

By: /s/ James M. Sheridan  
Name: James M. Sheridan  
Title: Vice President

KODIAK PARTNERS II CORP.

By: /s/ James M. Sheridan  
Name: James M. Sheridan  
Title: Vice President

RIKEN CORPORATION

By: /s/ Ko Chiba  
Name: Ko Chiba  
Title: President

RIKEN INTERNATIONAL U.S.A.,  
INC.

By: /s/ T. Suzuki  
Name: T. Suzuki  
Title: President

CREDIT AGREEMENT

AMONG

SPX CORPORATION,

as Borrower,

THE LENDERS NAMED HEREIN

and

THE FIRST NATIONAL BANK OF CHICAGO,

as Agent

DATED AS OF

MARCH 24, 1994

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## CREDIT AGREEMENT

This Credit Agreement, dated as of March 24, 1994, is among SPX CORPORATION, a Delaware corporation, the Lenders and THE FIRST NATIONAL BANK OF CHICAGO, individually and as Agent.

## W I T N E S S E T H:

WHEREAS, the Borrower is party to a certain Purchase Agreement (as hereinafter defined), pursuant to which contemporaneously herewith the Borrower is consummating the Acquisition;

WHEREAS, the Borrower has requested the Lenders to make financial accommodations available to it in the aggregate principal amount of \$250,000,000, the proceeds of which the Borrower will use (a) in part to repay certain indebtedness of the Borrower and its Subsidiaries, and (b) for the working capital needs and general corporate purposes of the Borrower and its Subsidiaries;

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

## ARTICLE I

## DEFINITIONS

As used in this Agreement:

"Acquisition" means the acquisition by the Borrower of a 49% partnership interest in SPT pursuant to the Purchase Agreement.

"Acquisition Documents" means the Purchase Agreement and the other documents, certificates and agreements delivered in connection with the Acquisition.

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

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

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

"Aggregate Available Commitment" means, at any time, the Aggregate Revolving Credit Commitment minus the Facility Letter of Credit Obligations and minus the Debt Repayment Reserve as in effect from time to time, subject to the provisions of Section 2.1(a) hereof.

"Aggregate Revolving Credit Commitment" means the aggregate of the Revolving Credit Commitments of all the Lenders hereunder.

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

"Agreement Accounting Principles" means generally accepted accounting principles as in effect on March 15, 1994, applied in a manner consistent with those used in preparing the financial statements referred to in Section 5.5.

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

"Alternate Permanent Facility" means this credit facility subsequent to the extension of the Facility Termination Date pursuant to Section 2.21(b).

"Alternate Permanent Facility Term" means the period commencing on the effective date of the extension of the Facility Termination Date pursuant to Section 2.21(b) and ending on the Facility Termination Date.

"Applicable Margin" means, during the applicable Term, the margin determined by reference to the table set forth below. The Applicable Margin shall, during the Alternate Permanent Facility Term, be subject to adjustment (upwards or downwards, as appropriate) based on the Leverage Ratio (expressed as a percentage) in accordance with the table set forth below; provided that no such adjustment shall be made prior to the first anniversary of the date hereof. The Leverage Ratio shall be determined from the then most recent annual or quarterly financial statements delivered by the Borrower pursuant to Section 6.1(a) or 6.1(b) and the officer's certificate delivered by the Borrower with such financial statements pursuant to Section 6.1(d). The adjustment, if any, to the Applicable Margin shall be effective commencing on the first Business Day after the delivery of such financial statements and officer's certificate. Until financial statements for the first complete fiscal quarter ending after the first day of the Alternate Permanent Facility Term have been

delivered by the Borrower, the maximum Applicable Margin shall apply. In the event that the Borrower shall at any time fail to furnish to the Lenders any of the financial statements required to be delivered pursuant to Sections 6.1(a) and 6.1(b) or the officer's certificate required to be delivered with such financial statements pursuant to Section 6.1(d), the maximum Applicable Margin shall apply until such time as such financial statements and officer's certificate are so delivered.

Applicable Margin

(a) Interim Facility Term

Alternate Base Rate Plus	Eurodollar Rate Plus
-----------------------------	-------------------------

0%	1.00%
----	-------

(b) Permanent Facility Term

Alternate Base Rate Plus	Eurodollar Rate Plus
-----------------------------	-------------------------

.50%	1.50%
------	-------

(c) Alternate Permanent Facility Term

Leverage Ratio (as a percentage)	Alternate Base Rate Plus	Eurodollar Rate Plus
-------------------------------------	-----------------------------	-------------------------

Greater than or equal to 51%	0%	1.00%
---------------------------------	----	-------

Less than 51%	0%	.875%
---------------	----	-------

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

"Asset Disposition" means any sale, transfer or other disposition of any asset of the Borrower or any Subsidiary (other than any Excluded Subsidiary) in a single transaction or in a series of related transactions (other than the sale of inventory in the ordinary course), including any Incremental Receivables Financing.

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

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

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

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

"Borrowing Notice" is defined in Section 2.8.

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

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

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

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

"Change" is defined in Section 3.2.

"Change in Control" means (a) the acquisition by any Person, or two or more Persons acting in concert, including without limitation any acquisition effected by means of any transaction contemplated by Section 6.12, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 25% or more of the outstanding shares of voting stock of the Borrower, but excluding any such acquisition by any Person owning 10% or more of the outstanding shares of the Borrower's voting stock as of the date hereof, or (b) during any period of 25 consecutive calendar months, commencing on the date of this Agreement, the ceasing of those

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

"Closing Transactions" is defined in Section 4.1(d).

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

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

"Condemnation" is defined in Section 7.8.

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

"Consolidated Interest Charges" means, with respect to any period for which the amount thereof is to be determined, the sum of (i) all interest on Indebtedness paid or payable during such period (including the interest component of Capitalized Lease Obligations, interest associated with a Contingent Obligation and interest paid or accrued by any Excluded Subsidiary on any Indebtedness if such Indebtedness is with recourse to the Borrower (but excluding fees and costs which may be capitalized as transaction costs in accordance with Agreement Accounting Principles), and (ii) all debt discount and expense amortized or required to be amortized during such period, in each of cases (i) and (ii) with respect to the Borrower and its Subsidiaries (other than any Excluded Subsidiary except as set forth above) determined on a consolidated basis in accordance with Agreement Accounting Principles.

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

"Consolidated Net Worth" means, at any date of computation, the consolidated common stockholders' equity of the Borrower and its consolidated Subsidiaries (other than any Excluded Subsidiary) as of such date determined in accordance with Agreement Accounting Principles.

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

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement or take-or-pay contract or application for a Letter of Credit. For purposes of calculating financial covenants hereunder, Contingent Obligations shall not include, (a) with respect to the Borrower, any obligations incurred under or in connection with the Existing Receivables Financing or any Incremental Receivables Financing, to the extent such obligations are non-recourse to the Borrower and its Subsidiaries or (b) with respect to SPX Credit, any obligations incurred under or in connection with any SPX Credit Lease Financing.

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

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

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

"Current Assets" means all current assets of the Borrower and its Subsidiaries (other than any Excluded Subsidiary), on a consolidated basis, as of any date of determination thereof calculated in accordance with Agreement Accounting Principles.

"Current Liabilities" means all current liabilities of the Borrower and its Subsidiaries (other than an Excluded Subsidiary) which should, in accordance with Agreement Accounting Principles, be classified as current liabilities, and in any event shall include all Indebtedness payable on demand or within one year from the date of determination without any option on the part of the obligor to extend or renew beyond such year, all accruals for federal or other taxes based on or measured by income and payable within such year, but excluding the current portion of long-term Indebtedness required to be paid within one year.

"Debt Repayment Reserve" means a reserve established on the date hereof against amounts otherwise available for Advances under the Aggregate Available Commitment in an aggregate amount equal to \$220,000,000, as such reserve may be reduced from time to time or terminated pursuant to Section 2.1(a).

"Default" means an event described in Article VII.

"EBITDA" means, for any applicable computation period, Consolidated Net Income, plus (a) Taxes paid or payable by the Borrower and its Subsidiaries (other than any Excluded Subsidiary) for such period, (b) Consolidated Interest Charges paid or accrued during such period, and (c) amortization and depreciation deducted in determining Consolidated Net Income for such period.

"Environmental Laws" is defined in Section 5.22.

"Environmental Permits" is defined in Section 5.22.

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

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

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the rate determined by the Agent to be the rate at which deposits in U.S. dollars are offered by First Chicago to first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of First Chicago's relevant Eurodollar Advance and having a maturity approximately equal to such Interest Period.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurodollar Base Rate applicable to such Interest Period, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) the Applicable Margin. The Eurodollar Rate shall be rounded to the

next higher multiple of 1/16 of 1% if the rate is not such a multiple.

"Excess Cash Flow" means, for any applicable computation period, (a) the sum of (i) Consolidated Net Income for such period, plus (ii) amortization, depreciation and other non-cash charges deducted in determining Consolidated Net Income for such period, minus (b) the sum of (i) actual cash expenditures for Capital Expenditures made during such period by the Borrower and its Subsidiaries (other than any Excluded Subsidiary) permitted under this Agreement, plus (ii) principal payments made during such period on all Indebtedness (exclusive of mandatory prepayments made from Excess Cash Flow during such period), and minus (c) the increase (or plus the decrease, as the case may be), as of the last day of a fiscal year from the last day of the previous fiscal year in the excess of Current Assets over Current Liabilities, assuming for purposes of calculating such amounts that the Borrower has conducted its business in the ordinary course and in accordance with past practices.

"Excluded Subsidiary" means, during the Interim Facility Term and the Permanent Facility Term only, SPT and any Subsidiary of SPT.

"Existing Borrower Indebtedness" means any Indebtedness of the Borrower or its Subsidiaries described on Schedule 6.2 hereto which will not be repaid on the date hereof but which will be repaid on or prior to the respective repayment dates set forth on such schedule with respect to each such item of Indebtedness.

"Existing Receivables Financing" means obligations of the Borrower in an aggregate amount of \$25,900,000 incurred or issued pursuant to the terms of those certain Agreements, each dated as of April 30, 1991, between the Borrower and each of The First National Bank of Chicago and Falcon Asset Securitization Corporation, as the same may be extended or renewed so long as such extension or renewal is on the terms and conditions currently in effect or on other terms and conditions, including those relating to advance rates, reasonably satisfactory to the Required Lenders.

"Facility Letter of Credit" means a standby Letter of Credit issued pursuant to Section 2.20.

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

"Facility Letter of Credit Sublimit" means an aggregate amount of \$35,000,000, of which not more than \$20,000,000 at any one time outstanding shall be used by the Borrower for Facility Letters of Credit to support its workers compensation program.

"Facility Termination Date" means June 30, 1994, subject to extension to March 15, 1999 as provided in Section 2.21.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"Financial Statements" is defined in Section 5.5.

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

"Fixed Charge Coverage Ratio" means for any applicable computation period, the ratio of (a) EBITDA for such period plus Rentals paid or payable for such period by the Borrower and its Subsidiaries (other than any Excluded Subsidiary unless the liability for such Rentals is recourse to the Borrower), to (b) Fixed Charges for such period.

"Fixed Charges" means, for any applicable computation period, the sum of (a) Consolidated Interest Charges for such period, (b) actual Indebtedness (including Indebtedness of any Excluded Subsidiary if such Indebtedness is recourse to the Borrower) paid or payable during such period pursuant to the scheduled amortization of such Indebtedness (excluding the mandatory prepayments, if any, made pursuant to Section 2.1(b) in connection with a reduction in the Aggregate Revolving Credit Commitment pursuant to Section 2.7(c)), (c) any Rentals paid or payable during such period by the Borrower and its Subsidiaries (other than any Excluded Subsidiary unless the liability for such Rentals is recourse to the Borrower), and (d) Taxes actually paid or payable by the Borrower and its Subsidiaries (other than any Excluded Subsidiary) for such period.

"Floating Rate" means, for any day, a rate per annum equal to (a) the Alternate Base Rate for such day, plus (b) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

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

"Hazardous Materials" is defined in Section 5.22.

"Incremental Receivables Financing" means obligations of the Borrower incurred or issued pursuant to an increase in the Existing Receivables Financing or pursuant to a separate securitized receivables facility substantially similar to the Existing Receivables Financing and otherwise on terms and conditions, including those relating to advance rates, reasonably satisfactory to the Required Lenders.

"Indebtedness" of a Person means such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances, or other instruments, (e) Capitalized Lease Obligations, (f) Rate Hedging Obligations, (g) Contingent Obligations, (h) obligations for which such Person is obligated pursuant to or in respect of a Letter of Credit, (i) repurchase obligations or liabilities of such Person with respect to accounts receivable or notes receivable sold by such Person, (j) with respect to the Borrower, 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 Borrower prepared in accordance with GAAP, provided that for purposes of calculating financial covenants hereunder, such obligations shall be included only to the extent such obligations are with recourse to the Borrower or any of its Subsidiaries, and (k) with respect to SPX Credit, 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 Borrower and its Subsidiaries prepared in accordance with GAAP, provided that for purposes of calculating financial covenants hereunder, such obligations shall be excluded as Indebtedness.

"Interest Expense Coverage Ratio" means, for any applicable computation period, the ratio of EBITDA for such period to Consolidated Interest Charges for such period.

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

in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Interim Facility" means the credit facility established hereby prior to any extension thereof pursuant to Section 2.21.

"Interim Facility Term" means the period commencing on the date hereof and ending on the earlier of (a) the effective date of any extension of the Facility Termination Date pursuant to Section 2.21, or (b) the later of (i) the date the Obligations shall have been repaid in full and this Agreement shall have been terminated, or (ii) June 30, 1994.

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

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

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

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

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

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

"Leverage Ratio" means, with respect to the Borrower and its Subsidiaries (other than an Excluded Subsidiary, provided that all Indebtedness of any Excluded Subsidiary shall be included if such Indebtedness is recourse to the Borrower) on a consolidated basis, as of any date of computation, the ratio (expressed as a percentage) of (a) the aggregate outstanding principal balance of all Indebtedness, to (b) the sum of (i) the aggregate outstanding principal balance of all Indebtedness plus (ii) Consolidated Net Worth as of such date, determined in each case in accordance with Agreement Accounting Principles.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

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

"Loan Documents" means this Agreement, the Notes and the other documents and agreements contemplated hereby and executed by the Borrower or any Subsidiary in favor of the Agent or any Lender, including without limitation any security documents delivered pursuant to Section 2.21(a)(iii) or any Subsidiary Guaranty delivered pursuant to Section 2.21(b)(v).

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

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

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

"Net Available Proceeds" means (a) with respect to any Asset Disposition, the sum of cash or readily marketable cash equivalents received (including by way of a cash-generating sale or discounting of a note or receivable, but excluding any other consideration received in the form of assumption by the acquiring Person of debt or other obligations relating to the properties or assets so disposed of or received in any other non-cash form) therefrom, whether at the time of such disposition or subsequent thereto, or (b) with respect to any sale or issuance of any debt or equity securities of the Borrower or any Subsidiary, cash or readily marketable cash equivalents received (but excluding any other non-cash form) therefrom, whether at the time of such disposition or subsequent thereto, net, in either case, of all legal, title and recording tax expenses, commissions (including investment banking fees) and other fees and all costs and expenses incurred and all federal, state, local and other taxes required to be accrued as a liability as a consequence of such transactions and, in the case of

an Asset Disposition, net of all payments made by the Borrower or any of its Subsidiaries on any Indebtedness which is secured by such assets pursuant to a permitted Lien upon or with respect to such assets or which must by the terms of such Lien, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition.

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

"Notice of Assignment" is defined in Section 12.3.2.

"Notice of Issuance" is defined in Section 2.20.4.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, the Facility Letter of Credit Obligations and all other liabilities (if any), whether actual or contingent, of the Borrower with respect to Facility Letters of Credit, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower or any Subsidiary to the Lenders or to any Lender, the Agent or any indemnified party hereunder arising under any of the Loan Documents and any Rate Hedging Obligations or foreign exchange contracts of the Borrower owing to the Agent or any Lender.

"Participants" is defined in Section 12.2.1.

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

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

"Permanent Facility" means this credit facility subsequent to the extension of the Facility Termination Date pursuant to Section 2.21(a).

"Permanent Facility Term" means the period commencing on the effective date of the extension of the Facility Termination Date pursuant to Section 2.21(a) and ending on the Facility Termination Date.

"Permitted Liens" is defined in Section 6.18.

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

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

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

"Pro Forma" is defined in Section 5.5.

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

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

"Purchase Agreement" means that certain purchase agreement dated as of December 31, 1993 by and among the Borrower, Kodiak Partners II Corp., Riken Corporation and Riken International U.S.A., Inc., as the same may be amended or modified after the date hereof.

"Purchasers" is defined in Section 12.3.1.

"Rate Hedging Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and (b) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any

successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to depository institutions.

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

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

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

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

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

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

"Release" is defined in the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 39601 et seq.

"Rentals" of a Person means the aggregate fixed amounts payable by such Person under any lease of Property, excluding without limitation Capitalized Leases having a then remaining term

(including any required renewals or any renewals at the option of the lessor or lessee) of one year or more.

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

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the Aggregate Revolving Credit Commitment or, if the Aggregate Revolving Credit Commitment has been terminated, Lenders in the aggregate holding at least 66-2/3% of the sum of (i) the aggregate unpaid principal amount of the outstanding Loans plus (ii) the Facility Letter of Credit Obligations.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on new non-personal time deposits of \$100,000 or more with a maturity equal to that of such Interest Period.

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

"Revolving Credit Commitment" means, for each Lender, the obligation of such Lender to make Loans to the Borrower pursuant to Section 2.1 in an aggregate amount at any one time outstanding not exceeding the amount set forth opposite its name under the heading "Revolving Credit Commitment" on the signature page hereto, as such amount may be modified or reduced from time to time pursuant to the terms of this Agreement.

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

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

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

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

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

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

"SPT" means Sealed Power Technologies, Limited Partnership, a Delaware limited partnership.

"SPT Europe" means Sealed Power Technologies Limited Partnership Europe, a Delaware limited partnership.

"SPX Credit" means SPX Credit Corporation, a Delaware corporation.

"SPX Credit Lease Financings" means secured or unsecured obligations of SPX Credit which are in the nature of sales or pledges of undivided interests in a pool of leases of SPX Credit (including any such leases which have been transferred to SPX Credit by the Borrower or any of its other Subsidiaries in the ordinary course of business consistent with past practices) and which are (a) non-recourse to the Borrower and its other Subsidiaries, (b) otherwise incurred on terms and conditions, including those relating to advance rates, reasonably satisfactory to the Required Lenders, and (c) permitted under Section 6.11(i).

"Subordinated Notes" means senior subordinated notes issued by the Borrower in a principal amount resulting in not less than \$250 million of net cash proceeds to the Borrower pursuant to an indenture under which no amortization or mandatory prepayments or redemptions (other than in respect of any customary sale of assets or change of control redemption provisions) are required for at least eight years following the date of issuance and which contains other terms and conditions, including subordination provisions, which are customary for senior subordinated debt offerings and which are otherwise reasonably acceptable to the Required Lenders.

"Subordinated Debt Documents" means the Subordinated Notes, the indenture pursuant to which such Subordinated Notes shall be issued, and all other documents, agreements, instruments and certificates executed and delivered by the Borrower in connection with the issuance of the Subordinated Notes, each of which shall be in form and substance reasonably satisfactory to the Required Lenders.

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

"Subsidiary Guaranty" means any Guaranty substantially in the form attached hereto as Exhibit E executed and delivered by a Subsidiary Guarantor in favor of the Agent, on behalf of the Lenders, including without limitation any such guaranty executed and delivered by SPX Credit or, pursuant to Section 2.21(b)(v), SPT, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary Guarantors" means SPX Credit and any other Subsidiary of the Borrower which has executed and delivered a Subsidiary Guaranty.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (a) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the end of the quarter next preceding the date on which such determination is made, or (b) is responsible for more than 10% of the consolidated net sales or of EBITDA of the Borrower and its Subsidiaries for the 12-month period ending as of the end of the quarter next preceding the date of determination.

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

"Term" means any of the Interim Facility Term, the Permanent Facility Term or the Alternate Permanent Facility Term.

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

which might constitute grounds under Section 4042 of ERISA for the termination of, or appointment of a trustee to administer, such Plan.

"Transaction Documents" means the Loan Documents and the Acquisition Documents and, from and after the execution thereof, if any, the Subordinated Debt Documents.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or Eurodollar Advance.

"UCC" means the Illinois Uniform Commercial Code as amended or modified and in effect from time to time.

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

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

"Wholly-Owned Subsidiary" of a Person means (a) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (b) any partnership, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

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

## ARTICLE II

### THE CREDITS

2.1. Revolving Credit Advances. (a) From and including the date hereof to but not including the Facility Termination Date, each Lender severally (and not jointly) agrees, on the terms and conditions set forth in this Agreement, to make Revolving Credit Advances to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding (after giving effect to the intended use of proceeds of any Advance used to repay any outstanding Reimbursement Obligations or previously made Advances) the amount of its pro-rata share of the Aggregate Available Commitment existing at such time; provided that amounts otherwise available for Revolving Credit Advances which are withheld in the Debt Repayment Reserve shall, subject to the terms and conditions

of this Agreement, be made available to the Borrower as Revolving Credit Advances so long as all of the proceeds of such Revolving Credit Advances are used to fully repay Existing Borrower Indebtedness on or prior to the repayment date(s) with respect thereto set forth on Schedule 6.2 hereto and, upon any such repayment, the Debt Repayment Reserve shall be permanently reduced by the amount of such Revolving Credit Advances. Upon repayment in full of all Existing Borrower Indebtedness, the Debt Repayment Reserve shall be terminated. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Credit Advances at any time prior to the Facility Termination Date.

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

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

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

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

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

2.4. Commitment Fee; Reductions in Aggregate Revolving Credit Commitment. (a) The Borrower agrees to pay to the Agent for the account of each Lender a commitment fee of three-eighths percent (.375%) per annum on such Lender's pro-rata share of (i) the Aggregate Revolving Credit Commitment, minus (ii) the sum of the outstanding balance of the Revolving Credit Loans and the Facility Letter of Credit Obligations, calculated on a daily basis from the date hereof to and including the Facility Termination Date, payable on each Payment Date hereafter and on the Facility Termination Date; provided, however that during the Permanent Facility Term the commitment fee shall be one-half percent (.5%) per annum. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

(b) The Borrower may permanently reduce the Aggregate Revolving Credit Commitment in whole, or in part ratably among the Lenders in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof, upon at least ten (10) Business Days' written notice to the Agent, which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Revolving Credit Commitment may not be reduced below the sum of (i) the aggregate principal amount of the outstanding Revolving Credit Advances plus (ii) the outstanding Facility Letter of Credit Obligations. Reductions made pursuant to this Section 2.4(b) shall be in addition to reductions occurring pursuant to Sections 2.7.

2.5. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of \$1,500,000 (and in multiples of \$1,000,000 if in excess thereof), and each Floating Rate Advance shall be in the minimum amount of \$500,000 (and in multiples of \$100,000 if in excess thereof); provided, however, that (a) any Floating Rate Advance may be in the amount of the unused Aggregate Total Commitment; (b) in no event shall more than five (5) Eurodollar Advances be permitted to be outstanding at any time, and (c) during the six month period commencing on the date hereof, unless the Agent shall otherwise consent, each Eurodollar Advance shall be in the minimum amount of \$10,000,000.

2.6. Optional Principal Payments. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances, or, in a minimum aggregate amount of \$10,000,000 or any integral multiple of \$1,000,000 in excess thereof, any portion of the outstanding Floating Rate Advances upon two Business Days' prior notice to the Agent. A Eurodollar Advance may not be paid prior to the last day of the applicable Interest Period.

2.7. Mandatory Commitment Reductions and Prepayments. (a) If the Facility Termination Date is extended pursuant to Section 2.21(b), then on the date of such extension the Aggregate Revolving Credit Commitment shall be automatically and permanently reduced by the sum of (i) \$25,000,000 plus (ii) the amount, if any, by which

the net cash proceeds to the Borrower of the Subordinated Notes exceeds \$250,000,000.

(b) If the Facility Termination Date is extended pursuant to Section 2.21, then the Aggregate Revolving Credit Commitment shall be automatically and permanently reduced by \$12,500,000 on each June 15 and December 15 in 1997 and 1998, as such amounts may be reduced by the application of mandatory commitment reductions pursuant to Section 2.7(d).

(c) The Aggregate Revolving Credit Commitment shall be automatically and permanently reduced in the amounts and at the times set forth below:

(i) commencing with the Borrower's fiscal year ending December 31, 1994, in an amount equal to fifty percent (50%) of the Excess Cash Flow for each fiscal year, such reduction to be effective on the earlier of (A) 100 days after the end of such fiscal year or (B) within 10 days after delivery of the annual audit required by Section 6.1(a), provided that in no event shall the Aggregate Revolving Credit Commitment be reduced to an amount less than \$150,000,000 pursuant to this Section 2.7(c)(i);

(ii) in an amount equal to 100% of the aggregate Net Available Proceeds in excess of \$1,000,000 realized upon all Asset Dispositions in any fiscal year of the Borrower, such reduction to be effective concurrently with the receipt thereof by the Borrower or any Subsidiary; and

(iii) in an amount equal to 100% of the Net Available Proceeds in excess of \$25,000,000 in the aggregate realized upon the sale by the Borrower or any Subsidiary (other than an Excluded Subsidiary) of any equity securities, such reduction to be effective concurrently with the receipt thereof by the Borrower or any such Subsidiary, provided that in no event shall the Aggregate Revolving Credit Commitment be reduced to an amount less than \$150,000,000 pursuant to this Section 2.7(c)(iii).

(d) Mandatory commitment reductions under this Section 2.7 shall be cumulative and in addition to reductions occurring pursuant to Section 2.4. Any mandatory commitment reductions under Section 2.7(c) shall first be applied on a pro rata basis to the mandatory commitment reductions required to be made in 1997 and 1998 pursuant to Section 2.7(b).

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

2.8. Method of Selecting Types and Interest Periods for New Advances. The Borrower shall select the Type of Advance and, in

the case of each Eurodollar Advance, the Interest Period applicable to each such Advance from time to time; provided, however, that (i) the Agent shall have the right, at its option, during the five Business Day period from and after the date hereof, to require that all Loans be maintained as Floating Rate Advances; (ii) upon the expiration of such five Business Day period and for a period of one month thereafter, the Borrower will be permitted to keep all of the Loans in a Eurodollar Advance with a one month Interest Period and with the same maturity date, or in a combination of Floating Rate Advances and one Eurodollar Advance meeting the qualifications set forth above; (iii) upon the expiration of the one month period described in clause (ii) above and for a period of five Business Days thereafter, the Agent shall have the right, at its option, to require that all Loans be maintained as Floating Rate Advances; (iv) upon the expiration of the five Business Day period described in clause (iii) above, and for a period of one month thereafter, the Borrower will be permitted to keep all of the Loans in a Eurodollar Advance with a one month Interest Period and with the same maturity date, or in a combination of Floating Rate Advances and one Eurodollar Advance meeting the qualifications set forth above; (v) upon the expiration of the one month period described in clause (iv) above and for a period of five Business Days thereafter, the Agent shall have the right, at its option, to require that all Loans be maintained as Floating Rate Advances; (vi) upon the expiration of the five Business Day period described in clause (v) above and for the period ending six months after the date hereof, unless the Agent otherwise consents, the Borrower shall keep all of the Loans in a Eurodollar Advance with a one month Interest Period and the same maturity date or in a combination of Floating Rate Advances and one Eurodollar Advance meeting the qualifications set forth above; and (vii) upon the expiration of the six month period following the date hereof and at all times thereafter subject to the terms of this Agreement, the Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable to each such Advance from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (Chicago time) at least one (1) Business Day before the Borrowing Date of each Floating Rate Advance and at least three (3) Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (a) the Borrowing Date, which shall be a Business Day, of such Advance;
- (b) the aggregate amount of such Advance;
- (c) the Type of Advance selected;
- (d) in the case of each Eurodollar Advance, the Interest Period applicable thereto; and

(e) in the case of an Advance to be made from amounts withheld in the Debt Repayment Reserve, that such Advance is requested to be made from such reserve and specifying the Existing Borrower Indebtedness to be repaid with the proceeds of such Advance.

Not later than noon (Chicago time) on each Borrowing Date, each Lender shall make available its Loan or Loans, in funds immediately available in Chicago, to the Agent at its address specified pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

2.9. Conversion and Continuation of Outstanding Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless the Borrower shall have given the Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.5, the Borrower may elect from time to time to convert all or any part of an Advance of any Type into any other Type of Advance; provided, however, that any conversion of any Eurodollar Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance or continuation of a Eurodollar Advance not later than 10:00 a.m. (Chicago time) at least one (1) Business Day, in the case of a conversion into a Floating Rate Advance, or at least three (3) Business Days, in the case of a conversion into or continuation of a Eurodollar Advance, prior to the date of the requested conversion or continuation, specifying:

- (a) the requested date, which shall be a Business Day, of such conversion or continuation;
- (b) the aggregate amount and Type of the Advance which is to be converted or continued; and
- (c) the amount and Type(s) of Advance(s) into which such Advance is to be converted or continued and, in the case of a conversion into or continuation of a Eurodollar Advance, the duration of the Interest Period applicable thereto.

2.10. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest at the Floating Rate from and including the date of such Advance or the date on which such Advance was converted into a Floating Rate Advance to (but not including) the date on which such Floating Rate Advance is paid or converted to a

Eurodollar Advance. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest at the Eurodollar Rate from and including the first day of the Interest Period applicable thereto to, but not including, the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Advance. No Interest Period may end after the Facility Termination Date. The Borrower shall select Interest Periods so that it is not necessary to repay any portion of a Eurodollar Advance prior to the last day of the applicable Interest Period in order to make a mandatory repayment required pursuant to Section 2.1(b) in respect of a reduction in the Aggregate Revolving Credit Commitment pursuant to Section 2.7(a) or (b).

2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, no Advance may be made as, converted into or continued as a Eurodollar Advance (except with the consent of the Agent and the Required Lenders) when any Default or Unmatured Default has occurred and is continuing. During the continuance of a Default, each Eurodollar Advance and Floating Rate Advance shall bear interest (for the remainder of the applicable Interest Period in the case of Eurodollar Advances) at the rate otherwise applicable plus 2% per annum.

2.12. Method of Payment. All payments of the Obligations hereunder shall be made, without setoff, deduction or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (Chicago time) on the date when due and shall be applied ratably by the Agent among the Lenders. Each payment made after noon (Chicago time) shall be deemed to have been made on the next succeeding Business Day. If the Borrower shall be required by law to deduct any such amounts from or in respect of any sum payable hereunder to the Agent or any Lender, then the sum payable hereunder shall be increased so that, after making all required deductions, the Agent or such Lender receives an amount equal to the sum it would have received had no such deduction been made, and the Borrower shall indemnify the Agent and such Lender for taxes, assessments and governmental charges imposed by any jurisdiction on account of amounts paid or payable pursuant to this sentence. Within 30 days after the date of any payment of any such amount withheld by the Borrower in respect of any payment to the Agent or any Lender, the Borrower shall furnish to the Agent or such Lender the original or certified copy of a receipt evidencing payment thereof. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. The Agent is hereby authorized to charge the account of the Borrower

maintained with First Chicago for each payment of principal, interest and fees as it becomes due hereunder. The obligations of the Borrower under this Section 2.12 shall survive the payment of the Obligations and the termination of this Agreement.

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

2.14. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, on any date on which a Floating Rate Advance is prepaid due to acceleration, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than a Payment Date shall be payable on the next Payment Date following the date of conversion. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest and commitment fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (Chicago time) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.15. Notification by Agent. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Revolving Credit Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, Notice of Issuance and repayment

notice received by it hereunder. The Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

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

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

2.18. Withholding Tax Exemption. At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Lender, each Lender that is not incorporated under the laws of the United States of America, or a state thereof, agrees that it will deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrower and the Agent two additional copies of such form (or a successor form) on

or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

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

2.20. Facility Letters of Credit.

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

Obligations would exceed the Facility Letter of Credit Sublimit.

(b) In no event shall: (i) the aggregate amount of the Facility Letter of Credit Obligations at any time exceed the Facility Letter of Credit Sublimit; (ii) the sum at any time of (A) the aggregate amount of Facility Letter of Credit Obligations and (B) the aggregate principal balance of outstanding Advances exceed the amount of the Aggregate Revolving Credit Commitment; (iii) the expiration date of any Facility Letter of Credit (including, without limitation, Facility Letters of Credit issued with an automatic "evergreen" provision providing for renewal absent advance notice by the applicable Borrower or the Issuer), or the date for payment of any draft presented thereunder and accepted by the Issuer, be later than March 15, 1999; or (iv) any Facility Letter of Credit be used for purposes other than those referred to in the definition of Facility Letter of Credit Sublimit.

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

2.20.3 Facility Letter of Credit Reimbursement Obligations. (a) The Borrower agrees to pay to the Issuer of a Facility Letter of Credit (i) on each date that any amount is drawn under each Facility Letter of Credit a sum (and interest on such sum as provided in clause (ii) below) equal to the amount so drawn plus all other charges and expenses with respect thereto specified in Section 2.20.6 or in the applicable Reimbursement Agreement and (ii) interest on any and all amounts remaining unpaid under this Section 2.20.3 until payment in full at the Floating Rate plus the margin specified in Section 2.11. The Borrower agrees to pay to the Issuer the amount of all Facility Letter of Credit Reimbursement Obligations owing in respect of any Facility Letter of Credit immediately when due, under all circumstances, including, without limitation, any of the following circumstances: (a) any lack of validity or enforceability of this Agreement or any of the Loan Documents;

(b) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary named in a Facility Letter of Credit, any transferee of any Facility Letter of Credit (or any Person for whom any such transferee may be acting), any Lender or any other Person, whether in connection with this Agreement, any Facility Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any Facility Letter of Credit); (c) the validity, sufficiency or genuineness of any document which the Issuer has determined in good faith complies on its face with the terms of the applicable Facility Letter of Credit, even if such document should later prove to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein shall have been untrue or inaccurate in any respect; or (d) the surrender or impairment of any security for the performance or observance of any of the terms hereof.

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

(c) If the Issuer makes a payment on account of any Facility Letter of Credit and is not concurrently reimbursed therefor by the Borrower and if for any reason a Floating Rate Advance may not be made pursuant to paragraph (b) above, then as promptly as practical during normal banking hours on the date of its receipt of such notice or, if not practicable on such date, not later than noon (Chicago time) on the Business Day immediately succeeding such date of notification, each Lender shall deliver to the Agent for the account of the Issuer, in immediately available funds, the purchase price for such Lender's interest in such unreimbursed Facility Letter of Credit Obligations, which shall be an amount equal to such Lender's pro-rata share of such payment. Each Lender shall,

upon demand by the Issuer, pay the Issuer interest on such Lender's pro-rata share of such draw from the date of payment by the Issuer on account of such Facility Letter of Credit until the date of delivery of such funds to the Issuer by such Lender at a rate per annum, computed for actual days elapsed based on a 360-day year, equal to the Federal Funds Effective Rate for such period; provided, that such payments shall be made by the Lenders only in the event and to the extent that the Issuer is not reimbursed in full by the applicable Borrower for interest on the amount of any draw on the Facility Letters of Credit.

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

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

date of issuance of such requested Facility Letter of Credit, which shall be a Business Day, (iii) the date on which such requested Facility Letter of Credit is to expire, which shall be a Business Day prior to March 15, 1999, and (iv) the entity for whose benefit the requested Facility Letter of Credit is to be issued, which shall be the Borrower or a Subsidiary (other than an Excluded Subsidiary). The delivery of the foregoing documents and information shall constitute a "Notice of Issuance" for purposes of this Agreement. Subject to the terms and conditions of Section 2.20.1 and provided that the applicable conditions set forth in Section 4.2 hereof have been satisfied, the Issuer shall, on the requested date, issue a Facility Letter of Credit on behalf of the Borrower in accordance with the Issuer's usual and customary business practices. In addition, any amendment of an existing Facility Letter of Credit shall be deemed to be an issuance of a new Facility Letter of Credit and shall be subject to the requirements set forth above.

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

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

relieve the Borrower of any of its obligations hereunder to the Issuer or any such Person.

2.20.6 Facility Letter of Credit Fees. The Borrower hereby agrees to pay to the Agent for the account of the Issuer or the Lenders, as applicable, a letter of credit fee with respect to each Facility Letter of Credit from and including the date of issuance thereof until the date such Facility Letter of Credit is fully drawn, cancelled or expired, (a) for the account of the Issuer, computed at the rate of .25% per annum on the aggregate initial face amount of such Facility Letter of Credit and (b) for the ratable account of the Lenders, computed at a rate per annum equal to the Applicable Margin from time to time in effect with respect to Eurodollar Rate Advances, on the aggregate amount from time to time available to be drawn on such Facility Letter of Credit. Such fee payable for the account of the Issuer shall be payable upon the date of issuance of the relevant Facility Letter of Credit. Such fee payable for the account of the Lenders shall be calculated with respect to actual days elapsed on the basis of a 360-day year and shall be payable quarterly in arrears on each Payment Date in each year and upon the expiration, cancellation or utilization in full of any Facility Letter of Credit. In addition to the foregoing, the Borrower agrees to pay the Issuer any other fees customarily charged by it in respect of standby Letters of Credit issued by it.

2.21. Extension of Facility Termination Date. (a) At the request of the Borrower, as of an extension date designated by the Borrower and subject to the satisfaction of the following conditions on or prior to June 30, 1994, the Facility Termination Date shall be extended to March 15, 1999:

(i) the representations and warranties contained in Article V are true and correct as of such extension date except for changes in the Schedules hereto (submitted to the Agent and each Lender in writing by the Borrower) reflecting transactions permitted by this Agreement; provided, however, that, solely for purposes of this Section 2.21(a)(i) and without influence on or prejudice to the interpretation of such term for any other purpose at any other time, all references to the term "Material Adverse Effect" contained in Article V shall, with respect to subsections (a) and (b) (but not (c)) of the definition of such term, be deemed to refer to an event, condition or state of facts the probable adverse economic impact of which on the Borrower and its Subsidiaries taken as a whole is \$7,500,000 or more, determined on an after-tax basis;

(ii) there exists no Default or Unmatured Default as of such extension date, either before or after giving effect to such extension;

(iii) the Borrower and its Subsidiaries (other than an Excluded Subsidiary) shall have executed and delivered or caused to be delivered to the Lenders, and shall have complied with the terms of, such security agreements, mortgages, pledge agreements, financing statements, opinions of counsel, Lien search results, title reports, lenders' loss payee endorsements, certificates, and other security instruments and documents as the Required Lenders and the Agent shall have reasonably requested in order to establish and perfect in favor of the Agent for the benefit of the Agent and the Lenders a first (subject only to Permitted Liens) security interest in and Lien upon all the assets of the Borrower and its domestic Subsidiaries (other than an Excluded Subsidiary);

(iv) the collateral and security delivered pursuant to clause (iii) above shall secure all of (A) the Obligations and (B) the obligations of the Borrower to NBD Bank, N.A. ("NBD") under that certain Reimbursement Agreement, dated as of November 1, 1992, made by the Borrower in favor of NBD, as amended, supplemented, restated or otherwise modified from time to time (the "NBD Reimbursement Obligations"). The Borrower, the Agent, NBD and the other Lenders hereby agree that such security and collateral shall secure the Obligations and the NBD Reimbursement Obligations on a pari passu basis.

(b) At the request of the Borrower, as of an extension date designated by the Borrower and subject to the satisfaction of the following conditions on or prior to June 30, 1994, the Facility Termination Date shall be extended to March 15, 1999:

(i) the representations and warranties contained in Article V are true and correct as of such extension date except for changes in the Schedules hereto (submitted to the Agent and each Lender in writing by the Borrower) reflecting transactions permitted by this Agreement; provided, however, that, solely for purposes of this Section 2.21(b)(i) and without influence on or prejudice to the interpretation of such term for any other purpose at any other time, all references to the term "Material Adverse Effect" contained in Article V shall, with respect to subsections (a) and (b) (but not (c)) of the definition of such term, be deemed to refer to an event, condition or state of facts the probable adverse economic impact of which on the Borrower and its Subsidiaries taken as a whole is \$7,500,000 or more, determined on an after-tax basis;

(ii) there exists no Default or Unmatured Default as of such extension date, either before or after giving effect to such extension;

(iii) the Borrower shall have received net cash proceeds of at least \$250,000,000 from the sale of the Subordinated

Notes, which proceeds have been used to repay in full all Indebtedness of SPT as described on Schedule 2.21(b)(iii);

(iv) the Borrower shall have delivered to the Agent a copy of the Subordinated Debt Documents; and

(v) SPT shall have executed a Subsidiary Guaranty.

(c) In the event of an extension of the Facility Termination Date pursuant to Section 2.21(a), then contemporaneously with such extension, without any further action by the parties, this Agreement shall be amended as set forth on Schedule 2.21(c)(i) hereto. In the event of an extension of the Facility Termination Date pursuant to Section 2.21(b), then contemporaneously with such extension, without any further action by the parties, (i) this Agreement shall be amended as set forth on Schedule 2.21(c)(ii) hereto, and (ii) SPT shall no longer constitute an Excluded Subsidiary, and all references herein or in any other Loan Document to the terms "other than an Excluded Subsidiary", "except for any Excluded Subsidiary" or words of similar import shall be deemed deleted in their entirety and shall be of no further force and effect.

### ARTICLE III

#### CHANGE IN CIRCUMSTANCES

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

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

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

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

then, within 15 days of demand by such Lender, the Borrower shall pay such Lender that portion of such increased expense incurred or resulting in an amount received which such Lender determines is attributable to making, funding and maintaining its Loans, its interest in the Facility Letters of Credit, and its Commitment.

3.2. Changes in Capital Adequacy Regulations. If a Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans, its interest in the Facility Letters of Credit, or its obligation to make Loans or participate in or issue Facility Letters of Credit hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (a) any change after the date of this Agreement in the Risk-Based Capital Guidelines, or (b) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (a) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If any Lender determines that maintenance of its Eurodollar Advances at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are

not available, or (b) the interest rate applicable to a Type of Advance does not accurately or fairly reflect the cost of maintaining such Advance, then the Agent shall suspend the availability of the affected Type of Advance and require any Eurodollar Advances of the affected Type to be repaid.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify the Agent and each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Advance.

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

#### ARTICLE IV

##### CONDITIONS PRECEDENT

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

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

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

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

(d) Officer's Certificate. A certificate, dated the initial Borrowing Date, signed by an Authorized Officer of the Borrower, in form and substance satisfactory to the Agent, to the effect that: (i) on the initial Borrowing Date (both before and after giving effect to the consummation of the Acquisition and the making of the Loans and the issuance of any initial Facility Letters of Credit hereunder) no Default or Unmatured Default has occurred and is continuing; (ii) no injunction or temporary restraining order which would prohibit the making of the Loans or the consummation of any of the transactions contemplated by any of the Transaction Documents (collectively the "Closing Transactions"), or other litigation which could reasonably be expected to have a Material Adverse Effect is pending or, to the best of such Person's knowledge, threatened; (iii) all orders, consents, approvals, licenses, authorizations, or validations of, or filings, recordings or registrations with, or exemptions by, any governmental or public body or authority, or any subdivision thereof, required to make or consummate the Closing Transactions have been or, prior to the time required, will have been, obtained, given, filed or taken and are or will be in full force and effect (or the Borrower has obtained effective judicial relief with respect to the application thereof) and that all applicable waiting periods have expired; (iv) the Transaction Documents are in full force and effect and no term or condition thereof has been amended, modified or waived after the execution thereof except with the written consent of the Agent; (v) the Borrower has not failed to perform any material obligation or covenant required in connection with any Closing Transaction to be performed or complied with by it on or before the initial Borrowing Date; (vi) each of the representations and warranties set forth in Article V of this Agreement is true and correct on and as of the date hereof; (vii) since December 31, 1993, (A) no event or change has occurred that has caused or evidences a Material Adverse Effect and (B) there has been no material adverse change in the business, condition

(financial or otherwise), operations, performance, properties or prospects of SPT; and (viii) no event or change has occurred which has caused or evidenced a material adverse change in the consolidated financial condition of the Borrower and its Subsidiaries from that reflected in the December 31, 1993 pro forma financial statements dated January 26, 1994, copies of which have previously been delivered to the Lenders.

(e) Legal Opinions. A written opinion of Gardner, Carton & Douglas, counsel to the Borrower, addressed to the Agent and the Lenders in form and substance acceptable to the Agent and its counsel, it being understood that, as to certain matters of Michigan law and certain other matters, Gardner, Carton & Douglas may rely upon the opinion of James M. Sheridan, Esq., General Counsel of the Borrower.

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

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

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

(i) Purchase Agreement. A copy of the Purchase Agreement and any amendments, supplements and modifications thereto certified as true and complete by an Authorized Officer of the Borrower.

(j) Accountant's Letter. A signed letter from Arthur Andersen & Co. in form and substance satisfactory to the Agent acknowledging that the Lenders may rely on current audited financial statements audited by such firm and may communicate directly with such auditors.

(k) Subsidiary Charter Documents. With respect to each Subsidiary listed on Schedule 4.1(k) hereto, copies of the articles, certificates of incorporation, partnership agreement or other charter documents of each such Subsidiary, together with all amendments, and, to the extent applicable, a certificate of good standing, both certified by the appropriate governmental officer in its jurisdiction of incorporation.

(l) Subsidiary By-Laws and Resolutions. With respect to each Subsidiary listed on Schedule 4.1(k) hereto, copies, certified by the Secretary or Assistant Secretary of each Subsidiary of the Borrower (including any Excluded Subsidiary), of its by-laws and Board of Directors' resolutions of such Subsidiary (and resolutions of other bodies, if any are deemed necessary by counsel for the Agent) authorizing the execution, delivery and performance of the Loan Documents, if any, to which each such Subsidiary is a party.

(m) Subsidiary Secretary's Certificate. An incumbency certificate, executed by the Secretary or Assistant Secretary of each Subsidiary of the Borrower, which shall identify by name and title and bear the signature of the officers of each such Subsidiary authorized to sign the Loan Documents, if any, to which it is a party. The Agent and the Lenders shall be entitled to rely upon such certificate until informed of any change in writing by the Borrower.

(n) Repayment of Indebtedness and Lien Terminations. Evidence satisfactory to the Agent that all of the Indebtedness described on Schedule 6.2 which is to be repaid on the date hereof, if any, has been repaid in full, the related loan documents have been terminated and all Liens securing any such Indebtedness have been released.

(o) Environmental Information and Reports. Such environmental information and reports (the substance or findings of which shall be satisfactory to the Agent) as the Agent may request with respect to the real property owned or leased by the Borrower or its Subsidiaries.

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

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

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

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

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

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

(e) If such Advance is to be made from amounts withheld in the Debt Repayment Reserve, the proceeds of such Advance shall be used by the Borrower solely to repay Existing Borrower Indebtedness.

Each Borrowing Notice with respect to each such Advance and each Notice of Issuance with respect to each Facility Letter of Credit shall constitute a representation and warranty by the Borrower that the conditions contained in Section 4.2 have been satisfied. Any Lender may require a duly completed compliance certificate in substantially the form of Exhibit B hereto as a condition to making an Advance or the issuance of a Facility Letter of Credit.

#### ARTICLE V

##### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that, both before and after giving effect to the Closing Transactions:

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

5.2. Authorization and Validity. The Borrower and each Subsidiary have all requisite power and authority (corporate and otherwise) and legal right to execute and deliver (or file, as the case may be) each of the Loan Documents and the other Transaction Documents to which it is a party and to perform its obligations thereunder. The execution and delivery (or filing, as the case may be) by the Borrower and each Subsidiary of the Loan Documents and the other Transaction Documents to which it is a party and the performance of their respective obligations thereunder have been duly authorized by proper corporate or partnership proceedings, as applicable, and the Loan Documents and the other Transaction Documents constitute legal, valid and binding obligations of the Borrower or such Subsidiary, as applicable, enforceable against the

Borrower or such Subsidiary, as applicable, in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. Compliance with Laws and Contracts. To the best of their knowledge, the Borrower and its Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective properties, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Neither the execution and delivery by the Borrower and each Subsidiary of the Loan Documents and the other Transaction Documents to which it is a party, the application of the proceeds of the Loans, the consummation of the Closing Transactions or any other transaction contemplated in the Loan Documents or the other Transaction Documents, nor compliance with the provisions of the Loan Documents or the other Transaction Documents will, or at the relevant time did, (a) violate any law, rule, regulation (including Regulations G, T, U or X), order, writ, judgment, injunction, decree or award binding on the Borrower or any Subsidiary or the Borrower's or any Subsidiary's charter, articles or certificate of incorporation or by-laws or partnership agreement, (b) violate the provisions of or require the approval or consent of any party to any indenture, instrument or agreement to which the Borrower or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder (other than defaults with respect to the Indebtedness set forth in Schedule 6.2 which is to be repaid within thirty days of the date hereof), or result in the creation or imposition of any Lien (other than Liens permitted by, the Loan Documents) in, of or on the property of the Borrower or any Subsidiary pursuant to the terms of any such indenture, instrument or agreement, or (c) require any consent of the stockholders or partners of any Person, except for approvals or consents which will be obtained on or before the initial Advance and are disclosed on Schedule 5.3, except for any violation of, or failure to obtain an approval or consent required under, any such indenture, instrument or agreement that could not reasonably be expected to have a Material Adverse Effect.

5.4. Governmental Consents. No order, consent, approval, qualification, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of, any court, governmental or public body or authority, or any subdivision thereof, any securities exchange or other Person is or at the relevant time was required to authorize, or is or at the relevant time was required in connection with the execution, delivery, consummation or performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents or the Transaction Documents, the application of the

proceeds of the Loans or the consummation of the Acquisition or any other transaction contemplated in the Loan Documents or the Transaction Documents. Neither the Borrower nor any Subsidiary is in default under or in violation of any foreign, federal, state or local law, rule, regulation, order, writ, judgment, injunction, decree or award binding upon or applicable to the Borrower or such Subsidiary, in each case the consequences of which default or violation could reasonably be expected to have a Material Adverse Effect. No filings were required to be made with respect to the Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

5.5. Financial Statements. The Borrower has heretofore furnished to each of the Lenders (a) the December 31, 1992 audited consolidated financial statements of the Borrower and its Subsidiaries, and (b) the unaudited consolidated financial statements of the Borrower and its Subsidiaries through September 30, 1993 (collectively, the "Financial Statements"). The pro forma balance sheet and related profit and loss statement (the "Pro Forma") of the Borrower and its Subsidiaries on a consolidated basis as of December 31, 1993, dated January 26, 1994, has previously been delivered to the Lenders. As of the date of this Agreement, and to the best of Borrower's knowledge, except for adjustments which would be necessary to give effect to the repayment or refinancing of indebtedness of SPX Credit expressly contemplated hereby and to give effect to an extension of the Existing Receivables Financing, the Pro Forma contains all pro forma adjustments appropriate to reflect the Closing Transactions and the other transactions and actions contemplated by this Agreement, the Loan Documents and the Transaction Documents, and such pro forma adjustments have been properly applied to the historical amounts in the compilation of the Pro Forma. Each of the Financial Statements was prepared in accordance with Agreement Accounting Principles and fairly presents the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the respective periods then ended (except, in the case of such unaudited statements, for normal year-end audit adjustments).

5.6. Material Adverse Change. Since December 31, 1993, no event or change has occurred which has caused or evidences a Material Adverse Effect.

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

States income tax returns of the Borrower on a consolidated basis have been audited by the Internal Revenue Service through Fiscal Year 1987. All years subsequent to 1987 are open and subject to audit. No tax Liens have been filed and no claims are being asserted with respect to any such taxes which could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are in accordance with Agreement Accounting Principles.

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

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

convertible securities, rights or options of the type described in the preceding sentence except as otherwise set forth on Schedule 5.9. References in this section to "capital stock" and shares shall, with respect to any Subsidiary which is a partnership, be deemed references to partnership interests.

5.10. ERISA. Except as disclosed on Schedule 5.10, neither the Borrower nor any other member of the Controlled Group maintains any Single Employer Plans, and no Single Employer Plan has any Unfunded Liability. Neither the Borrower nor any other member of the Controlled Group maintains, or is obligated to contribute to, any Multiemployer Plan or has incurred, or is reasonably expected to incur, any withdrawal liability to any Multiemployer Plan. Each Plan complies in all material respects with all applicable requirements of law and regulations. Neither the Borrower nor any member of the Controlled Group has, with respect to any Plan, failed to make any contribution or pay any amount required under Section 412 of the IRC or Section 302 of ERISA or the terms of such Plan. There are no pending or, to the knowledge of the Borrower, threatened claims, actions, investigations or lawsuits against any Plan, any fiduciary thereof, or the Borrower or any member of the Controlled Group with respect to a Plan which could reasonably be expected to have a Material Adverse Effect. The Borrower has not engaged in any prohibited transaction (as defined in Section 4975 of the IRC or Section 406 of ERISA) in connection with any Plan which would subject the Borrower to any material liability. Within the last five years neither the Borrower nor any member of the Controlled Group has engaged in a transaction which resulted in a Single Employer Plan with an Unfunded Liability being transferred out of the Controlled Group which could reasonably be expected to have a Material Adverse Effect. No Termination Event has occurred or is reasonably expected to occur with respect to any Plan which is subject to Title IV of ERISA.

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

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

hereunder taken as a whole have been, and will continue to be, represented by Margin Stock.

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

5.14. Certain Fees. Other than as disclosed on Schedule 5.14, no broker's or finder's fee or commission was, is or will be payable by the Borrower or any Subsidiary with respect to any of the transactions (including, without limitation, the Acquisition) contemplated by this Agreement or the Transaction Documents. The Borrower hereby agrees to indemnify the Agent and the Lenders against and agrees that it will hold each of them harmless from any claim, demand or liability for broker's or finder's fees or commissions alleged to have been incurred by the Borrower in connection with any of the transactions (including, without limitation, the Acquisition) contemplated by this Agreement or the Transaction Documents and any expenses (including, without limitation, attorneys' fees and time charges of attorneys for the Agent or any Lender, which attorneys may be employees of the Agent or any Lender) arising in connection with any such claim, demand or liability.

5.15. Solvency. As of the date hereof, after giving effect to the consummation of the transactions contemplated by the Loan Documents and the Transaction Documents and the payment of all fees, costs and expenses payable by the Borrower with respect to the transactions contemplated by the Loan Documents and the Transaction Documents, each of the Borrower and each Subsidiary is Solvent.

5.16. Ownership of Properties. Except as set forth on Schedule 5.16 hereto, the Borrower and its Subsidiaries have a subsisting leasehold interest in, or good and marketable title to, free of all Liens, other than those permitted by Section 6.18 or by any of the other Loan Documents, all of the properties and assets reflected in the Financial Statements as being owned by it, except for assets sold, transferred or otherwise disposed of in the ordinary course of business since the date thereof. To the knowledge of the Borrower, there are no actual, threatened or alleged defaults with respect to any leases of real property under which the Borrower or any Subsidiary is lessee or lessor which could reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries own or possess rights to use all licenses, patents, patent applications, copyrights, service marks, trademarks and trade names necessary to continue to conduct their business as heretofore conducted, and no such license, patent or trademark has been declared invalid, been limited by order of any court or by agreement or is the subject of any infringement, interference or similar proceeding or challenge, except for

challenges which could not reasonably be expected to have a Material Adverse Effect.

5.17. Indebtedness. Attached hereto as Schedule 5.17 is a complete and correct list of all Indebtedness of the Borrower and its Subsidiaries outstanding on the date of this Agreement (other than Indebtedness in a principal amount not exceeding \$100,000 for a single item of Indebtedness and \$1,000,000 in the aggregate for all such Indebtedness listed), showing the aggregate principal amount which was outstanding on such date after giving effect to the making of the Loans. The Borrower has delivered or caused to be delivered to the Lenders a true and complete copy of each instrument evidencing any Indebtedness listed on Schedule 5.17 and of each document pursuant to which any of such Indebtedness was issued. All Indebtedness of SPT and SPT Europe is non-recourse to the Borrower except as indicated on Schedule 5.17.

5.18. Post-Retirement Welfare Benefits. As of December 31, 1993, the present value of the expected cost of post-retirement medical and insurance benefits payable by the Borrower and its Subsidiaries to its employees, as estimated by the Borrower in accordance with procedures and assumptions deemed reasonable by the Agent, does not exceed \$89,300,000.

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

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

5.21. Acquisition Documents. The Borrower has delivered to each of the Lenders true, complete and correct copies of the Acquisition Documents (including all schedules, exhibits, annexes, amendments, supplements, modifications, and all other documents delivered pursuant thereto or in connection therewith). The Acquisition Documents as originally executed and delivered by the parties thereto have not been amended, waived, supplemented or modified without the consent of the Required Lenders. Neither the Borrower nor any other party thereto is in default in the performance of or compliance with any provisions thereof. Each of the representations and warranties of the parties in the Acquisition Documents is true and correct in all material aspects

as of the date hereof. The Acquisition has been consummated in accordance with applicable laws and regulations and the terms of the Purchase Agreement.

5.22. Environmental Laws. Except as disclosed in responses to a questionnaire previously submitted to the Lenders by the Borrower (the "Environmental Questionnaire"), there are no claims, investigations, litigation, administrative proceedings, notices, requests for information, whether pending or, to the knowledge of Borrower, threatened, or judgments or orders asserting violations of applicable federal, state and local environmental, health and safety statutes, regulations, ordinances, codes, rules, orders, decrees, directives and standards ("Environmental Laws") or relating to any toxic or hazardous waste, substance or chemical or any pollutant, contaminant, chemical or other substance defined or regulated pursuant to any Environmental Law, including, without limitation, asbestos, petroleum, crude oil or any fraction thereof ("Hazardous Materials") asserted against the Borrower or any of its Subsidiaries, except in each case for matters which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Except as disclosed in the Environmental Questionnaire, to the best knowledge of Borrower, neither the Borrower nor any Subsidiary has caused or permitted any Hazardous Materials to be released, either on or under real property, currently or formerly, legally or beneficially owned or operated by the Borrower or any Subsidiary or on or under real property to which the Borrower or any of its Subsidiaries transported, arranged for the transport or disposal of, or disposed of Hazardous Materials in violation of Environmental Laws, except in each case for matters which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No real property currently or formerly owned or operated by the Borrower or any Subsidiary has ever been used as a dump or disposal site or as a treatment or storage site for Hazardous Materials. The Borrower and each of its Subsidiaries (i) have obtained and are in substantial compliance with all permits, certificates, licenses, approvals and other authorizations ("Environmental Permits") required for the operation of their business and (ii) have filed all required notifications or reports relating to chemical substances, air emissions, effluent discharges and the storage, treatment, transport and disposal of Hazardous Materials, except where the failure to so file any such notification or report could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as disclosed in the Environmental Questionnaire, as of the date hereof, the Borrower and its Subsidiaries do not have liabilities exceeding \$100,000 in the aggregate for all of them with respect to compliance with applicable Environmental Laws and Environmental Permits or related to the generation, treatment, storage, disposal, release, investigation or cleanup of Hazardous Materials, and no facts or circumstances exist which could give rise to such liabilities with respect to compliance with applicable Environmental Laws and Environmental Permits and the generation, treatment, storage,

disposal, release, investigation or cleanup of Hazardous Materials. The operation and production of the Borrower and its Subsidiaries will not be materially adversely impacted or affected by the compliance by any such Person with applicable Environmental Laws and Environmental Permits or related to the generation, treatment, storage, disposal, release, investigation or cleanup of Hazardous Materials.

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

5.24. Disclosure. None of (a) the information, exhibits or reports furnished or to be furnished by the Borrower or any Subsidiary to the Agent or to any Lender in connection with the negotiation of the Loan Documents, or (b) the representations or warranties of the Borrower or any Subsidiary contained in this Agreement, the other Loan Documents, the Transaction Documents or any other document, certificate or written statement furnished to the Agent or the Lenders by or on behalf of the Borrower or any Subsidiary for use in connection with the transactions contemplated by this Agreement or the Transaction Documents, as the case may be, contained, contains or will contain any untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. The pro forma financial information contained in such materials is based upon good faith estimates and assumptions believed by the Borrower to be reasonable at the time made. There is no fact known to the Borrower (other than matters of a general economic nature) that has had or could reasonably be expected to have a Material Adverse Effect and that has not been disclosed herein or in such other documents, certificates and statements furnished to the Lenders for use in connection with the transactions contemplated by this Agreement.

## ARTICLE VI

### COVENANTS

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

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

(a) As soon as practicable and in any event within 90 days after the close of each of its fiscal years (or, in the case of the fiscal year ended December 31, 1993 only, 120 days after the close of such fiscal year), an unqualified audit report certified

by independent certified public accountants, acceptable to the Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated and consolidating basis (consolidating statements need not be certified by such accountants) for itself and its Subsidiaries (it being acknowledged and agreed that for purposes of the financial statements required to be delivered under this Section 6.1, any reference to financial statements prepared "on a consolidating basis" or words of similar import shall be deemed to require only that such financial statements be prepared for each of the Borrower, SPT and SPX Credit on a stand-alone basis), including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by (i) any management letter prepared by said accountants, (ii) a certificate of said accountants that, in the course of the examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof, and (iii) a letter from said accountants addressed to the Lenders acknowledging that the Lenders are extending credit in primary reliance on such financial statements and authorizing such reliance.

(b) As soon as practicable and in any event within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated and consolidating unaudited balance sheets as at the close of each such period and consolidated and consolidating profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

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

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

(e) Within 330 days after the close of each fiscal year, a copy of the Schedule B attached to the Annual Return Form 5500 for such year for each Single Employer Plan and the detailed information on reconciliation of funded status as prepared under SFAS 87 for such year.

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

(g) As soon as possible and in any event within 20 days after receipt by the Borrower, a copy of (i) any notice, claim, complaint or order to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any Hazardous Materials into the environment or requiring that action be taken to respond to or clean up a Release of Hazardous Materials into the environment, and (ii) any notice, complaint or citation alleging any violation of any Environmental Law or Environmental Permit by the Borrower or any of its Subsidiaries. Within 20 days of the Borrower or any Subsidiary having knowledge of the proposal, enactment or promulgation of any Environmental Law which could reasonably be expected to have a Material Adverse Effect, the Borrower shall provide the Agent with written notice thereof.

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

(i) Promptly and in any event within 20 days after learning thereof, notification of (i) any tax assessment, demand, notice of proposed deficiency or notice of deficiency received by the Borrower or any other Consolidated Person or (ii) the filing of any tax Lien or commencement of any judicial proceeding by or against any such Consolidated Person, if any such assessment, demand, notice, Lien or judicial proceeding relates to tax liabilities in excess of ten percent (10%) of the Consolidated Net Worth as of the date of such notice.

(j) Such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Revolving Credit Advances to repay in full the indebtedness identified on Schedule 6.2 (which schedule shall describe, with respect to each such item of Indebtedness, the holder(s) of such Indebtedness, the principal amount thereof, the date on or prior to which such Indebtedness shall be repaid in full (which shall be no later than thirty days

following the date hereof), the estimated maximum amount required to repay and discharge such Indebtedness in full on such anticipated repayment date, including all accrued and unpaid interest, fees and expenses, and the Liens, if any, securing such Indebtedness), to meet the working capital needs of the Borrower and its Subsidiaries and to repay outstanding Advances and Reimbursement Obligations and otherwise in compliance with the terms and conditions of this Agreement. The Borrower will not, nor will it permit any Subsidiary to, directly or indirectly, use any of the Facility Letters of Credit or the proceeds of any Advances to purchase or carry any "margin stock" (as defined in Regulation U).

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

6.4. Conduct of Business. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and to do all things necessary to remain duly incorporated or organized, validly existing and in good standing as a domestic corporation or limited partnership in its jurisdiction of incorporation or formation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted; provided, however, that nothing in this Section 6.4 shall prevent the abandonment or termination of the Borrower's authorization to do business in any foreign jurisdiction or of the corporate existence, rights and franchises of any Subsidiary if such abandonment or termination is in the best interests of the Borrower and not disadvantageous in any material respect to the Lenders.

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

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

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

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

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

6.10. Capital Stock and Dividends. The Borrower will not, nor will it permit any Subsidiary to, declare or pay any dividends or make any distributions on its capital stock or partnership interests (other than dividends payable in its own capital stock or partnership interests) or redeem, repurchase or otherwise acquire or retire any of its capital stock or partnership interests at any time outstanding, except that (a) any Subsidiary may declare and pay dividends or make distributions to the Borrower and (b) the Borrower may declare and pay dividends, make distributions and redeem, repurchase, reacquire or retire its capital stock (each a "Restricted Payment") so long as no Default or Unmatured Default has occurred and is continuing either before or after giving effect thereto; provided, however, that at any time that the Standard & Poors Corporation credit rating for the Borrower's long term unsecured debt (without credit enhancement) is not BBB or better, no Restricted Payment may be made which, when added to all Restricted Payments paid in the preceding twelve months, would exceed 10% of the Borrower's EBITDA for such twelve month period; provided, however, that, notwithstanding the foregoing, nothing herein shall prevent (i) the Borrower or any Subsidiary from making any Restricted Payments in the form of dividends (x) in an aggregate amount of \$8,000,000, which dividends shall be declared on or prior to March 31, 1995 and paid on or before June 30, 1995, and (y) within 90 days after the date of declaration thereof, if as of the date of such declaration, the provisions of this Section 6.10 shall have been complied with, or (ii) SPT from making Restricted Payments in an aggregate amount not in excess of \$3,000,000 in order to redeem or repurchase partnership interests held by members of SPT's management.

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

(a) the Loans;

(b) Indebtedness existing on the date hereof and described in Schedule 5.17 hereto, including any refundings or refinancings of working capital Indebtedness of foreign Subsidiaries of the Borrower described on such Schedule, so long as the amount of such Indebtedness so refunded or replaced does not exceed the amount committed with respect thereto as of the date hereof, provided that any such Indebtedness consisting of Existing Borrower Indebtedness shall be repaid in full on or prior to the repayment date with respect thereto set forth on Schedule 6.2;

(c) the Subordinated Notes;

(d) Rate Hedging Obligations related to the Loans;

(e) Indebtedness secured by Liens permitted by Section 6.18(h)

hereof;

(f) Indebtedness of any Subsidiary owing to the Company or any other Subsidiary, if permitted by Section 6.16 hereof;

(g) Indebtedness of the Borrower pursuant to the Existing Receivables Financing;

(h) Indebtedness of the Borrower 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 Unmatured Default has occurred and is continuing, and (ii) the aggregate amount of such Indebtedness permitted under this clause (h) shall not exceed the lesser of (x) \$24,100,000 minus the aggregate amount of any Indebtedness consisting of a SPX Credit Lease Financing incurred pursuant to clause (i) below, and (y) \$50,000,000 minus the aggregate amount of Investments and Purchases permitted pursuant to Section 6.16(h) as of the date such Indebtedness is incurred;

(i) Indebtedness of SPX Credit 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 Unmatured Default has occurred and is continuing, and (ii) the aggregate amount of such Indebtedness permitted under this clause (i) shall not exceed the lesser of (x) \$24,100,000 minus the aggregate amount of any Indebtedness consisting of an Incremental Receivables Financing incurred pursuant to clause (h) above, and (y) \$50,000,000 minus the aggregate amount of Investments and Purchases permitted pursuant to Section 6.16(h) as of the date such Indebtedness is incurred;

(j) Indebtedness of the Borrower not in excess of \$5,000,000 at any time outstanding incurred pursuant to an unsecured revolving facility reasonably acceptable to the Agent; and

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

6.12. Merger. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, except that (a) a Subsidiary may merge into the Borrower or any Wholly-Owned Subsidiary of the Borrower; (b) subject to Section 6.16 hereof, any Subsidiary may merge or consolidate with any corporation other than the Borrower or any Wholly-Owned Subsidiary, provided that (i) the surviving, continuing or resulting corporation shall be a Wholly-Owned Subsidiary and (ii) immediately after such merger or consolidation Borrower would not be in default under this Agreement; and (c) any Subsidiary may merge or consolidate with any other corporation other than the Borrower or a Wholly-Owned Subsidiary in a merger or consolidation in which the

surviving, continuing or resulting corporation shall not be a Subsidiary if and so long as the Property represented thereby, together with all Property disposed of pursuant to Section 6.13 hereof and all Property disposed of pursuant hereto, does not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries. Without limitation of the foregoing, during the Interim Facility Term or the Permanent Facility Term (i) SPT Europe shall not be merged or consolidated with or into, or its assets transferred to, SPT and (ii) no Excluded Subsidiary shall be merged or consolidated with, or its assets transferred to, the Borrower or any of its other Subsidiaries.

6.13. Sale of Assets. The Borrower will not, nor will it permit any Subsidiary to, lease, sell, transfer or otherwise dispose of its Property, to any other Person except for (a) sales of inventory in the ordinary course of business, and (b) leases, sales, transfers or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than inventory sold in the ordinary course of business) as permitted by this Section 6.13 since the date hereof do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries.

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

6.15. Sale and Leaseback. Except as otherwise permitted by Section 6.18 hereof, the Borrower will not, nor will it permit any Subsidiary to, sell or transfer any of its Property in order to concurrently or subsequently lease as lessee such or similar Property.

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

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

(b) Commercial paper rated A-1 or better by Standard and Poor's Corporation or P-1 or better by Moody's Investors Service, Inc.;

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

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

(e) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 6.16 hereto;

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

(g) Additional Investments in SPT (i) of up to \$10,000,000 in the aggregate so long as SPT is party to a Subsidiary Guaranty; provided that no such Investments shall be made during the Interim Facility Term or the Permanent Facility Term and (ii) upon issuance of the Subordinated Notes, in an aggregate amount not in excess of that required to repay in full the existing Indebtedness of SPT described on Schedule 2.21(b)(iii), so long as the proceeds of all such Investments are used by SPT to fully repay such Indebtedness;

(h) Investments or Purchases during the term of this Agreement by the Borrower or its Subsidiaries in an aggregate amount not exceeding \$50,000,000 (subject to the proviso set forth below), so long as at the time of any such Investment or Purchase and after giving effect thereto, no Default or Unmatured Default has occurred and is continuing; provided however, that (i) until the term of the Existing Receivables Financing has been extended (the "Extension") to at least March 1, 1997, no Investments or Purchases shall be permitted under this clause (h); (ii) from and after the effective date of the Extension, Investments or Purchases of up to an aggregate amount of \$25,900,000 shall be permitted pursuant to this clause (h); (iii) upon consummation of an Incremental Receivables Financing and/or an SPX Credit Lease Financing after the Extension, the aggregate amount permitted for Investments or Purchases under this clause (h) shall be increased by an aggregate amount equal to the net cash proceeds received by the Borrower and/or SPX Credit in connection with such Incremental Receivables Financing and/or SPX Credit Lease Financing or such lesser amount as is required to increase to \$50,000,000 the maximum amount of Investments and Purchases permitted under this clause (h), and (iv) upon the delivery to the Agent of the financial statements required by Section 6.1(a) for each calendar year commencing on or after January 1, 1994, the aggregate dollar limit then permitted for Investments or Purchases under this clause (h) shall be increased by an amount equal to the lesser of (i) 50 % of the Borrower's Excess Cash Flow for such calendar year and (ii) the amount required to increase to \$50,000,000 the maximum amount of

Investments and Purchases then permitted pursuant to this Section 6.16(h);

(i) Additional Investments by the Borrower in SPX Credit of up to \$12,000,000 in the aggregate so long as SPX Credit is party to a Subsidiary Guaranty and so long as such Investments are made for the purpose of financing growth at SPX Credit in its existing lines of business or in related lines of business;

(j) the Borrower may make a loan to SPX Corporation Stock Ownership Plan Trust (the "ESOP") so long as the amount of such loan does not exceed the amount required to repay in full the Indebtedness of the ESOP described on Schedule 6.2 and so long as the proceeds of such loan are used by the ESOP to so repay such Indebtedness on or prior to the repayment date applicable thereto pursuant to such schedule; and

(k) the Borrower may make a loan to each Subsidiary identified on Schedule 6.2 so long as the amount of any such loan does not exceed the amount required to repay in full the Indebtedness of such Subsidiary described on Schedule 6.2 and so long as the proceeds of such loan are used by such Subsidiary to so repay such Indebtedness on or prior to the repayment date applicable thereto pursuant to such schedule.

6.17. Contingent Obligations. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (a) by endorsement of instruments for deposit or collection in the ordinary course of business, (b) guaranties by any Subsidiary of the obligations of Borrower hereunder, (c) to the extent that guaranties are issued by Subsidiaries as permitted by clause (b) above, subordinated guaranties by such Subsidiaries of the Subordinated Notes, which subordinated guaranties shall be on terms (including terms of subordination) satisfactory to the Required Lenders, (d) Contingent Obligations of the Borrower and SPX Credit arising under (i) that certain letter agreement dated as of November 1990 between the Borrower and Sanwa Business Credit Corporation ("SBCC") and (ii) that certain letter agreement dated as of December 20, 1990 between SBCC and The Allen Group Leasing Corp., the predecessor in interest to SPX Credit, and the guaranty by the Borrower of SPX Credit's obligations under such letter agreement, (iii) those certain letter agreements dated July 31, 1992 and February 17, 1993, respectively, between the Borrower and Norwest Equipment Finance, Inc. and its assignees, if any; (iv) that certain Program Agreement dated as of February 28, 1991 between the Borrower and General Electric Capital Corporation, as assignee of Chase Manhattan Service Corporation, and (v) any other similar agreements relating to the sale of equipment leases existing as of the date hereof to which the Borrower is a party, in each case so long as the gross aggregate amount of Contingent Obligations of the Borrower and SPX Credit under all such

agreements does not exceed \$27,260,000, (e) Contingent Obligations in respect of Facility Letters of Credit, including Facility Letters of Credit issued to support Indebtedness permitted under Section 6.11(k), and (f) Contingent Obligations in respect of Indebtedness existing as of the date hereof and listed on Schedule 5.17, including refundings or refinancings of such Indebtedness to the extent permitted by Section 6.11(b).

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

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

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

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

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

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

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

(g) Liens existing on Property at the time acquired by the Borrower or a Subsidiary, whether by purchase, merger,

consolidation or otherwise, and Liens existing on the property of a corporation at the time it becomes a Subsidiary, so long as such Liens were not created in anticipation of such corporation becoming a Subsidiary;

(h) (i) Liens evidencing purchase money or construction mortgages on real property acquired after the date hereof and securing Indebtedness not exceeding the purchase price of such Property, (ii) Liens evidencing Capital Leases relating to real property first placed in service after the date hereof, the Capitalized Lease Obligation with respect to which shall not exceed the fair value of such property at such first service date (and any related first mortgage placed on such property by the lessor under such Capital Lease if the rentals due thereunder will fully service the Indebtedness secured by such first mortgage to such Capital Lease or by providing that the lessee under such Capital Lease will make rental payments directly to the holder of such Indebtedness, to assure that such lessee will not be disturbed in its use and occupancy of such property so long as it in compliance with such Capital Lease); (iii) Liens created after the date hereof in connection with industrial development or pollution control financings, but only if each such Lien is limited to the specific property, project or facilities then being financed; and (iv) chattel mortgage, conditional sale or other title retention agreements securing the purchase price of personal property acquired after the date hereof and not extending to any other property of the Borrower or any Subsidiary, so long as the aggregate Indebtedness secured pursuant to this clause (h) does not exceed \$5,000,000 at any time outstanding;

(i) Liens associated with the Existing Receivables Financing or any Incremental Receivables Financing permitted under this Agreement;

(j) Liens on assets of SPX Credit associated with any SPX Credit Lease Financing permitted under this Agreement; and

(k) Liens existing on the date hereof and described in Schedule 6.18 hereto, including Liens securing Existing Borrower Indebtedness so long as such Indebtedness is repaid in full, and all such Liens are released and discharged, on or prior to the repayment date with respect to such Indebtedness set forth on Schedule 6.2.

6.19. Capital Expenditures. The Borrower will not, nor will it permit any Subsidiary to, expend, or be committed to expend for Capital Expenditures (including, without limitation, for the acquisition of fixed assets) on a non-cumulative basis in the aggregate for the Borrower and its Subsidiaries more than the following amounts during any fiscal year of the Borrower as shown below; provided, however, that the limits set forth in column (a) below shall not be applicable during the Alternate Permanent Facility Term; and provided, further that if in any fiscal year

from and including the fiscal year ending December 31, 1994, (x) the aggregate actual Capital Expenditures of the Borrower and its Subsidiaries (excluding SPT) are less than the maximum amount permitted for such fiscal year pursuant to column (a) below (the amount by which such aggregate actual expenditures in any fiscal year are less than the amount permitted for such fiscal year being referred to herein as a "Shortfall"), then such Shortfall may be carried forward and expended at any time during the next two succeeding fiscal years (and only during such next two succeeding fiscal years), and (y) the aggregate actual Capital Expenditures of the Borrower and all of its Subsidiaries are less than the maximum amount permitted for such fiscal year pursuant to column (b) below, then such Shortfall may be carried forward and expended at time during the next two succeeding fiscal years (and only during such next two succeeding fiscal years):

Fiscal Year	(a) Limit for the Borrower and its Subsidiaries (excluding SPT)	(b) Limit for the Borrower and all of its Subsidiaries
1994	\$22,500,000	\$52,000,000
1995	\$18,500,000	\$42,000,000
1996	\$17,500,000	\$34,000,000
1997	\$19,000,000	\$38,000,000
1998	\$20,000,000	\$41,000,000
1999 and each fiscal year thereafter	\$21,500,000	\$44,000,000

6.20. Lease Rentals. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist obligations for Rentals in respect of operating leases in excess of \$15,000,000 during any one fiscal year on a non-cumulative basis in the aggregate for the Borrower and its Subsidiaries.

6.21. Letters of Credit. The Borrower will not, nor will it permit any Subsidiary to, apply for or become liable upon any Letter of Credit other than Facility Letters of Credit.

6.22. Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

6.23. Amendments to Agreements. The Borrower will not, and will not permit any Subsidiary to, amend, waive, modify or terminate any provisions of any documents evidencing or governing

Indebtedness of any Subsidiary, which provisions provide that such Indebtedness is non-recourse to the Borrower.

6.24. Rate Hedging Obligations. Within sixty (60) days of the first day of the Permanent Facility Term or the Alternate Permanent Facility Term, as applicable, the Borrower will enter into an interest rate exchange or insurance agreement or agreements with any Lender or with one or more other financial institutions acceptable to the Required Lenders in their reasonable discretion, providing for a fixed rate of interest on a notional amount of at least \$75,000,000, bearing interest at an all-in fixed rate not in excess of eight percent (8.0%) per annum, and an average weighted maturity of at least two (2) years.

6.25. Environmental Matters. The Borrower shall and shall cause each of its Subsidiaries to (a) at all times comply in all material respects with all applicable Environmental Laws and (b) promptly take any and all reasonable and necessary remedial actions in response to the presence, storage, use, disposal, transportation or Release of any Hazardous Materials on, under or about any real property owned, leased or operated by the Borrower or any of its Subsidiaries. In the event that the Borrower or any Subsidiary undertakes any remedial action with respect to any Hazardous Material on, under or about any real property, the Borrower or such Subsidiary shall conduct and complete such remedial action in compliance with all applicable Environmental Laws and in accordance with the policies, orders and directives of all federal, state and local governmental authorities, except when the Borrower's or such Subsidiary's liability for such presence, storage, use, disposal, transportation or Release of any Hazardous Material is being contested in good faith by the Borrower or such Subsidiary and appropriate reserves therefor have been established. If the Agent or any Lender at any time has a reasonable basis to believe that there may be a material violation of any Environmental Law by the Borrower or any of its Subsidiaries, or any material liability arising thereunder or related to a Release of Hazardous Materials on any real property owned, leased or operated by the Borrower or any of its Subsidiaries or a Release on real property adjacent to such real property, then the Borrower shall, upon the request of the Agent or such Lender, provide the Agent and each Lender with all such reports, certificates, engineering studies and other written material or data as the Agent or any Lender may reasonably require.

6.26. Agreements as to Prohibited Acts. Neither the Borrower nor any Subsidiary shall agree or in any manner commit itself to take or fail to take any action which, if taken or not taken, as applicable, would constitute a breach of this Agreement.

6.27. Change in Corporate or Partnership Structure; Fiscal Year. The Borrower shall not, nor shall it permit any Subsidiary to, (a) permit any amendment or modification to be made to its certificate or articles of incorporation, by-laws or partnership

agreement which is materially adverse to the interests of the Lenders (provided that the Borrower shall notify the Agent of any other amendment or modification thereto as soon as practicable thereafter) or (b) change its fiscal year to end on any date other than December 31 of each year.

6.28. Inconsistent Agreements. The Borrower shall not, nor shall it permit any Subsidiary to, enter into any indenture, agreement, instrument or other arrangement which, (a) directly or indirectly prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, the incurrence of the Obligations, the granting of Liens to the Lenders, the provision of a Subsidiary guaranty of the Obligations, the payment of dividends or distributions by such Subsidiary to the Borrower or the amending of the Loan Documents or (b) contains any provision which would be violated or breached by the making of Advances or by the performance by the Borrower or any Subsidiary of any of its obligations under any Loan Document.

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

6.29.1. Leverage Ratio. (a) Measured as of the last day of each fiscal quarter during the Interim Facility Term or the Permanent Facility Term, maintain a Leverage Ratio (expressed as a percentage) of not more than the following during each of the following periods:

Period	Ratio
Date hereof through the last day of each fiscal quarter in fiscal year 1994. . . . .	55%
Last day of each fiscal quarter in fiscal year 1995 and as of the last day of each fiscal quarter thereafter . . . . .	50%

(b) Measured as of the last day of each fiscal quarter during the Alternate Permanent Facility Term, maintain a Leverage Ratio (expressed as a percentage) of not more than the following during each of the following periods:

Period	Ratio
Date hereof through the last day of each fiscal quarter in fiscal years 1994 and 1995. . . . .	78%
Last day of each fiscal quarter in	

fiscal years 1996 and 1997. . . . .	75%
Last day of each fiscal quarter in fiscal year 1998 . . . . .	70%
Last day of each fiscal quarter in fiscal year 1999 and as of the last day of each fiscal quarter thereafter . . . . .	65%

6.29.2. Interest Expense Coverage Ratio. (a) During the Interim Facility Term or the Permanent Facility Term, maintain an Interest Expense Coverage Ratio of not less than the following for the following respective periods:

Period	Ratio
As of the end of each fiscal quarter in fiscal year 1994, in each case for the period commencing on the first day of such fiscal year and ending on the last day of each such fiscal quarter. . . . .	3.0 to 1.0
As of the end of each fiscal quarter in fiscal year 1995, for the trailing four fiscal quarter period then ended . . . . .	4.0 to 1.0
As of the end of each fiscal quarter in fiscal year 1996 and each fiscal year thereafter, for the trailing four fiscal quarter period then ended . . . . .	5.0 to 1.0

(b) During the Alternate Permanent Facility Term, maintain an Interest Expense Coverage Ratio of not less than the following for the following respective periods:

Period	Ratio
As of the end of each fiscal quarter in fiscal year 1994, in each case for the period commencing on the first day of such fiscal year and ending on the last day of each such fiscal quarter in 1994 . . . . .	2.0 to 1.0
As of the end of each fiscal quarter in fiscal year 1995, for the trailing four fiscal quarter period then ended . . . . .	2.5 to 1.0
As of the end of each fiscal quarter in fiscal years 1996 and 1997, for the trailing four fiscal quarter period then ended . . . . .	3.0 to 1.0
As of the end of each fiscal quarter in	

fiscal year 1998 and each fiscal year thereafter, for the trailing four fiscal quarter period then ended . . . . . 3.5 to 1.0

6.29.3. Fixed Charges Coverage Ratio. (a) During the Interim Facility Term or the Permanent Facility Term, maintain a Fixed Charge Coverage Ratio for the preceding four fiscal quarters of not less than the following for the following respective periods:

Period	Ratio
As of the end of each fiscal quarter in fiscal year 1994, in each case for the period commencing on the first day of such fiscal year and ending on the last day of such fiscal quarter . . . . .	2.0 to 1.0
As of the end of each fiscal quarter in fiscal years 1995 and 1996, for the trailing four fiscal quarter period then ended . . . . .	2.0 to 1.0
As of the end of each fiscal quarter in fiscal year 1997 and each fiscal year thereafter, for the trailing four fiscal quarter period then ended . . . . .	2.25 to 1.0

(b) As of the end of each fiscal quarter in the following fiscal years during the Alternate Permanent Facility Term, maintain a Fixed Charge Coverage Ratio for the preceding four fiscal quarters of not less than the following:

Period	Ratio
As of the end of each fiscal quarter in fiscal year 1994, in each case for the period commencing on the first day of such fiscal year and ending on the last day of such fiscal quarter . . . . .	1.75 to 1.0
As of the end of each fiscal quarter in fiscal year 1995, for the trailing four fiscal quarter period then ended . . . . .	1.75 to 1.0
As of the end of each fiscal quarter in fiscal year 1996 and each fiscal year thereafter, for the trailing four fiscal quarter period then ended . . . . .	2.0 to 1.0

6.30. Tax Consolidation. The Borrower will not and will not permit any of its Subsidiaries to (a) file or consent to the filing of any consolidated, combined or unitary income tax return with any Person other than the Borrower and its Subsidiaries or (b) enter into a tax sharing agreement or similar arrangement, except in any case as required by applicable law.

#### 6.31 ERISA Compliance.

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

- (a) engage in any "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the IRC) for which a civil penalty pursuant to Section 502(i) of ERISA or a tax pursuant to Section 4975 of the IRC in excess of \$100,000 could be imposed;
- (b) incur any "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA) in excess of \$100,000, whether or not waived;
- (c) permit the occurrence of any Termination Event which could reasonably be expected to have a Material Adverse Effect;
- (d) be an "employer" (as such term is defined in Section 3(5) of ERISA) required to contribute to any Multiemployer Plan or a "substantial employer" (as such term is defined in Section 4001(a)(2) of ERISA) required to contribute to any Multiple Employer Plan for which a withdrawal from any such plan could reasonably be expected to have a Material Adverse Effect; or
- (e) permit the establishment or amendment of any Plan or fail to comply with the applicable provisions of ERISA and the IRC with respect to any Plan which could result in liability to the Borrower or any other member of the Controlled Group which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

### ARTICLE VII

#### DEFAULTS

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

7.1. Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders or the Agent under or in connection with this Agreement, any Loan, any Facility Letter of Credit, or any certificate or information

delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made.

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

7.3. The breach by the Borrower of any of the terms or provisions of Section 6.2, Sections 6.10 through 6.24 or Section 6.26 through 6.31.

7.4. The breach by the Borrower (other than a breach which constitutes a Default under Section 7.1, 7.2 or 7.3) of any of the terms or provisions of this Agreement which is not remedied within twenty (20) days after written notice from the Agent or any Lender.

7.5. The default by the Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement or agreements under which any Indebtedness aggregating in excess of \$5,000,000 was created or is governed, or the occurrence of any other event or existence of any other condition, the effect of any of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity (except for, in each case, solely with respect to Indebtedness set forth on Schedule 6.2 and which is to be repaid within thirty days of the date hereof, so long as all such Indebtedness is so repaid); or any such Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries shall become unable, not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6. The Borrower or any of its Subsidiaries shall (a) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set

forth in this Section 7.6, or (f) fail to contest in good faith any appointment or proceeding described in Section 7.7.

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

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of (each a "Condemnation"), all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such Condemnation occurs, constitutes a Substantial Portion.

7.9. The Borrower or any of its Subsidiaries shall fail within thirty days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$1,000,000 (or multiple judgments or orders for the payment of an aggregate amount in excess of \$5,000,000), which is not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. The Borrower or any of its Subsidiaries shall be the subject of any proceeding or investigation pertaining to the discovery of any Hazardous Materials on the leased or owned property of the Borrower or any of its Subsidiaries, the release by the Borrower or any of its Subsidiaries, or any other Person of any Hazardous Materials into the environment, or any violation of any Environmental Law or Environmental Permit, which, in either case, could reasonably be expected to have a Material Adverse Effect.

7.11. Any Change in Control shall occur.

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

7.13. Nonpayment by the Borrower of any Rate Hedging Obligation owing to any Lender or the breach by the Borrower of any term, provision or condition contained in any agreement, device or arrangement giving rise to any Rate Hedging Obligation owing to any Lender.

7.14. Any Subsidiary Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to

assert the invalidity or unenforceability of any Subsidiary Guaranty, or any Subsidiary shall fail to comply with any of the terms or provisions of the Subsidiary Guaranty to which it is a party, or any Subsidiary denies that it has any further liability under the Subsidiary Guaranty to which it is a party, or gives notice to such effect.

#### ARTICLE VIII

##### ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent or any Lender. If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may terminate or suspend the obligations of the Lenders to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives. The Agent may, and upon the written instructions of the Required Lenders, the Agent shall (subject to the provisions of Section 10.5), exercise any and all rights and remedies from time to time available to it under any Loan Document or as otherwise permitted by law. In addition to the foregoing, following the occurrence and during the continuance of a Default, so long as any Facility Letter of Credit has not been fully drawn and has not been cancelled or expired by its terms, upon demand by the Agent the Borrower shall deposit in an account (the "Letter of Credit Cash Collateral Account") maintained with First Chicago in the name of the Agent, for the ratable benefit of the Lenders and the Agent, cash in an amount equal to the aggregate undrawn face amount of all outstanding Facility Letters of Credit and all fees and other amounts due or which may become due with respect thereto. The Borrower shall have no control over funds in the Letter of Credit Collateral Account, which funds shall be invested by the Agent from time to time in its discretion in certificates of deposit of First Chicago having a maturity not exceeding thirty days. Such funds shall be promptly applied by the Agent to reimburse the Issuer for drafts drawn from time to time under the Facility Letters of Credit. Such funds, if any, remaining in the Letter of Credit Collateral Account following the payment of all Obligations in full shall, unless the Agent is otherwise directed by a court of competent jurisdiction, be promptly paid over to the Borrower.

If, within ten Business Days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default

(other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

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

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

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

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

(d) Extend the Facility Termination Date (except as contemplated by Section 2.21) or permit any Facility Letter of Credit to have an expiry date beyond March 15, 1999;

(e) Amend this Section 8.2;

(f) Release any Subsidiary Guarantor from the Subsidiary Guaranty to which it is a party;

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

(h) amend the definition of the term "Commitment" without the consent of each Lender affected thereby.

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

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

## ARTICLE IX

### GENERAL PROVISIONS

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

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

9.3. Taxes. Any taxes (excluding income taxes on the overall net income of any Lender) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the Loan Documents shall be paid by the Borrower, together with interest and penalties, if any.

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

9.5. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Agent and the Lenders and supersede all prior agreements and understandings among the Borrower, the Agent and the Lenders relating to the subject matter thereof other than the fee letter dated February 3, 1994 in favor of First Chicago.

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

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

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

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

9.10. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid

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

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

9.12. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS, WITHOUT REGARD TO

CONFLICT OF LAWS PROVISIONS, OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

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

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

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

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

## ARTICLE X

## THE AGENT

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

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

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

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder, (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered to the Agent and not waived at closing, or (d) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith.

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

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

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

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

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

10.10. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.11. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. The Agent may be removed at any time for cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Agent's giving notice of resignation or within thirty days after the removal of such Agent, then the retiring Agent shall use reasonable efforts to appoint, on behalf of the Borrower and the Lenders, a successor Agent. Such successor Agent shall be a commercial bank having capital and retained earnings of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article X shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

10.12. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders. Subject to the provisions of Section 10.5, the Agent shall take any action of the type specified in this Agreement with respect to such Default or Unmatured Default as shall be reasonably directed by the Required Lenders (or, if so required by Section 8.2, by all Lenders); provided, that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Unmatured Default as the Agent shall determine is in the best interests of the Lenders.

## ARTICLE XI

## SETOFF; RATABLE PAYMENTS

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

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Sections 3.1, 3.2 or 3.4) in a greater proportion than its pro-rata share of such Loans, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made. If an amount to be setoff is to be applied to Indebtedness of the Borrower to a Lender, other than Indebtedness evidenced by any of the Notes held by such Lender, such amount shall be applied ratably to such other Indebtedness and to the Indebtedness evidenced by such Notes.

## ARTICLE XII

## BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (a) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents, and (b) any assignment by any Lender must be made in compliance with Section 12.3. Notwithstanding clause (b) of this Section, any Lender may at any time, without the consent of the Borrower or the Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; provided, however, that no such assignment to a Federal Reserve Bank shall release the

transferor Lender from its obligations hereunder. The Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 12.3 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

#### 12.2. Participations.

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

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

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

shared in accordance with Section 11.2 as if each Participant were a Lender.

### 12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit C hereto or in such other form as may be agreed to by the parties thereto. The consent of the Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consent shall not be unreasonably withheld. The assigning Lender shall give the Borrower notice of any such assignment made by it within thirty (30) days following the effective date of such assignment, provided that any failure to give such notice shall not affect or impair the validity of the assignment.

12.3.2. Effect; Effective Date. Upon (a) delivery to the Agent of a notice of assignment, substantially in the form attached as Exhibit I to Exhibit C hereto (a "Notice of Assignment"), together with any consents required by Section 12.3.1, and (b) payment of a \$2,500 fee to the Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment. On and after the effective date of such assignment, (a) such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and (b) the transferor Lender shall be released with respect to the percentage of the Aggregate Revolving Credit Commitment and Loans assigned to such Purchaser without any further consent or action by the Borrower, the Lenders or the Agent. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Agent and the Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Total Commitment, as adjusted pursuant to such assignment.

12.4. Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries.

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

#### ARTICLE XIII

##### NOTICES

13.1. Giving Notice. Except as otherwise permitted by Section 2.15 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing, by facsimile, first class U.S. mail or overnight courier and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties, with a copy, in the case of notice to the Borrower, to Gardner, Carton & Douglas, Suite 3400, Quaker Tower, 321 N. Clark Street, Chicago, Illinois 60010, Attn: Glenn W. Reed, Esq., Telecopy No. (312) 644-3381. Any notice, if mailed and properly addressed with first class postage prepaid, return receipt requested, shall be deemed given three (3) Business Days after deposit in the U.S. mail; any notice, if transmitted by facsimile, shall be deemed given when transmitted; and any notice given by overnight courier shall be deemed given when received by the addressee. Wherever under this Agreement or under any other Loan Document any certificate or other writing is given by any director, officer or employee of the Borrower or any Subsidiary, such certificate or other writing shall be delivered by such director, officer or employee on behalf of the Borrower or such Subsidiary in his or her capacity as a director, officer or employee and not in his or her individual capacity.

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

[signature pages to follow]

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

SPX CORPORATION

By:

Print Name:

Title:

Address: 700 Terrace Point Drive  
Muskegon, Michigan 49443  
Attn: R. Budd Werner

Telecopy: (616) 724-5309  
Telephone: (616) 724-5790

Commitments

Revolving Credit  
Commitment

THE FIRST NATIONAL BANK OF CHICAGO,  
Individually and as Agent

\$135,000,000

By:

Print Name:

Title:

Address: One First National Plaza  
Chicago, Illinois 60670  
Attn:

Telecopy:  
Telephone:

Commitments

Revolving Credit  
Commitment

THE BANK OF NEW YORK,  
as Lender

\$35,000,000

By:

Print Name:

Title:

Address: One Wall Street  
New York, New York 10286  
Attn:

Telecopy:  
Telephone:

Commitments

Revolving Credit  
Commitment

NBD BANK, N.A.,  
as Lender

\$35,000,000

By:

Print Name:

Title:

Address: Michigan Corporate Group  
611 Woodward Avenue  
Detroit, Michigan 48226  
Attn:

Telecopy:  
Telephone:

Commitments

Revolving Credit  
Commitment

THE BANK OF NOVA SCOTIA,  
as Lender

\$15,000,000

By:

Print Name:

Title:

Address: 181 West Madison Street  
Chicago, Illinois 60602  
Attn:

Telecopy:  
Telephone:

Commitments

Revolving Credit  
Commitment

MICHIGAN NATIONAL BANK,  
as Lender

\$15,000,000

By:

Print Name:

Title:

Address: 1533 N. Woodward Avenue  
Suite 200  
Bloomfield Hills, Michigan  
48304  
Attn:

Telecopy:  
Telephone:

Commitments

Revolving Credit  
Commitment

THE SUMITOMO BANK, LIMITED,  
as Lender

\$15,000,000

By:

Print Name:

Title:

Address: 233 South Wacker Drive  
Suite 4800  
Chicago, Illinois 60606  
Attn:

Telecopy:  
Telephone:

## SUBSIDIARIES OF SPX CORPORATION

NAME OF SUBSIDIARY AND NAME UNDER WHICH IT DOES BUSINESS	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OWNED BY REGISTRANT
SPX Canada, Inc.....	Canada-Dominion	100%
SPX Australia Pty. Ltd.....	Australia	100%
SPX Europe AG.....	Switzerland	100%
SPX U.K. Ltd.....	United Kingdom	100%
SPX Deutschland GmbH.....	Germany	100%
Bear Italiana, S.R.L.....	Italy	100%
Bear Automotive, S.A.....	Switzerland	100%
Bear France S.A.....	France	100%
SPX Power Team, B.V.....	The Netherlands	100%
Kent-Moore Do Brasil Industria & Commerce, Ltda.....	Brazil	100%
Sealed Power Technologies (Europe) Limited Partnership.....	Delaware	70%
Sealed Power Technologies Limited Partnership.....	Delaware	98%
Bear Automotive Equipment Leasing L.P.....	Delaware	75%
JATEK, Limited.....	Japan	50%
RSV Corporation.....	Japan	50%
SPX Credit Corporation.....	Delaware	100%

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File No. 33-24043.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,  
March 25, 1994