

**UNITED STATES
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, 2005, 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: 1-6948

SPX Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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

**13515 Ballantyne Corporate Place
Charlotte, NC 28277**
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **704-752-4400**

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

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, Par Value \$10.00

**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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 requirement for the past 90 days. Yes No

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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2005 was \$3,390,774,409. The determination of affiliate status for purposes of the foregoing calculation is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of each of the registrant's classes of common stock, as of February 28, 2006, was 59,696,288.

Documents incorporated by reference: Portions of the Registrant's Proxy Statement for its Annual Meeting to be held on May 5, 2006 are incorporated by reference into Part III of this Annual Report on Form 10-K.

PART I

ITEM 1. Business

(All dollar and share amounts are in millions, except per share data)

Forward-Looking Information

Some of the statements in this document and any documents incorporated by reference constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our businesses or our industries' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Such statements include statements about our plans, strategies, prospects, changes and trends in our business and the markets in which we operate under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"). In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue" or the negative of those terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially because of market conditions in our industries or other factors, and forward-looking statements should not be relied upon as a prediction of actual results. In addition, management's estimates of future operating results are based on our current complement of businesses, which is subject to change. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed in this document under the heading "Risk Factors" and in any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements. We undertake no obligation to update or publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this Report.

Business

We were incorporated in Muskegon, Michigan in 1912 as the Piston Ring Company and adopted our current name in 1988. Since 1968, we have been incorporated under the laws of Delaware. On May 24, 2001, we completed the acquisition of United Dominion Industries Limited ("UDI") in an all-stock acquisition valued at \$1,066.9. We also assumed \$884.1 of UDI debt, bringing the total transaction value to \$1,951.0.

We operate in over 20 countries and have approximately 15,100 employees worldwide. These employees are associated with ongoing businesses that have been classified in our consolidated financial statements as continuing operations. At December 31, 2005, we had approximately 3,200 employees associated with businesses that we intend to sell in 2006 and have classified in our consolidated financial statements as discontinued operations. Substantially all of these employees were part of our security and protection business, which was sold in January 2006. See below for further discussion of our divestiture activity. Our strategy is to create market advantages through technology, service and product leadership, by expanding our market focus to offer full customer solutions.

We are a global multi-industry company focused on profitably growing our business platforms that have scale and substantial growth potential. We are a provider of flow technology, test and measurement products and services, thermal equipment and services, and industrial products and services. We offer a diverse collection of products, which include, but are not limited to, valves, back-flow prevention and fluid handling equipment, metering and mixing solutions, air filtration products, specialty service tools, diagnostic systems, service equipment and technical information services, cooling, heating and ventilation products, power transformers, high-tech die castings, dock products and systems, and TV and radio broadcast antennas. Our products are used by a broad array of customers in various industries, including chemical processing, pharmaceuticals, infrastructure, mineral processing, petrochemical, automotive, telecommunications, transportation and power generation.

Our business strategy is focused on an integrated leadership process that aligns performance measurement, decision support, compensation and communication. This process includes:

- a demanding set of leadership standards to drive achievement of results with integrity;
- expanding our technological leadership and service offerings with a market focus on providing complete customer solutions;
- strategically analyzing our businesses to determine their long-term fit;

- growing through internal development and acquisitions;
- globalization;
- right-sizing our businesses to market and economic conditions to protect against economic downturns and take advantage of strong economic cycles; and
- focusing on continuous improvements to drive results.

Divestitures

As part of our business strategy, we regularly review and negotiate potential divestitures in the ordinary course of business, some of which are or may be material. As a result of this continuous review, we determined that certain of our businesses would be better strategic fits with other companies or investors. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", we report businesses or asset groups as discontinued operations when the operations and cash flows of the business or asset group have been or will be eliminated, when we will not have any continuing involvement with the business or asset group after the disposal transaction, and when we have met these additional six criteria:

- management has approved a plan to sell the business or asset group;
- the business or asset group is available for immediate sale;
- an active program to sell the business or asset group has been initiated;
- the sale of the business or asset group is probable within one year;
- the marketed sales value of the business or asset group is reasonable in relation to its current fair value; and
- it is unlikely that the plan to divest the business or asset group will be significantly altered or withdrawn.

The following businesses, which have been sold, met the above requirements and therefore have been reported as discontinued operations for all periods presented:

Business	Discontinued During the Quarter Ended	Actual Closing Date of Sale
Security and protection business ("Vance")	September 30, 2005	Q1 2006
Mueller Steam, Febco and Polyjet product lines	September 30, 2005	Q4 2005
Aftermarket automotive products business ("Carfel")	March 31, 2005	Q3 2005
Lab and life science business ("Kendro")	December 31, 2004	Q2 2005
Fire detection and building life-safety systems business ("EST")	December 31, 2004	Q1 2005
Compaction equipment business ("Bomag")	September 30, 2004	Q1 2005
Brookstone telecommunication services business	March 31, 2005	Q1 2005
Specialty tool business	December 31, 2004	Q1 2005
Axial fan business	December 31, 2004	Q4 2004
Inspection gauging system business	December 31, 2004	Q4 2004
Municipal water valve business	June 30, 2004	Q4 2004

In addition to the completed transactions described above, in the fourth quarter of 2005, we committed to a plan to divest a business within our Industrial Products and Services segment. We are actively pursuing a purchaser for the business and anticipate that the sale will be completed by the second quarter of 2006. Accordingly, we have reported, for all periods presented, the financial condition, results of operations, and cash flows of this business as a discontinued operation in our consolidated financial statements.

Unless otherwise indicated, amounts provided throughout this Annual Report on Form 10-K relate to continuing operations only.

Acquisitions

In November 2005, we completed an acquisition within our Test and Measurement segment for a cash purchase price of \$41.4, net of cash acquired of \$22.6. The acquired company had revenues of approximately \$77.0 in the twelve months prior to the date of acquisition.

Segments

Since December 2004, there have been a number of changes within our executive leadership team, including the appointment of a new President and Chief Executive Officer, the separate appointment of a Chairman of the Board of Directors, and the creation of the Chief Operating Officer role. These leadership changes, coupled with the divestiture of some significant businesses, have resulted in a shift in strategy toward a more centralized approach to operational improvement, including lean manufacturing, supply chain management, organizational development, and global expansion, with the intent of capturing synergies that exist within our businesses and, ultimately, on driving revenue, profit margin, and cash flow growth. We believe that a number of our businesses are well positioned to capture synergies and for growth in these metrics based on the potential within the current markets they serve as well as the potential for expansion into additional markets. Beginning in the first quarter of 2005, we aggregated these businesses into three segments identified as Flow Technology, Test and Measurement, and Thermal Equipment and Services. Each of the remaining businesses within our portfolio generally represent North American focused industrial operations that lack global scale and will not likely be the focus of acquisition growth. These businesses have been aggregated into a fourth segment identified as Industrial Products and Services. We have restated segment information for periods prior to January 1, 2005 to reflect our new segment structure.

We have aggregated our operating segments in accordance with the criteria defined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). The aggregation factors we considered in determining the segments were the economic similarity of the businesses, the nature of products sold, production processes, and types of customers for these products. In determining our segments, we apply the threshold criteria of SFAS No. 131 to operating income or loss of each segment before considering impairment and special charges, pensions and postretirement expenses, and other indirect corporate expenses. This is consistent with the way our chief operating decision maker evaluates the results of each segment. For more information on the results of our segments, see Note 5 to our consolidated financial statements.

Flow Technology

Our Flow Technology segment had revenues of \$878.1, \$810.9, and \$674.9 in 2005, 2004, and 2003, respectively. The businesses within this segment design, manufacture and market solutions and products that are used to process or transport fluids, as well as solutions and products that are used in heat transfer applications and airflow treatment systems. The businesses within our Flow Technology segment focus on innovative, highly engineered new product introductions and expansion from products to systems and services to create total customer solutions. These businesses produce i) industrial valves for gases, liquids, and slurries, ii) industrial fluid mixers, agitators, handling equipment, pumps, and metering systems ("processing equipment"), and iii) filtration and dehydration products. Our industrial valves are sold primarily to pulp and paper manufacturers, as well as to the chemical processing and petroleum industries, under the Dezurik, Raven, K-Flow, Copes-Vulcan, and Daniel Valve brand names, and compete with Fisher, Haywood, and others in a fragmented market. Our processing equipment is sold primarily to the chemical processing, mineral processing, and sanitary industries under the Lightning, Bran & Luebbe, and Waukesha Cherry-Burrell brand names, and competes with Chemineer, EKATO, Milton Roy, and Lewa for mixers, agitators, and metering systems, and with Fristam, Sudmo, Tuchenhausen, and Tri-Clover for sanitary products. For our filtration and dehydration products, we compete primarily in the petrochemical, power generation, electronics, and light manufacturing industries, as well as providing aftermarket parts and services to these industries.

Test and Measurement

Our Test and Measurement segment had revenues of \$1,059.6, \$1,092.6, and \$931.7 in 2005, 2004, and 2003, respectively. This segment engineers and manufactures branded, technologically advanced test and measurement products across the transportation, defense, telecommunications, and utility industries. Our technology supports the introduction of new systems, expanded services, and sophisticated testing and validation. Products for the segment include specialty automotive diagnostic service tools, fare collection boxes, portable cable and pipe locators, and vibration testing equipment. Our automotive diagnostic service tools product line includes diagnostic systems and service equipment as well as specialty tools. The diagnostic systems and service equipment are sold to the franchised vehicle dealers of original equipment manufacturers ("OEMs"), aftermarket national accounts, and independent repair facilities. We sell diagnostic systems under the OTC, Actron, AutoXray, Tecnotest, and Robinair brand names. These products compete with brands such as Snap-on and ESP. We intend to

grow this business by developing new service capabilities and strengthening alliances in diagnostic platforms. Our specialty tools are sold to franchised vehicle dealers, aftermarket national accounts, and independent repair facilities. We are the primary global provider of specialty tools for motor vehicle manufacturers' dealership networks to General Motors, Ford, Daimler Chrysler, Harley Davidson and John Deere, and the primary domestic provider to Toyota, BMW and Nissan. Sales of specialty service tools essential to dealerships tend to vary with changes in vehicle systems design and the number of dealerships, and are not directly correlated with the volume of vehicles produced by the motor vehicle manufacturers. The segment's automated fare collection boxes are sold to municipal bus and rail transit systems, as well as postal vending systems, primarily within the North American market. Our portable cable and pipe locator line is comprised of electronic testing, monitoring, and inspection equipment for locating and identifying metallic sheathed fiber optic cable, horizontal boring guidance systems, and inspection cameras. The segment sells this product line to a wide customer base, including utility and construction companies, municipalities, and telecommunication companies. Our vibration testing products are sold primarily to the aerospace, automotive, and electronics industries, with the main competitors being IMV and Upholtz Dickie.

In November 2005, we acquired CarTool GmbH ("CarTool") for \$41.4 in cash, net of cash acquired of \$22.6. CarTool is a manufacturer of specialty tools used to service and repair vehicles within the original equipment vehicle service and repair industry, primarily in Europe.

Thermal Equipment and Services

Our Thermal Equipment and Services segment had revenues of \$1,204.3, \$1,065.3, and \$883.0 in 2005, 2004, and 2003, respectively. This segment engineers, manufactures, and services cooling, heating, and ventilation products for markets throughout the world. Products for the segment include dry, wet, and hybrid cooling systems, cooling towers, and air-cooled condensers for the power generation, refrigeration, HVAC, and industrial markets, as well as hydronic and heating and ventilation products for the commercial and residential markets. This segment also provides thermal components for power and steam generation plants and engineered services to maintain, refurbish, upgrade, and modernize power stations. Our cooling products and services are sold under the brand names of Marley, Balcke, Ceramic, and Hamon Dry Cooling, with the major competitors to these product and service lines being Baltimore Aircoil, Evapco, and GEA. Our hydronic products include a complete line of gas and oil fired cast iron boilers for space heating in residential and commercial applications, as well as ancillary equipment. The segment's hydronic products compete mainly with Burnham and Dunkirk. Our heating and ventilation product line includes i) baseboard, wall unit, and portable heaters, ii) commercial cabinet and infrared heaters, iii) thermostats and controls, iv) air curtains, and v) circulating fans. The segment's heating and ventilation products are sold under the Berko, Qmark, Farenheat, Aztec, Patton, and Leading Edge brand names, with the principal competitors being TPI, Quellet, and Dimplex for heating products, and Lenexa, TPI, and Air Master for ventilation products.

Industrial Products and Services

Our Industrial Products and Services segment had revenues of \$1,150.2, \$1,127.1, and \$1,060.9 in 2005, 2004, and 2003, respectively. The segment includes operating units that design, manufacture, and market power systems, loading dock products, die castings and filters primarily for the automotive industry, precision machine components for the aerospace industry, television and broadcast antenna systems, and industrial tools and hydraulic units.

Joint Venture

We have one significant joint venture, EGS Electrical Group, LLC ("EGS"), with Emerson Electric Co., in which we hold a 44.5% interest. Emerson Electric Co. controls and operates the joint venture. EGS operates primarily in the United States, Canada and Mexico and is engaged in the manufacture of electrical fittings, hazardous location lighting and power conditioning products. We account for our investment under the equity method of accounting, on a three-month lag basis. We typically receive our share of this joint venture's earnings in cash dividends.

International Operations

We are a multinational corporation with operations in over 20 countries. Our international operations are subject to the risks of possible currency devaluation and blockage, nationalization or restrictive legislation regulating foreign investments, as well as other risks attendant to the countries in which they are located. Our export sales from the United States were \$286.2 in 2005, \$287.3 in 2004, and \$222.2 in 2003.

See Note 5 to our consolidated financial statements for more information on our international operations.

Research and Development

We are actively engaged in research and development programs designed to improve existing products and manufacturing methods and to develop new products. These efforts encompass all of our products with divisional engineering teams coordinating their resources. We place particular emphasis on the development of new products that are compatible with, and build upon, our manufacturing and marketing capabilities.

We spent \$58.8 on research activities relating to the development and improvement of our products in 2005, \$57.0 in 2004, and \$53.0 in 2003.

Patents/Trademarks

We own over 600 domestic patents and 150 foreign patents, including approximately 80 patents that were issued in 2005, covering a variety of our products and manufacturing methods. We also own a number of registered trademarks. Although in the aggregate our patents and trademarks are of considerable importance in the operation of our businesses, we do not consider any single patent or trademark to be of such material importance that its absence would adversely affect our ability to conduct business as presently constituted to a significant extent. We are both a licensor and licensee of patents. For more information, please refer to "Risk Factors" herein.

Raw Materials

We manufacture many of the components used in our products; however, our strategy includes increasing the amount of components and sub-assemblies that we outsource to other companies. Our increasing dependence on third-party suppliers for outsourced products or components subjects us to the risk of customer dissatisfaction with the quality or performance of the products we sell because of supplier failure. In addition, business difficulties experienced by a third-party supplier can lead to the interruption of our ability to obtain the outsourced product and ultimately to our inability to supply products to our customers. We believe that we generally will be able to continue to obtain adequate supplies of major items or appropriate substitutes at reasonable costs.

In the last two years we have faced significant increases in the prices of many of our key raw materials, including petroleum-based products, steel, and copper. Over the past year we have been able to generally offset increases in raw material costs across our segments through effective price increases. Because of our diverse products and services, as well as the wide geographic dispersion of our production facilities, we use numerous sources for the raw materials needed for our operations. We are not significantly dependent on any one or a limited number of suppliers, and we have been able to obtain suitable quantities of all necessary raw materials at competitive prices.

Competition

Although our businesses are in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since our competitors do not offer all of the same product lines or serve all of the same markets as we do. In addition, specific reliable comparative figures are not available for many of our competitors. In most product groups, competition comes from numerous concerns, both large and small. The principal methods of competition are price, service, product performance and technical innovation. These methods vary with the type of product sold. We believe that we can compete effectively on the basis of each of these factors as they apply to the various products offered. See "Segments" above for a discussion of our competitors.

Environmental Matters

See "Litigation and Environmental Matters," "Risk Factors" and Note 14 of our consolidated financial statements for information regarding environmental matters.

Employment

At December 31, 2005, we had approximately 15,100 employees associated with ongoing businesses that have been classified in our consolidated financial statements as continuing operations. Additionally, we had approximately 3,200 employees associated with businesses that we intend to sell in 2006 and have classified in our consolidated financial statements as discontinued operations. Substantially all of these employees were part of our security and protection business, which was sold in January 2006. Sixteen domestic collective bargaining units and various foreign collective labor arrangements cover approximately 2,000 employees, which included approximately 50 employees from businesses classified in our consolidated financial statements as discontinued operations. While we generally have experienced satisfactory labor relations at our various locations, we are subject to potential union campaigns, work stoppages, union negotiations and other potential labor disputes.

Backlog

We had a backlog of approximately \$736.8 in our Thermal Equipment and Cooling segment as of December 31, 2005, compared to approximately \$585.1 as of December 31, 2004. The majority of this backlog relates to our cooling equipment and services businesses, and we expect to fill the majority of these orders by the end of 2006. Backlog in each of our other businesses, which are primarily short-cycled in nature, was not significant.

Executive Officers

See Part III, Item 10 of this report for information about our executive officers.

Other Matters

No customer or group of customers that, to our knowledge, are under common control accounted for more than 10% of our consolidated revenues for all periods presented.

Our businesses maintain sufficient levels of working capital to support customer requirements, particularly inventory. We believe that our businesses' sales and payment terms are generally similar to those of our competitors.

Many of our businesses closely follow changes in the industries and end-markets that they serve. In addition, certain businesses have seasonal fluctuations. Revenues for our Test and Measurement segment primarily follow customer specified program launch timing for diagnostic systems and service equipment. Demand for products in our Thermal Equipment and Services segment is correlated to contract timing on large construction contracts and is also driven by seasonal weather patterns, both of which may cause significant fluctuations from period to period. Historically, our businesses generally tend to be stronger in the second half of the year.

Our website address is www.spx.com. Information on our website is not incorporated by reference herein. We file reports with the Securities and Exchange Commission ("SEC"), including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports. Copies of these reports are available free of charge on our website as soon as reasonably practicable after we file the reports with the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is <http://www.sec.gov>. Additionally, you may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 1A. Risk Factors

(All amounts are in millions, except per share data)

You should consider the risks described below and elsewhere in our documents filed with the SEC before investing in any of our securities. Though we undertake no obligation to do so, we may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

Difficulties presented by international economic, political, legal, accounting, and business factors could negatively affect our interests and business effort.

In 2005, approximately 34.3% of our revenues were outside the United States. Revenues originating from business units in Germany and the United Kingdom in 2005 were \$492.4 and \$244.7, respectively. We continue to increase our sales outside the United States, with an emphasis on expanding our presence in China. As part of our strategy, we manage businesses with manufacturing facilities worldwide, many of which are located outside the United States. Our international operations require us to comply with the legal requirements of foreign jurisdictions and expose us to the political consequences of operating in foreign jurisdictions. Our foreign business operations also are subject to the following risks:

- difficulty in managing, operating and marketing our international operations because of distance, as well as language and cultural differences;
- difficulty entering new international markets due to differing regulatory barriers and political systems;
- increased costs due to domestic and foreign customs and tariffs, potentially adverse tax consequences, including imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries, and transportation and shipping expenses;

- credit risk or financial condition of local customers and distributors;
- difficulties in staffing and labor disputes;
- nationalization of private enterprises;
- government embargos or foreign trade restrictions such as anti-dumping duties;
- increased costs of transportation or shipping;
- environmental and other laws and regulations;
- ability to obtain supplies from foreign vendors and ship products internationally during times of crisis or otherwise;
- difficulties in protecting intellectual property;
- local, regional or worldwide hostilities;
- potential imposition of restrictions on investments; and
- local political, economic and social conditions, including the possibility of hyperinflationary conditions and political instability.

A significant and growing portion of our products are manufactured in lower-cost locations and sold in various countries. Cross border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange effects. Increased strength of the U.S. dollar will increase the effective price of our products sold in U.S. dollars, which may have a material adverse effect on sales or require us to lower our prices and also decrease our reported revenues or margins in respect of sales conducted in foreign currencies to the extent we are unable or determine not to increase local currency prices. Likewise, decreased strength of the U.S. dollar could have a material adverse effect on the cost of materials and products purchased overseas. In addition, the company's sales are translated into U.S. dollars for reporting purposes. In particular, a revaluation of the Chinese Yuan could result in an increase in the cost of producing products in China, or increases in labor costs and difficulties in moving products manufactured in Asia and the Pacific Rim through the ports on the western coast of North America. The strengthening or weakening of the U.S. dollar could result in favorable or unfavorable translation effects as the results of foreign locations are translated into U.S. dollars.

As we continue to expand our international operations, these and other risks associated with international operations are likely to increase. In addition, as we enter new geographic markets, we may encounter significant competition from the primary participants in those markets who may have significantly greater market knowledge and substantially greater resources than we do. Our reliance on external sources of manufacturing can be shifted, over a period of time, to alternative sources of supply, should such changes be necessary. However, if we were prevented from obtaining products or components for a material portion of our product line due to political, labor or other factors beyond our control, our operations would be disrupted while alternative sources of products were secured. In particular, as an increasing percentage of our products are manufactured in China, health conditions and other factors affecting social and economic activity in China and affecting the movement of people and products into and from China to our major markets, including North America and Europe, could have a significant negative affect on our operations. Also, the imposition of trade sanctions by the United States or the European Union against a class of products imported by us from, or the loss of "normal trade relations" status with China could significantly increase our cost of products imported into the United States or Europe and harm our business. Because of the importance of our international sales and international sourcing of manufacturing to our business, if any of the risks described above were to occur it could have a material adverse effect on our financial position, results of operations or cash flows.

We are subject to laws, regulations and potential liability relating to claims, complaints and proceedings, including those relating to environmental and other matters.

We are subject to various laws, ordinances, regulations and other requirements of government authorities in the United States and other nations. Although we perform extensive due diligence with respect to acquisitions, divestitures and continuing operations, we may acquire or retain liabilities of which we are not aware, or of a different character or magnitude than expected. Additionally, changes in laws, ordinances, regulations or other governmental policies may significantly increase our expenses and liabilities.

We face environmental exposures including, for example, those relating to discharges from and materials handled as part of our operations, the remediation of soil and groundwater contaminated by petroleum products or hazardous substances or wastes, and the health and safety of our employees. We may be liable for the costs of investigation, removal or remediation of certain hazardous substances or petroleum products on, under, or in our current or formerly owned property, or from a third-

party disposal facility which we may have used, without regard to whether we knew of, or caused, the presence of the contaminants. The presence of, or failure to remediate properly, these substances may have adverse effects, including, for example, substantial investigative or remedial obligations and limitations on the ability to sell or rent affected property or to borrow funds using affected property as collateral. New or existing environmental matters or changes in environmental laws or policies could lead to material costs for environmental compliance or cleanup. There can be no assurance that these liabilities and costs will not have a material adverse effect on our financial position, results of operations or cash flows. See Note 14 to our consolidated financial statements for further discussion.

We face numerous claims, complaints and proceedings. Class actions, derivative lawsuits and contract, intellectual property, competitive, personal injury, product liability, workers' compensation and other claims have been filed or are pending against us and certain of our subsidiaries. In addition we from time to time face actions by governmental authorities, both in and outside the United States. Additionally, we may become subject to significant claims of which we are currently unaware or the claims of which we are aware may result in our incurring a significantly greater liability than we anticipate. Our insurance may be insufficient or unavailable to protect us against potential loss exposures. In addition, we have been increasing our self-insurance limits over the past several years, which increases our uninsured exposure. While we believe we are entitled to indemnification from third parties for some of these claims, these rights may be insufficient or unavailable to protect us against potential loss exposures.

We devote significant time and expense to defense against the various claims, complaints and proceedings brought against us, and we cannot assure you that the expenses arising from these defenses will not increase materially.

We cannot assure you that our accruals and right to indemnity and insurance will be sufficient, that recoveries from insurance or indemnification claims will be available or that any of our current or future claims or other matters will not have a material adverse effect on our financial position, results of operations or cash flows. See "MD&A — Critical Accounting Policies and Use of Estimates — Contingent Liabilities — Litigation and Environmental Matters."

The price of raw materials may adversely affect our results.

We are exposed to a variety of market risks, including inflation in the prices of raw materials. In the last two years, we have faced significant changes in the prices of many of our key raw materials, including petroleum-based products, steel, and copper. Increases in the prices of raw materials may have a material adverse effect on our financial position, results of operations or cash flows, as we may not be able to pass cost increases on to our customers.

Pressure from our customers to reduce costs could adversely affect our business.

Many of our customers, including automotive OEMs, for certain businesses in our Test and Measurement and Industrial Products and Services segments, have significant pricing leverage over their outside suppliers because, for example, the automotive supply industry is fragmented and serves a limited number of OEMs. OEMs, particularly domestic manufacturers, which are our primary OEM customers, have been implementing significant cost-cutting initiatives in recent years, and we expect such cost cutting and pricing pressures to continue in the future. If we are unable to generate sufficient production cost savings in the future to offset price reductions, our gross margin and profitability could be adversely affected.

We operate in highly competitive industries. Our failure to compete effectively could harm our business.

We operate in a highly competitive environment in each of our businesses, competing on the basis of product offerings, technical capabilities, quality, service and pricing. We have a number of existing competitors, some of which are large, with substantial technological and financial resources, brand recognition and established relationships with global service providers. Some of our competitors have low cost structures, support from governments in their home countries, or both. In addition, new competitors may enter the industry as a result of shifts in technology. We cannot assure you that we will be able to compete successfully against existing or future competitors. Competitors may be able to offer lower prices, additional products or services or a more attractive mix of products or services, or services or other incentives that we cannot or will not match or do not offer. These competitors may be in a stronger position to respond quickly to new or emerging technologies and may be able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to potential customers, employees and strategic partners.

Our strategy to outsource more of the various elements of the products we sell subjects us to the business risks of our suppliers, which could have a material adverse impact on our operations.

Our increasing dependence on third-party suppliers for outsourced products or components subjects us to the risk of customer dissatisfaction with the quality or performance of the products we sell because of supplier failure. In addition, business difficulties experienced by a third-party supplier can lead to the interruption of our ability to obtain the outsourced product and ultimately our inability to supply products to our customers. Third-party supplier business interruptions can include, but are not limited to, work stoppages, union negotiations and other labor disputes, as well as financial and credit difficulties.

A portion of our revenues is generated through long-term fixed-price contracts, which could expose us to various risks including the risks of cost overruns, inflation and credit and other counterparty risks.

A portion of our revenues and earnings is generated through long-term fixed-price contracts. We recognize revenues from certain of these contracts using the percentage-of-completion method of accounting whereby revenue and expenses, and thereby profit, in a given period are determined based on our estimates as to the project status and the costs remaining to complete a particular project. Estimates of total revenues and cost at completion are subject to many variables, including the length of time to complete a contract. To the extent that we under-estimate the remaining cost to complete a project, we may overstate the revenues and profit in a particular period. Further, certain of these contracts provide for penalties for failure to timely perform our obligations under a contract, or require that we, at our expense, correct and remedy to the satisfaction of the other party certain defects. Because some of our long-term contracts are at a fixed-price, we face the risk that cost overruns or inflation may erode or eliminate our expected profit margin, or cause us to take a loss on our projects. Additionally, even though we perform credit checks and conduct other due diligence on those with whom we do business, customers of our long-term contracts may suffer financial difficulties that make them unable to pay for a project when completed or may decide, either as a matter of corporate decision-making or in response to changes in local laws and regulations, not to pay us. Additionally, because many of our long-term contracts are in jurisdictions other than the United States, we may face difficulties in enforcing our contractual rights. We cannot assure you that expenses or losses for uncollectible billings relating to our long-term fixed-price contracts will not have a material adverse effect on our revenues and earnings.

Contemplated changes in both the funding of and accounting for pension plans may affect our results of operations, cash flows and financial position.

As of December 31, 2005, our domestic defined benefit pension plans, including both qualified and non-qualified plans, were under funded by \$217.7. The United States Congress is currently considering pension-funding reform, which would affect all domestic defined benefit pension plan sponsors. Although there are multiple bills being considered, the passage of any of the bills in their current form could impact our future cash flow funding requirements and would require us to pay higher annual premiums to the Pension Benefit Guaranty Corporation. Additionally, the Financial Accounting Standards Board ("FASB") initiated a two-phase project in the fourth quarter of 2005 to re-address the accounting for pension and other post-retirement plans. Phase one of the project will focus on financial statement disclosure, whereas phase two will focus on the recognition of expense in the financial statements. As both the funding reform and the FASB's project are in process and are not yet finalized, we are currently unable to accurately predict their impact on our future results of operations, cash flows and financial position. See "MD&A — Critical Accounting Policies and Use of Estimates" for the impact that changes in certain assumptions used in the calculation of our costs and obligations associated with these plans could have on our results of operations and financial condition.

Our failure to successfully complete acquisitions could negatively affect us.

We may not be able to consummate desired acquisitions, which could materially impact our growth rate, results of operations, cash flows and stock price. Our ability to achieve our goals depends, among other things, upon our ability to identify and successfully acquire companies, businesses and product lines, to effectively integrate them and to achieve cost effectiveness. We may also be unable to raise any additional funds necessary to consummate these acquisitions. In addition, changes in our stock price may adversely affect our ability to consummate acquisitions. Competition for acquisitions in our business areas has been significant, and has in many cases resulted in higher prices for businesses, including businesses that we may target, which may also affect our acquisition rate or benefits achieved from our acquisitions.

Our failure to successfully integrate acquisitions could have a negative effect on our operations; our acquisitions could cause financial difficulties.

As part of our business strategy, we evaluate potential acquisitions in the ordinary course, some of which could be and have been material. Our acquisitions involve a number of risks and present financial, managerial and operational challenges, including:

- adverse effects on our reported operating results due to charges to earnings, including impairment charges associated with goodwill and other intangibles;
- diversion of management attention from running our businesses;
- integration of technology, operations, personnel and financial and other systems;
- increased expenses, including compensation expenses resulting from newly hired employees;
- increased foreign operations, often with unique issues relating to corporate culture, compliance with legal and regulatory requirements and other challenges;
- assumption of known and unknown liabilities and exposure to litigation;
- increased levels of debt or dilution to existing shareholders; and
- potential disputes with the sellers of acquired businesses, technology, services or products.

In addition, internal controls over financial reporting of acquired companies may not initially be up to required standards. Notwithstanding our extensive due diligence of entities that we consider acquiring, which due diligence includes an analysis of the internal controls over financial reporting, issues may exist that could rise to the level of significant deficiencies or, in some cases, material weaknesses, particularly with respect to foreign companies or non-public United States companies.

Our integration activities may place substantial demand on our management, operational resources and financial and internal control systems. Customer dissatisfaction or performance problems with an acquired business, technology, service or product could also have a material adverse effect on our reputation and business. In addition, any acquired business, technology, service or product could under perform relative to our expectations.

We may not achieve the expected cost savings and other benefits of our acquisitions.

Over the past six years we have recorded integration charges to our results of operations associated with cost reductions, integrating acquisitions and achieving operating efficiencies. We believe that our actions have been required to improve our operations and, as described above, we will, if necessary, record future charges, which may be material, as appropriate to address cost and operational inefficiencies.

We strive and expect to achieve cost savings in connection with our acquisitions, including: (i) manufacturing process and supply chain rationalization, including plant closings; (ii) elimination of redundant administrative overhead and support activities; and (iii) restructuring and repositioning sales and marketing organizations to eliminate redundancies. Cost savings expectations are inherently estimates that are difficult to predict and are necessarily speculative in nature, and we cannot assure that we will achieve expected, or any, cost savings. In addition, we cannot assure you that unforeseen factors will not offset the estimated cost savings or other benefits from our acquisitions. As a result, our actual cost savings, if any, and other anticipated benefits could significantly differ or be delayed, compared to our estimates and the other information contained in this report.

Our failure to successfully complete dispositions could have a negative effect on our cash flows and/or our ability to execute our financial strategy.

We continually review each of our businesses in order to determine its long term strategic fit. As part of this financial strategy, we dispose of certain of our businesses in the ordinary course, some of which could be and have been material. Our dispositions involve a number of risks and present financial, managerial and operational challenges, including diversion of management attention from running our core businesses, increased expense associated with the dispositions and potential disputes with the acquirers of the disposed assets or businesses. If these divestitures, or any future dispositions, are not completed in a timely manner there may be a negative effect on our cash flows and/or our ability to execute our strategy. See to Item 1. Business and Note 4 to our consolidated financial statements for the status of our divestitures.

Increases in the number of shares of our outstanding common stock could adversely affect our common stock price or dilute our earnings per share.

Sales of a substantial number of shares of common stock into the public market, or the perception that these sales could occur, could have a material adverse effect on our stock price. As of December 31, 2005, approximately 13.0 shares of our common stock are issuable upon exercise of outstanding stock options by employees and non-employee directors and we have the ability to issue up to an additional 6.0 shares as restricted stock, restricted stock units, or stock options under our 2002 Stock Compensation Plan. Additionally, we may issue a significant number of additional shares, in connection with acquisitions or otherwise. We also have a shelf registration statement for 4.3 shares of common stock that may be issued in acquisitions, and we have a shelf registration statement for a total of \$1,000.0, which may be used in connection with an offering of debt securities, preferred securities and/or common stock for general corporate purposes. Any additional shares issued could have a dilutive effect on our earnings per share.

Our indebtedness may affect our business and may restrict our operating flexibility.

At December 31, 2005, we had \$788.4 in total indebtedness. On that same date, we had \$1,069.2 of available borrowing capacity under our new term and revolving credit facilities and \$214.9 available issuance capacity under our foreign trade facility after giving effect to \$130.8 and \$210.1, respectively, reserved for outstanding letters of credit. At December 31, 2005, our cash and equivalents balance was \$576.3. In February 2006, holders of our Liquid Yield Option Notes (the "February LYONs") exercised their right to redeem the February LYONs for an aggregate amount of \$660.2, their accreted value on that date. We financed the repurchase with amounts borrowed against our \$750.0 delayed draw term loan under our new senior credit facilities, thus reducing the available borrowing capacity under our new senior credit facilities. See MD&A and Note 12 to our consolidated financial statements for further discussion. We may incur additional indebtedness in the future, including indebtedness incurred to finance, or which is assumed in connection with, acquisitions. We may in the future renegotiate or refinance our senior credit facilities, or enter into additional agreements that have different or more stringent terms. The level of our indebtedness could:

- limit cash flow available for general corporate purposes, such as acquisitions and capital expenditures, due to the ongoing cash flow requirements for debt service;
- limit our ability to obtain, or obtain on favorable terms, additional debt financing in the future for working capital, capital expenditures or acquisitions;
- limit our flexibility in reacting to competitive and other changes in the industry and economic conditions;
- expose us to a risk that a substantial decrease in net operating cash flows due to economic developments or adverse developments in our business could make it difficult to meet debt service requirements; and
- expose us to risks inherent in interest rate fluctuations because the existing borrowings are, and any new borrowings may be at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

Our ability to make scheduled payments of principal, to pay interest on, or to refinance our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control. In addition, we cannot assure you that future borrowings or equity financing will be available for the payment or refinancing of our indebtedness. If we are unable to service our indebtedness, whether in the ordinary course of business or upon acceleration of such indebtedness, we may pursue one or more alternative strategies, such as restructuring or refinancing our indebtedness, selling assets, reducing or delaying capital expenditures, revising implementation of or delaying strategic plans or seeking additional equity capital. Any of these actions could have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that we would be able to take any of these actions, that these actions would enable us continue to satisfy our capital requirements, or that these actions would be permitted under the terms of our various debt agreements.

We may not be able to finance future needs or adapt our business plan to react to changes in economic or business conditions because of restrictions placed on us by our senior credit facilities and any existing or future instruments governing our other indebtedness.

Our senior credit facilities and other agreements governing our other indebtedness contain, or may contain, a number of significant restrictions and covenants that limit our ability to make distributions or other payments to our investors and creditors unless certain financial tests or other criteria are satisfied. We also must comply with certain specified financial ratios and tests. Our subsidiaries may also be subject to restrictions on their ability to make distributions to us. In addition, our senior credit

facilities and any other agreements contain or may contain additional affirmative and negative covenants. Existing restrictions are described more fully under MD&A. Each of these restrictions could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities, such as acquisitions.

If we do not comply with the covenants and restrictions contained in our senior credit facilities and other agreements governing our indebtedness, we could be in default under those agreements, and the debt, together with accrued interest, could then be declared immediately due and payable. If we default under our senior credit facilities, the lenders could cause all our outstanding debt obligations under our senior credit facilities to become due and payable or require us to apply all of our cash to repay the indebtedness we owe. If our debt is accelerated, we may not be able to repay our debt or refinance it. Even if we are able to obtain new financing, we may not be able to repay our debt or borrow sufficient funds to refinance it. In addition, any default under our senior credit facilities or agreements governing our other indebtedness could lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions. If the indebtedness under our senior credit facilities is accelerated, we may not have sufficient assets to repay amounts due under our senior credit facilities, our senior notes or under other debt securities then outstanding. Our ability to comply with these provisions of our senior credit facilities and other agreements governing our other indebtedness will be affected by changes in the economic or business conditions or other events beyond our control. Complying with our covenants may also cause us to take actions that are not favorable to us and may make it more difficult for us to successfully execute our business strategy and compete, including against companies that are not subject to such restrictions.

The loss of key personnel and any inability to attract and retain qualified employees could have a material adverse effect on our operations.

We are dependent on the continued services of our leadership team. The loss of these personnel without adequate replacement could have a material adverse effect on our operations. Additionally, we need qualified managers and skilled employees with technical and manufacturing industry experience in order to operate our business successfully. From time to time, there may be a shortage of skilled labor, which may make it more difficult and expensive for us to attract and retain qualified employees. If we were unable to attract and retain sufficient numbers of qualified individuals or our costs to do so were to increase significantly, our operations could be materially adversely affected.

Many of the industries in which we operate are cyclical, and our quarterly results will be and have been affected as a result.

Many of the business areas in which we operate are subject to specific industry and general economic cycles. Certain businesses are subject to industry cycles, including, but not limited to:

- The automotive industry, which influences certain businesses in our Industrial Products and Services segment (where revenues are linked to automotive sales and production) and, to a lesser extent, our Test and Measurement segment (where revenues are primarily linked to new-model introductions). A decline in automotive sales and production may not only affect our sales to vehicle manufacturers and their dealerships, but also sales to aftermarket customers, and could result in a decline in our results of operations or a deterioration in our financial condition. Similarly, bankruptcies of our direct or indirect customers, including one or more OEMs, may lead to a decline in our revenues as well as a failure to collect on receivables.
- The electric power and infrastructure markets, which influence our Thermal Equipment and Services and Industrial Products and Services segments.
- Demand for cooling systems and towers within our Thermal Equipment and Services segment is correlated to contract timing on large construction contracts, which may cause significant fluctuations from period to period. Accordingly, any downturn or competitive pricing pressures in those or other markets in which we participate could adversely affect us.
- Financial difficulties at Enron, Dynegy, NRG and other independent power producers have led to a change in the buying habits of some customers in the power generation markets, which has led to lower demand and price levels for our power transformers.
- The chemical and petrochemical markets, which influence our Flow Technology segment.
- The non-residential facility construction markets, which influence our Industrial Products and Services segment.

Cyclical changes could also affect sales of products in our other businesses. The downturns in the business cycles of our different operations may occur at the same time, which could exacerbate any material adverse effects to our business. See

"MD&A — Segment Results of Operations." In addition, certain of our businesses have seasonal fluctuations. Historically, our businesses generally tend to be stronger in the second half of the year.

Our business is subject to changes in the economy.

Certain of our businesses have been affected in various years by difficult economic conditions. There can be no assurance that the economy will not worsen or that we will be able to sustain existing cost structures or create additional cost reductions to offset economic conditions, or that the unpredictability and changes in the markets in which we participate will not adversely impact our results. Cost reduction actions often result in charges against earnings. We expect to take charges against earnings in 2006 in connection with implementing additional cost reduction actions at certain of our businesses. These charges can vary significantly from period to period and, as a result, we may experience fluctuations in our reported net income and earnings per share due to the timing of restructuring actions, which in turn can have a material adverse effect on our financial position, results of operations or cash flows.

If the fair value of any of our reporting units is insufficient to recover the carrying value of the goodwill and other intangibles of the respective reporting unit, a material non-cash charge to earnings could result.

In three of the past four years we have recorded material non-cash charges to earnings to impair the carrying value of our goodwill and other intangible assets. At December 31, 2005, we had goodwill and other intangible assets of \$2,249.6. We account for goodwill and indefinite lived intangibles in accordance with SFAS No. 142 "Goodwill and Other Intangible Assets" ("SFAS No. 142"). SFAS No. 142 states that goodwill and indefinite lived intangible assets are not amortized, but are instead reviewed for impairment annually (or more frequently if impairment indicators arise). We conduct annual impairment testing to determine if we will be able to recover all or a portion of the carrying value of goodwill and indefinite lived intangibles. In addition, we review goodwill and indefinite lived intangible assets for impairment more frequently if impairment indicators arise. If the fair value is insufficient to recover the carrying value of our goodwill and indefinite lived intangibles, we may be required to record a material non-cash charge to earnings.

Consistent with the requirements of SFAS No. 142, the fair values of our reporting units generally are based on discounted cash flow projections that are believed to be reasonable under current and forecasted circumstances, the results of which form the basis for making judgments about carrying values of the reported net assets of our reporting units. Other considerations are also incorporated, including comparable industry price multiples. Many of our businesses closely follow changes in the industries and end-markets that they serve. Accordingly, we consider estimates and judgments that affect the future cash flow projections, including principal methods of competition such as volume, price, service, product performance and technical innovations and estimates associated with cost improvement initiatives, capacity utilization, and assumptions for inflation and foreign currency changes. We monitor impairment indicators across all of our businesses. Any significant change in market conditions and estimates or judgments used to determine expected future cash flows that indicate a reduction in carrying value may give rise to impairment in the period that the change becomes known.

In connection with the preparation of our 2005 year-end consolidated financial statements, and as part of our annual goodwill impairment testing during the fourth quarter of 2005, we determined that the fair values of our Air Filtration and Dock Products reporting units were less than the respective carrying values of their net assets. As such, we recorded, during the fourth quarter of 2005, \$78.2 in charges for the impairment of goodwill and other intangible assets related to Air Filtration (\$36.2) and Dock Products (\$42.0). We considered a number of factors, including the input of an independent appraisal firm, in conducting the impairment testing of the Air Filtration and Dock Products reporting units. We performed our impairment testing by comparing the estimated fair value of the reporting units to the respective carrying values of the reported net assets. Fair value was based generally on the income approach, using a calculation of discounted cash flows from the most recent financial projections for the reporting units. Based on this comparison, the net assets of the reporting units had carrying values that exceeded the related fair values. The respective fair values were then allocated among the related assets and liabilities of the reporting units as a means of calculating the implied goodwill for the businesses. As a result of these tests, goodwill recorded for these businesses was reduced by \$53.1 and the carrying value of intangible assets was reduced by \$25.1.

As a result of the impairment testing and related charges, the carrying value of the assets and liabilities of our Air Filtration and Dock Products businesses are equivalent to their estimated fair value. Unfavorable changes in the future financial results of these businesses could result in additional impairment. We will continue to monitor impairment indicators across our other reporting units, including, but not limited to, Air Filtration, Dock Products, Contech, Dehydration and Waukesha Electric Systems. The aggregate goodwill and indefinite lived intangible asset balances for these five reporting units was \$407.4 at December 31, 2005. See Note 8 to our consolidated financial statements for further discussion.

We are subject to work stoppages, union negotiations, labor disputes and other matters associated with our labor force, which may adversely impact our operations and cause us to incur incremental costs.

At December 31, 2005, we had approximately 15,100 employees associated with ongoing businesses that have been classified in our consolidated financial statements as continuing operations. Additionally, we had approximately 3,200 employees associated with businesses that we intend to sell in 2006 and have classified in our consolidated financial statements as discontinued operations. Substantially all of these employees were part of our security and protection business, which was sold in January 2006. Sixteen domestic collective bargaining units and various foreign collective labor arrangements cover approximately 2,000 employees, which included 50 employees relating to businesses classified in our financial statements as discontinued operations. While we generally have experienced satisfactory relations at our various locations, we are subject to potential union campaigns, work stoppages, union negotiations and potential labor disputes. Further, we may be subject to work stoppages, which are beyond our control, at our suppliers or customers.

Our technology is important to our success, and failure to develop new products may result in a significant competitive disadvantage.

Because many of our products rely on proprietary technology, we believe that the development and protection of our intellectual property rights is critical to the success of our business. In order to maintain our market positions and margins, we need to continually develop and introduce high quality, technologically advanced and cost effective products on a timely basis. The failure to do so could result in a significant competitive disadvantage.

Additionally, despite our efforts to protect our proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use our products or technology. The steps we have taken may not prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. Expenses in connection with defending our rights may be material.

Many of our current and planned products may contain defects or errors that are detected only after delivery to customers. If that occurs, our reputation may be harmed and we may face additional costs.

There is no assurance that our extensive product development, manufacturing and integration testing will be adequate to detect all defects, errors, failures and quality issues that could impact customer satisfaction or result in claims against us with regard to our products. As a result, we could have to replace certain components and/or provide remediation in response to the discovery of defects in products that are shipped. Most of these occurrences can be rectified without incident, as has generally been the case historically. However, the occurrence of any defects, errors, failures or quality issues could result in cancellation of orders, product returns, diversion of our resources, legal actions by our customers or our customers' end users and other losses to us or to our customers or end users. These occurrences could also result in the loss of or delay in market acceptance of our products and loss of sales, which would harm our business and adversely affect our revenues and profitability.

Provisions in our corporate documents and Delaware law may delay or prevent a change in control of our company, and, accordingly, we may not consummate a transaction that our shareholders consider favorable.

Provisions of our Certificate of Incorporation and By-laws may inhibit changes in our control not approved by our Board. These provisions include, for example: a staggered board of directors; a prohibition on shareholder action by written consent; a requirement that special shareholder meetings be called only by our Chairman, President or our Board; advance notice requirements for shareholder proposals and nominations; limitations on shareholders' ability to amend, alter or repeal the By-laws; enhanced voting requirements for certain business combinations involving substantial shareholders; the authority of our Board to issue, without shareholder approval, preferred stock with terms determined in its discretion; and limitations on shareholders ability to remove directors. We also have a shareholder rights plan designed to make it more costly and thus more difficult to gain control of us without the consent of our Board. In addition, we are afforded the protections of Section 203 of the Delaware General Corporation Law, which could have similar effects. In general, Section 203 prohibits us from engaging in a "business combination" with an "interested shareholder" (each as defined in Section 203) for at least three years after the time the person became an interested shareholder unless certain conditions are met. These protective provisions could result in our not consummating a transaction that our shareholders consider favorable or discourage entities from attempting to acquire us, potentially at a significant premium to our then-existing stock price.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

The following is a list of our principal properties, as of December 31, 2005, classified by segment:

	Location	No. of Facilities	Approximate Square Footage	
			Owned	Leased
(in millions)				
Flow Technology	6 states and 10 foreign countries	29	1.5	0.8
Test and Measurement	9 states and 6 foreign countries	21	0.7	0.5
Thermal Equipment and Services	7 states and 5 foreign countries	16	2.1	2.8
Industrial Products and Services	14 states and 5 foreign countries	39	2.5	1.1
Total		105	6.8	5.2

In addition to manufacturing plants, we lease our corporate office in Charlotte, NC, and various sales and service locations throughout the world. We consider these properties, as well as the related machinery and equipment, to be well maintained and suitable and adequate for their intended purposes.

ITEM 3. Legal Proceedings

(All amounts are in millions)

Beginning in March 2004, multiple class action complaints seeking unspecified monetary damages were filed or announced by certain law firms representing or seeking to represent purchasers of our common stock during a specified period against us and certain of our current and former executive officers in the United States District Court for the Western District of North Carolina alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Securities Class Action"). The plaintiffs generally allege that we made false and misleading statements regarding the forecast of our 2003 fiscal year business and operating results in order to artificially inflate the price of our stock. These complaints have been consolidated into a single amended complaint against the company and our former Chairman, Chief Executive Officer and President. On September 20, 2004, we filed a motion to dismiss the consolidated action in its entirety. That motion is fully briefed for ruling by the District Court.

On April 23, 2004, an additional class complaint seeking unspecified monetary damages was filed in the same court on behalf of participants in our employee benefit plans, alleging breaches of the Employee Retirement Income Security Act of 1974 ("ERISA") by us, our then general counsel and the Administrative Committee regarding one of our 401(k) defined contribution benefit plans arising from the plan's holding of our stock. On June 10, 2005 a first amended complaint was filed in the ERISA suit, adding as defendants certain current and former directors and Administrative Committee members. The first amended complaint generally tracks the factual allegations in the Securities Class Action. On July 25, 2005, we filed a motion to dismiss the amended ERISA complaint in its entirety. That motion is fully briefed for ruling by the District Court. On September 8, 2005, the plaintiffs moved the Court to certify the proposed class in the ERISA suit. We have opposed that motion and it is fully briefed for ruling by the District Court.

We believe that the allegations stated in the Securities Class Action and tag-along ERISA suit are without merit and intend to defend against them vigorously. We are currently unable to predict the outcome of these cases, although we believe our potential loss is likely to be within the limits of our coverage under our Directors' and Officers' insurance policies.

On or about October 29, 2001, we were served with a complaint by VSI Holdings, Inc., or VSI, in the 6th Judicial Circuit Court of the State of Michigan seeking enforcement of a merger agreement that we had terminated. In its complaint, VSI asked the court to require us to complete the \$197.0 acquisition of VSI, and/or award damages to VSI and its shareholders. We do not believe the suit has merit and are defending the claim vigorously. On December 26, 2001, we filed our answer denying VSI's allegations, raising affirmative defenses and asserting a counterclaim against VSI for breach of contract. On November 8, 2002, VSI filed a voluntary petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. On January 8, 2003, the litigation was removed to the federal Bankruptcy Court, which thereafter transferred the matter to the U.S. District Court in Detroit. On September 30, 2005, the Court issued a memorandum opinion and order resolving various summary judgment and other pending motions. The Court has set the matter for trial commencing April 11, 2006. While we believe that we should

ultimately prevail on the pending litigation claim with VSI, there can be no assurance that we will be successful in the litigation, and if we are not successful, the outcome could have a material adverse effect on our financial condition and results of operations.

In October 2004, one of our Italian subsidiaries, SPX Cooling Technologies Italia, S.p.A., formerly Balcke Marley Italia, S.p.A., was notified that it is the subject of an investigation by the Milan Public Prosecutor's Office. The investigation relates to the business practices of several individuals and different companies in securing contracts from an Italian power generation company. We have cooperated with the prosecutor's office in this investigation. At this stage we are unable to predict the outcome of the investigation or to reasonably estimate the range of potential liability, if any. We have taken actions to address Italian Legislative Decree No. 231, including the appointment of a compliance program supervisor at the cooling equipment business.

We are subject to other legal proceedings and claims that arise in the normal course of business. In our opinion, these matters are either without merit or of a kind that should not have a material adverse effect individually or in the aggregate on our financial position, results of operations or cash flows. However, we cannot assure you that these proceedings or claims will not have a material adverse effect on our financial position, results of operations or cash flows.

See "Contingent Liabilities", "MD&A — Factors That May Affect Future Results" and Note 14 to our consolidated financial statements for further discussion of legal proceedings.

ITEM 4. Submission Of Matters To A Vote Of Security Holders

Not applicable.

PART II

ITEM 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(All amounts are in millions, except number of shares, share price, and per share information)

Our 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 our common stock as reported on the New York Stock Exchange composite transaction reporting system for each quarterly period during the years 2005 and 2004, together with dividend information.

	High	Low	Dividends per Share
2005			
4 th Quarter	\$ 47.83	\$ 43.00	\$ 0.25
3 rd Quarter	50.09	43.60	0.25
2 nd Quarter	46.14	38.58	0.25
1 st Quarter	45.60	38.10	0.25
2004			
4 th Quarter	\$ 46.80	\$ 35.34	\$ 0.25
3 rd Quarter	46.51	32.46	0.25
2 nd Quarter	49.50	40.92	0.25
1 st Quarter	63.16	41.51	0.25

The actual amount of each quarterly dividend, as well as each declaration date, record date and payment date is subject to the discretion of the Board of Directors, and the target dividend level may be adjusted during the year at the discretion of the Board of Directors. The factors the Board of Directors consider in determining the actual amount of each quarterly dividend includes our financial performance and on-going capital needs, our ability to declare and pay dividends under the terms of our credit facilities and any other debt instruments, and other factors deemed relevant.

The following table summarizes the repurchases of common stock during the three months ended December 31, 2005:

Period	Total number of shares purchased	Average price per share	Total number of shares purchased as part of a publicly announced plan or program	Maximum number of shares that may yet be purchased under the plan or program
10/1/05-10/31/05	2,371,627	\$ 44.7467	2,371,627	(1)
11/1/05-11/30/05	1,399,855	\$ 45.7771	1,399,855	(1)
12/1/05-12/31/05 (2)	2,354,200	\$ 47.5627	2,354,200	(1)
Total	6,125,682		6,125,682	

- (1) On June 27, 2005 we adopted a written trading plan under Rule 10b5-1 of the Exchange Act to facilitate the share repurchases under a program that was previously authorized by our Board of Directors and announced on March 28, 2005. On December 21, 2005, we adopted a new written trading plan under Rule 10b5-1 to facilitate the repurchase of up to 5.0 shares of our common stock in accordance with a new share repurchase program, replacing the then-existing repurchase program. The new repurchase program is consistent with, and allows for share repurchases up to the amount permitted by, our new senior credit facilities. See Note 12 to our consolidated financial statements for further details.
- (2) The above amounts exclude 1.1 shares we had committed to purchase as of December 31, 2005, at an average share price of \$46.6584, which settled in January 2006 but were reflected as outstanding shares at December 31, 2005

The approximate number of shareholders of record of our common stock as of February 28, 2006 was 5,037.

ITEM 6. Selected Financial Data

As of and for the year ended December 31,

	2005	2004	2003	2002	2001
	(In millions, except per share amounts)				
Summary of Operations⁽¹⁾					
Revenues ⁽²⁾	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5	\$ 3,480.4	\$ 2,884.9
Operating income (loss) ⁽³⁾	210.2	(12.3)	339.1	399.5	339.0
Other (expense) income, net ⁽⁴⁾	(17.5)	(9.0)	47.3	(0.7)	(9.4)
Interest expense, net ^(5,6)	(165.4)	(154.0)	(187.7)	(158.9)	(124.5)
Income (loss) from continuing operations before income taxes	27.3	(175.3)	198.7	239.9	205.1
(Provision) benefit for income taxes	(70.4)	32.8	(97.8)	(126.9)	(119.0)
Equity earnings in joint ventures	23.5	26.0	34.3	36.6	35.0
Income (loss) from continuing operations before a change in accounting principle	(19.6)	(116.5)	135.2	149.6	121.1
Income from discontinued operations, net of tax ⁽⁶⁾	1,109.6	99.4	100.8	126.4	51.9
Change in accounting principle ⁽⁷⁾	—	—	—	(148.6)	—
Net income (loss)	\$ 1,090.0	\$ (17.1)	\$ 236.0	\$ 127.4	\$ 173.0
Basic earnings (loss) per share of common stock:					
Income (loss) from continuing operations before change in accounting principle	\$ (0.28)	\$ (1.57)	\$ 1.76	\$ 1.84	\$ 1.67
Income from discontinued operations	15.61	1.34	1.31	1.55	0.71
Change in accounting principle	—	—	—	(1.83)	—
Net income (loss) per share	\$ 15.33	\$ (0.23)	\$ 3.07	\$ 1.56	\$ 2.38
Diluted earnings (loss) per share of common stock:					
Income (loss) from continuing operations before change in accounting principle	\$ (0.28)	\$ (1.57)	\$ 1.70	\$ 1.76	\$ 1.54
Income from discontinued operations	15.61	1.34	1.14	1.31	0.59
Change in accounting principle	—	—	—	(1.54)	—
Net income (loss) per share	\$ 15.33	\$ (0.23)	\$ 2.84	\$ 1.53	\$ 2.13
Dividends declared per share	\$ 1.00	\$ 1.00	—	—	—
Other Financial Data:					
Total assets	\$ 5,306.4	\$ 7,588.5	\$ 7,624.3	\$ 7,091.5	\$ 7,080.1
Total debt	788.4	2,526.1	2,619.9	2,694.3	2,608.4
Other long-term obligations	1,001.7	1,228.4	1,357.6	1,173.2	1,199.8
Shareholders' equity	2,111.2	2,127.8	2,067.2	1,692.4	1,715.3
Capital expenditures	68.6	39.2	36.9	59.9	121.6
Depreciation and amortization	87.9	92.2	85.7	87.5	122.5

(1) On May 24, 2001, we completed the acquisition of UDI in an all-stock acquisition valued at \$1,066.9. We issued a total of 18,770 shares of our common stock to complete the transaction. We also assumed \$884.1 of UDI debt, bringing the total transaction value to \$1,951.0. UDI reported revenues of \$894.4 for the first five months of 2001. These amounts are inclusive of revenues associated with businesses that we have classified as discontinued operations in all of the periods presented above.

(2) During 2005, revenues for our Test and Measurement segment were reduced by \$19.9 for program incentives and rebates earned by certain customers throughout the year. Prior to 2005, these incentives and rebates were classified as cost of products sold and selling, general and administrative expenses. Had these amounts been classified as a reduction to revenues prior to 2005, revenues for 2004, 2003, 2002, and 2001 would have been lower by \$14.6, \$13.3, \$11.2, and \$12.6, respectively.

(3) In 2005, we recorded charges of \$78.2 related to the impairment of goodwill and other intangible assets for our Air Filtration and Dock Products businesses (See Note 8 to our consolidated financial statements for further discussion of these impairment charges). In addition, we incurred net special charges of \$9.2 associated with restructuring initiatives to consolidate manufacturing and other facilities, as well as asset impairments. These charges were net of a credit of \$7.9

relating to a gain on the sale of land in Milpitas, CA, resulting in the finalization of a previously initiated restructuring action. See Note 6 to our consolidated financial statements for further details.

In 2004, we recorded charges of \$246.8 related to the impairment of goodwill and other intangible assets for our Dock Products, Fluid Power, Radiodetection, and TPS businesses (See Note 8 to our consolidated financial statements for further discussion of these impairment charges). In addition, we incurred net special charges of \$44.1 related to other asset impairments and cash costs associated with work force reductions, initiatives to divest or consolidate manufacturing facilities, asset divestitures, and the exit of certain operations. Approximately \$14.2 of these net special charges related to non-disposal, asset impairments at our Fluid Power (\$8.8) and Contech (\$5.4) businesses that were recorded in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment and Disposal of Long-Lived Assets." See Note 6 to our consolidated financial statements for further details.

In 2003, we recorded \$44.0 of net special charges associated primarily with the restructuring initiatives to consolidate manufacturing facilities and rationalize certain product lines, along with any related asset impairments. See Note 6 to our consolidated financial statements for further details.

In 2002, we recorded \$90.0 of net special charges, of which \$12.6 was recorded in cost of products sold, associated primarily with the restructuring initiatives to consolidate manufacturing facilities and rationalize certain product lines, along with any related asset impairments.

In 2001, we recorded \$57.6 of net special charges, of which \$8.6 was recorded in cost of products sold, associated primarily with the restructuring initiatives to consolidate manufacturing facilities and rationalize certain product lines, along with any related asset impairments, as well as costs associated with the relocation of our corporate offices to Charlotte, NC.

In 2001, we recorded a \$15.6 net gain related primarily to an arbitration award from Snap-on Incorporated.

- (4) In 2003, we recorded a \$41.9 net gain on the favorable settlement of a patent infringement suit against Microsoft Corporation.

In 2002, we recorded a loss of \$10.3 related to the sale of substantially all of the assets and liabilities of a non-strategic machinery equipment product line and a material handling product line, which was partially offset by a gain on the settlement of a contract dispute.

In 2001, we recorded an \$11.8 loss on the sale of our electric motor product line.

- (5) Interest expense, net included losses on early extinguishment of debt of \$113.6 in 2005, \$2.6 in 2004 and \$2.2 in 2003 related to the write-off of unamortized deferred financing fees, premiums/fees paid to redeem the senior notes, and other costs associated with the extinguishment of the term loans and revolving credit loan.
- (6) Income from discontinued operations included an allocation of interest expense of \$10.2 in 2004, 2003 and 2002, and \$5.1 in 2001, associated with the provision under our credit agreement then in effect that required that the first \$150.0 of proceeds from business dispositions be applied to outstanding balances under the credit agreement, including the term loans. No other corporate costs have been allocated to discontinued operations.
- (7) In 2002, we recorded a charge of \$148.6 for a change in accounting principle as a result of adopting the provisions of SFAS No. 142 "Goodwill and Other Intangible Assets."

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with our consolidated financial statements and the related notes. All dollar and share amounts are in millions.

Executive Overview

Overall, 2005 was a successful year for SPX. We entered the year with three key priorities: continue to simplify the company, increase our financial flexibility, and return value to shareholders. We made significant progress against each of these priorities, as summarized below.

Continue to Simplify the Company

Over the last 12 to 18 months, our efforts have focused on streamlining our business to allow us to concentrate our resources on those platforms with the greatest growth potential. In connection with this, we completed the following activities during 2005:

- Re-aligned our businesses into three "growth" segments (Flow Technology, Test and Measurement, and Thermal Equipment and Services), which are our core platforms for future growth. These segments are defined as having substantial opportunities for growth within the current markets they serve, as well as the potential for expansion into additional markets. The remaining businesses, which generally represent North American-focused industrial operations that lack global scale, are reported in a fourth segment identified as Industrial Products and Services.
- Sold a total of seven businesses which did not fit into our long-term strategy for \$2,751.2 in cash. Additionally, we completed the sale of Vance International, Inc. in January 2006, resulting in cash proceeds of \$70.6.
- Completed the acquisition of CarTool for a purchase price of \$41.4, net of cash acquired of \$22.6, which represents a strategic fit for our Test and Measurement segment.

Increase Our Financial Flexibility

During 2005, SPX committed to a plan to reduce our outstanding debt and improve our leverage ratios and overall financial flexibility to support the growth of our three core platforms. The following are the key accomplishments against this objective in 2005:

- Repaid long-term debt of \$1,765.6.
- Entered into new global senior credit facilities in an aggregate amount of \$1,625.0. The new senior credit facilities replaced our previous domestic credit facility and provided the funds to repay the outstanding LYONs for which substantially all the holders exercised an early repayment option in February 2006.

Return Value to Shareholders

During 2005, under our quarterly dividend program, we distributed \$73.3 of dividends to shareholders. Additionally, we implemented a number of changes and initiatives designed to further align our direction and objectives with those of our shareholders:

- The SPX Board of Directors approved two separate share repurchase programs during 2005, the most recent of which was approved on December 21, 2005. Under these programs, we have repurchased 17.8 shares with a value of \$818.2 through February 28, 2006. Of this amount, \$624.7 had been settled as of December 31, 2005.
- Improved operating cash flows and segment income and margins compared to 2004.
- Implemented a new incentive compensation plan for our executive and management team (replacing the Economic Value Added plan), with incentive payments based generally on financial metrics such as operating profit margin and operating cash flows.
- Included an SPX shareholder return measure (versus the S&P 500 Index) as a vesting criterion for the majority of our 2005 restricted stock and restricted stock unit awards.
- Under the provisions of the American Jobs Creation Act of 2004, repatriated \$500.0 of foreign undistributed earnings at favorable tax rates.

Initiatives for 2006 and Beyond

In addition to the accomplishments described above, we implemented six key operating initiatives to improve operating income and margins. These long-term initiatives focus on continuous improvement, and we expect to realize significant benefits in the next 12 to 18 months. The key initiatives are: Lean Manufacturing, Supply Chain Management, New Product Development, Information Technology Centralization, Organizational Development and Emerging Markets (most notably China). The following are some of our key accomplishments to date and opportunities identified that we expect to deliver the anticipated operating income and margin improvements in 2006 and beyond:

- Made organizational investments to lead the deployment of Lean Manufacturing throughout the organization and are in the process of identifying cost savings and process improvement opportunities in each business.

- Established multi-year performance targets for reducing annual material spend as part of the Supply Chain Management initiative.
- Established a target of a 30% reduction in the number of enterprise resource planning software ("ERP") systems across the company.
- Sales into China were approximately \$270.0 in 2005, a 69% increase over 2004, and now represent approximately 6% of our consolidated revenues. Additionally, more than 10% of our work force is now employed in China and several of our businesses have targeted this market for continued strategic growth.

Other Significant 2005 Items

There were a number of other significant items that impacted our 2005 operating results, including:

- Impairment charges of \$78.2 relating to the goodwill and other intangible assets of our Air Filtration and Dock Products reporting units. See Note 8 to our consolidated financial statements for further details.
- Losses on the early extinguishment of debt of \$113.6. These losses were the result of (i) premiums and fees paid and the write-off of deferred financing costs associated with the redemption of our senior notes and the termination of our previous credit facility, and (ii) the termination of the remaining interest rate protection agreements in connection with the early repayments of the term loans under the previous credit facilities.
- Additional income tax expense of approximately \$44.5 associated with the repatriation of foreign earnings.
- Effective pricing management, which generally offset increases in raw material costs across our segments. Increases in raw material costs represented a significant detriment to gross profit in 2004.

Results of Continuing Operations

Seasonality and Competition — Many of our businesses follow changes in the industries and end markets that they serve. In addition, certain businesses have seasonal fluctuations. Our heating and ventilation products businesses tend to be stronger during the third and fourth quarters, as customer-buying habits are driven largely by seasonal weather patterns. Demand for cooling towers and related services is highly correlated to contract timing on large construction contracts, which may cause significant fluctuations from period to period. Revenues for our service solutions business typically follow program launch timing for diagnostic systems and service equipment. In aggregate, our businesses generally tend to be stronger in the second half of the year.

Although our businesses operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since our competitors do not offer all of the same product lines or serve all of the same markets. In addition, specific reliable comparative figures are not available for many of our competitors. In most product groups, competition comes from numerous concerns, both large and small. The principal methods of competition are price, service, product performance and technical innovations. These methods vary with the type of product sold. We believe we can compete effectively on the basis of each of these factors as they apply to the various products we offer.

Non-GAAP Measures — Organic revenue growth (decline) presented herein represents total revenues, excluding the impact of acquisitions and foreign currency changes. We believe that this metric can be a useful financial measure for investors in evaluating our normal operating performance for the periods presented because it excludes items that are either not completely under management's control or not an accurate reflection of our underlying growth. In addition, organic revenue growth (decline) is one of the factors we use in internal evaluations of the overall performance of our business. This metric, however, is not a measure of financial performance under accounting principles generally accepted in the United States ("GAAP") and should not be considered a substitute for revenue growth (decline) as determined in accordance with GAAP.

The following table provides selected financial information for the years ended December 31, 2005, 2004, and 2003, including the reconciliation of organic revenue growth to net revenue growth, as defined herein:

	2005	2004	2003	2005 vs. 2004%	2004 vs. 2003%
Revenues	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5	4.8	15.4
Gross profit	1,132.1	1,086.0	1,019.9	4.2	6.5
% of revenues	26.4%	26.5%	28.7%		
Selling, general and administrative expense	818.8	791.2	630.2	3.5	25.5
% of revenues	19.1%	19.3%	17.8%		
Special charges, net	9.2	44.1	44.0	(79.1)	0.2
Impairment of goodwill and other intangible assets	78.2	246.8	—	*	*
Other (expense) income, net	(17.5)	(9.0)	47.3	*	*
Interest expense, net	(51.8)	(151.4)	(185.5)	(65.8)	(18.4)
Loss on early extinguishment of debt	(113.6)	(2.6)	(2.2)	*	*
Income (loss) from continuing operations before income taxes	27.3	(175.3)	198.7	*	*
Income tax (provision) benefit	(70.4)	32.8	(97.8)	*	*
Equity earnings in joint ventures	23.5	26.0	34.3	(9.6)	(24.2)
Income (loss) from continuing operations	(19.6)	(116.5)	135.2	*	*
Components of Consolidated Revenue Growth:					
Organic Growth				4.3%	4.7%
Foreign Currency				—	2.7%
Acquisitions and Other, net				0.5%	8.0%
Net Revenue Growth				4.8%	15.4%

* Not meaningful for comparison purposes.

Revenues — For 2005, the increase in revenues was driven primarily by organic revenue growth. Our Thermal Equipment and Services segment, where we experienced strong demand for dry cooling products in China and for thermal services and repairs in Europe, was the primary contributor to this growth. Another key contributor was the continued strong growth in the mining, petro-chemical and sanitary markets serviced by our Flow Technology segment. The organic growth in these segments was partially offset by an organic decline in our Test and Measurement segment, mostly attributable to a decrease in revenues from fare-collection systems. Beyond organic revenues, acquisitions increased revenues by \$43.3, primarily associated with the acquisitions of Actron and Auto X-ray in the Test and Measurement segment during the second half of 2004.

For 2004, the most significant driver of revenue growth was the impact of acquisitions in the latter half of 2003 and during 2004, which contributed \$287.0 to the incremental revenues in 2004. The acquisitions of Hamon CIE Global Dry and NAFTA Wet Cooling business in our Thermal Equipment and Services segment in December 2003 and McLeod Russel Holdings PLC in our Flow Technology segment in January 2004 represented \$244.5 of this growth. The remaining increase was mostly attributable to organic revenue growth in our Test and Measurement and Industrial Products and Services segments.

Gross profit — As a percentage of sales, gross profit has remained steady in 2005 compared to 2004. However, there are a number of changes in the underlying operating activities and one-time events affecting the comparability of these results.

- Our 2005 pricing initiatives have generally offset increases in raw material costs, most notably steel.
- Gross profit increased from the improved revenue performance of our Flow Technology segment. However, these additional profits were partially offset by the impact of operating inefficiencies at the segment's Dehydration and Air Filtration businesses.
- Operating improvement at our Dock Products business have resulted in significant profit improvement within our Industrial Products and Services segment. The Dock Products business has generated profits during 2005 compared to losses in 2004. The 2004 losses were generally attributable to the start-up of the Reynosa, Mexico facility. Although the operating performance at Dock Products has improved, it was still below their 2005 operating targets, resulting in an additional impairment charge in the fourth quarter of 2005. See Note 8 to our consolidated financial statements for additional details.

- Gross profit increased from the improved revenue performance of our Thermal Equipment and Services segment described above. However, these revenues came at lower margins, reflecting the competitive bidding environment within the related markets.
- We have incurred start-up costs relating to our new Eden, NC facility in our Thermal Equipment and Services segment.
- Pricing pressures and lower volumes as a result of continued declines within the domestic automotive market have negatively impacted financial results for our Industrial Products and Services segment.
- We experienced higher self-insurance costs during 2005 of approximately \$15.3, associated with workers' compensation, product and general liability claims.
- Gross profit for 2004 was negatively impacted by inventory write-downs of \$17.7 in our Flow Technology and Test and Measurement segments.

The decline in gross profit as a percentage of sales in 2004 compared to 2003 was partly due to the start-up costs at our Dock Products Reynosa, Mexico facility and the inventory write-downs in our Flow Technology and Test and Measurement segments noted above. In addition to these items, the decline in the margins was attributable to the following:

- The acquisitions completed in the latter half of 2003 and during 2004 of businesses that have historically lower margins than our existing businesses.
- Increases in raw material costs throughout 2004, most notably steel, copper and oil.
- Changes in customer and/or product mix within our Thermal Equipment and Services and Test and Measurement segments.

Selling, general and administrative ("SG&A") expense — For 2005, the increase in SG&A expense of \$27.6 was primarily due to the following:

- Higher stock-based compensation expense of \$19.2. The increase in stock-based compensation expense was primarily the result of 2005 being the second year of our restricted stock/restricted stock unit awards (i.e. two years of awards being amortized to earnings in 2005 compared to one year of awards in 2004). In addition, 2004 stock-based compensation expense included a credit of \$8.2 associated with compensation previously recorded for restricted stock that was forfeited in connection with the December 2004 retirement and resignation of our then Chairman, Chief Executive Officer and President.
- Increases in headcount and associated costs within our Thermal Equipment and Services segment in support of our expansion in Asia and Europe.
- Higher costs associated with moving additional corporate functions to our Charlotte, NC headquarters and increased pension costs.
- Variable costs associated with acquisitions completed in 2004 (e.g., Actron and Auto X-ray).
- Higher incentive compensation costs as a result of improved operating results in 2005. The 2004 expense also was lower due to the fact that ten members of our senior management team agreed to forego payment of their 2004 incentive compensation.

For 2004, the increase in SG&A spending of \$161.0 was primarily due to the following:

- The acquisitions completed in the latter half of 2003 and during 2004.
- Incremental legal expenses totaling \$16.5 related primarily to costs associated with the VSI litigation, Securities Class Action, and Italian investigation.
- Separation costs of \$15.5 associated with the retirement and resignation of our former Chairman, Chief Executive Officer and President.
- Additional professional fees of \$7.0 related primarily to the implementation of regulatory requirements associated with the Sarbanes-Oxley Act of 2002.
- Stock-based compensation expense of \$9.1 associated with restricted stock and restricted stock units compared to \$5.4 in 2003.
- Receivable write-offs of \$3.9 associated with a second quarter restructuring of the mid-west distribution channel at our Dock Products business.

The increases in 2004 SG&A costs compared to 2003 were partially offset by the reduction in incentive compensation, as previously explained. In addition, SG&A for 2004 and 2003 included benefits of \$2.5 and \$8.9, respectively, from operational cost improvements at an environmental remediation site in California.

Special charges, net — Special charges related primarily to restructuring initiatives to consolidate manufacturing, sales, and administrative facilities, reduce workforce, and rationalize certain product lines. See Note 6 to our consolidated financial statements for the details of actions taken in 2005, 2004, and 2003. The components of special charges, net, follow:

	2005	2004	2003
Employee benefit costs	\$ 6.0	\$ 13.7	\$ 21.2
Facility consolidation costs	7.8	7.7	6.6
Other cash costs	1.8	1.9	3.5
Non-cash asset write-downs	1.5	23.7	12.7
Gain on sale of assets	(7.9)	(2.9)	—
Total special charges, net	\$ 9.2	\$ 44.1	\$ 44.0

Impairment of goodwill and other intangible assets — For 2005, the impairment charge of \$78.2 related to our Air Filtration and Dock Products reporting units, components of the Flow Technology and Industrial Products and Services segments, respectively. For 2004, the impairment charge of \$246.8 related to our Dock Products, Fluid Power, TPS (all components of our Industrial Products and Services segment), and Radiodetection (a component of our Test and Measurement segment) reporting units. See Note 8 to our consolidated financial statements for additional details.

Other income (expense), net — For 2005, the increase in other income (expense), net of \$8.5 was primarily related to higher foreign currency transaction losses, most notably the result of the strengthening of the U.S. dollar versus the Euro. We incurred \$15.5 and \$6.7 of foreign currency transaction losses in 2005 and 2004, respectively. Additionally, during 2005 we incurred legal charges of \$6.7, which were partially offset by a \$2.8 gain associated with the reduction of liabilities relating to an environmental remediation site and gains of \$1.2 associated with the sale of assets.

In 2004, other income (expense), net consisted primarily of the foreign currency transaction losses noted above, with comparable losses incurred in 2003. The primary driver for the year-over-year change of \$56.3 was the 2003 settlement of a patent infringement lawsuit against Microsoft Corporation for \$41.9 and gains of \$15.5 associated with the sale of assets, including the sale of our 20% interest in the Assa Abloy door joint venture.

Interest expense, net — Interest expense, net includes both interest expense and interest income. The sequential reduction in interest expense for the years 2005, 2004 and 2003 was primarily the result of the debt retirement activity during 2005 and 2004. Refer to Note 12 of our consolidated financial statements for details pertaining to our debt retirement activity. Additionally, interest income increased to \$17.1 in 2005 from \$4.9 in 2004. The increase in interest income was the result of higher average cash balances associated with the cash proceeds from business dispositions during 2005 and higher prevailing interest rates. There was no significant change in interest income between 2004 and 2003.

Loss on early extinguishment of debt — We incurred losses on the early extinguishment of debt in 2005, 2004, and 2003, which was comprised of the following: (i) premiums and fees paid for, and the write-off of deferred financing costs associated with, the redemption of the senior notes, (ii) the write-off of deferred financing costs relating to the redemption of the term loans, and (iii) the termination of the remaining interest rate protection agreements in connection with the early repayment of the term loans. Refer to Note 12 of our consolidated financial statements for additional details.

Income taxes — The following summarizes our effective tax rate for each of the periods presented:

	2005	2004	2003
Income (loss) from continuing operations before income taxes	\$ 27.3	\$ (175.3)	\$ 198.7
Equity earnings in joint ventures	23.5	26.0	34.3
Total pre tax income (loss)	50.8	(149.3)	233.0
Income tax (provision) benefit	(70.4)	32.8	(97.8)
Effective tax rate	138.6%	22.0%	42.0%

The high effective tax rate in 2005 is primarily the result of approximately \$44.5 in income taxes that have been provided for the repatriation of foreign earnings. Additionally, in 2005, we recorded impairment charges of \$78.2 relating to goodwill and other intangible assets, for which the associated income tax benefit was only \$10.0. The increases in the 2005 income tax

provision are partially offset by the closure of certain domestic and international tax matters, resulting in a reduction to the 2005 tax provision of \$15.1.

In 2004, we recorded impairment charges of \$246.8 related to goodwill and other intangible assets, for which the income tax benefit associated with this charge was only \$19.5. In addition, we decreased the 2004 income tax provision by \$48.0 associated with changes in estimates of income tax liabilities. The changes in estimates resulted primarily from the closure of certain matters relating to the 1995 to 1997 income tax returns of General Signal Corporation and SPX Corporation and the 2000 income tax return of UDI. General Signal Corporation was acquired through a reverse merger in 1998, and UDI was acquired in 2001.

Equity earnings in joint ventures — The decrease in equity earnings in joint ventures for 2005 of \$2.5 was primarily the result of a charge of \$7.5, representing our portion of the estimated costs for a legal settlement at EGS. These charges more than offset the year-over-year business growth at EGS. In addition, equity earnings for 2004 were impacted by a legal charge at EGS, with our portion of the charge totaling \$3.8.

In 2004, the decline in equity earnings in joint ventures of \$8.3 was due primarily to the divestiture of our 20% interest in the Assa Abloy door joint venture in the third quarter of 2003 and the 2004 legal charge at our EGS joint venture noted above. The Assa Abloy door joint venture contributed \$5.4 of income in 2003.

Results of Discontinued Operations

For 2005, 2004, and 2003, income from discontinued operations and the related income taxes are shown below:

	Year ended December 31,		
	2005	2004	2003
Income from discontinued operations	\$ 1,568.1	\$ 140.9	\$ 130.5
Income tax provision	(458.5)	(41.5)	(29.7)
Income from discontinued operations, net	\$ 1,109.6	\$ 99.4	\$ 100.8

For 2005, 2004 and 2003, results of operations from our businesses reported as discontinued operations were as follows:

	Year ended December 31,		
	2005	2004	2003
Revenues	\$ 494.6	\$ 1,699.7	\$ 1,579.4
Pre-Tax Income	13.6	166.4	168.5

We report discontinued operations in accordance with the guidance of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, we report businesses or asset groups as discontinued operations when, among other things, we commit to a plan to divest the business or asset group, actively begin marketing the business or asset group, and when the sale of the business and asset group is deemed probable within the next 12 months. The following businesses, which have been sold, met these requirements and therefore have been reported as discontinued operations for the periods presented.

Business	Discontinued During the Quarter Ended	Actual Closing Date of Sale
Security and protection business ("Vance")	September 30, 2005	Q1 2006
Mueller Steam, Febco and Polyjet product lines	September 30, 2005	Q4 2005
Aftermarket automotive products business ("Carfel")	March 31, 2005	Q3 2005
Lab and life science business ("Kendro")	December 31, 2004	Q2 2005
Fire detection and building life-safety systems business ("EST")	December 31, 2004	Q1 2005
Compaction equipment business ("Bomag")	September 30, 2004	Q1 2005
Brookstone telecommunication services business	March 31, 2005	Q1 2005
Specialty tool business	December 31, 2004	Q1 2005
Axial fan business	December 31, 2004	Q4 2004
Inspection gauging system business	December 31, 2004	Q4 2004
Municipal water valve business	June 30, 2004	Q4 2004

Vance — Completed the sale in January 2006 for \$70.6 in cash. We recorded a charge in 2005, net of taxes, of \$26.8 in order to reduce the net assets to be sold to their net realizable value. The final purchase price is subject to adjustment based on working capital existing at the date of close.

Mueller Steam, Febco and Polyjet — Sold for \$44.7 in cash. In 2005, we recorded a gain on the sale of \$50.7, which included a tax benefit of \$71.8.

Carfel — Sold for \$12.0 in cash. In 2005, we recorded a loss on the sale, net of taxes and transaction fees, of \$21.9.

Kendro — Sold to Thermo Electron Corporation for \$828.8 in cash. In 2005, we recorded a gain on the sale, net of taxes and transaction fees, of \$326.5.

EST — Sold to General Electric Company ("GE") for \$1,393.2 in cash, net of cash balances assumed by GE of \$1.5. The purchase price is subject to adjustment based on working capital existing at the date of close. In 2005, we recorded a gain on the sale, net of taxes and transaction fees, of \$662.5.

Bomag — Sold to Fayat SA ("Fayat") for \$447.3 in cash, net of cash balances assumed by Fayat of \$2.7. In 2005, we recorded a gain on the sale, net of taxes and transaction fees, of \$137.4.

Brookstone telecommunication services business — Sold for \$0.9 in cash. We recorded a loss on the sale, net of taxes and transaction fees, of \$12.1 during 2005.

Specialty tool business — Sold for \$24.2 in cash, with \$21.8 received at the closing and \$2.4 deposited in an escrow account. Our receipt of the escrow funds is to occur in the third quarter of 2006 and is contingent upon the buyer's satisfaction with the clearance of certain standard indemnity matters, as defined in the related purchase agreement. We recorded a loss on the sale, net of taxes and transaction fees, of \$3.7 during 2005.

Axial fan, inspection gauging system, and municipal water valve businesses — Sold for aggregate cash proceeds of \$49.9 during 2004. We recorded a combined loss, net of taxes and transaction fees, on the sales of these businesses of \$23.6 in 2004. During 2005, we increased the loss on the sales of these businesses by \$1.6 due primarily to working capital adjustments in connection with final purchase price settlements with the respective buyers. In addition, we received \$2.5 in the fourth quarter of 2005 relating to a final payment on a promissory note received in connection with the sale of the Axial fan business.

The final purchase price for certain of the divested businesses is subject to adjustment based on working capital existing at the respective closing dates. The working capital figures are subject to agreement with the buyers or if we cannot come to agreement with the buyers, an arbitration process. Finalization of the working capital figures for certain of these transactions has yet to occur and, accordingly, it is possible that the purchase price and resulting gains (losses) on these transactions may be materially adjusted in subsequent periods.

In addition to the completed transactions described above, in the fourth quarter of 2005, we committed to a plan to divest a business within our Industrial Products and Services segment. We are actively pursuing a purchaser for the business and anticipate that the sale will be completed in the second quarter of 2006. Accordingly, we have reported, for all periods presented, the financial condition, results of operations, and cash flows of this business as a discontinued operation in our consolidated financial statements. As a result of this planned divestiture, we recorded a net charge of \$11.3 in 2005 in order to reduce the net assets to be sold to their estimated net realizable value. Proceeds from the sale of this business are not anticipated to be material.

Segment Results of Operations

The following information should be read in conjunction with our consolidated financial statements and related notes. The segment results exclude the operating results of discontinued operations for all periods presented. See Note 5 to our consolidated financial statements for a description of each of our reportable operating segments.

Non-GAAP Measures — Throughout the following discussion of segment results, we use "organic revenue" growth (decline) to facilitate explanation of the operating performance of our segments. Organic revenue growth is a non-GAAP financial measure, and is not a substitute for revenue growth (decline). Refer to the explanation of this measure and purpose of use by management under Results of Continuing Operations.

Flow Technology

	2005	2004	2003	2005 vs. 2004%	2004 vs. 2003%
Revenues	\$ 878.1	\$ 810.9	\$ 674.9	8.3%	20.1%
Segment Income	101.2	102.1	115.7	(0.9)%	(11.8)%
% of revenues	11.5%	12.6%	17.1%		
Components of Segment Revenue Growth:					
Organic Growth				7.6%	(0.9)%
Foreign Currency				—%	4.0%
Acquisitions				0.7%	17.0%
Net Segment Revenue Growth				8.3%	20.1%

Revenues — For 2005, the increase in revenues was primarily due to organic revenue growth within the mining, petro-chemical, and sanitary markets. For 2004, the increase in revenues was primarily due to the McLeod Russell acquisition in mid-January 2004. The McLeod Russell acquisition contributed incremental revenues of \$116.2 in 2004.

Segment Income — For 2005, segment income was essentially flat compared to 2004. The 2005 segment income was favorably impacted by the organic revenue growth noted above, and our pricing initiatives have generally offset increases in raw material costs, most notably steel. However, the incremental 2005 segment income effects of these factors were offset by the following:

- Operating inefficiencies at the segment's Dehydration and Air Filtration businesses.
- Higher self-insurance costs of \$3.9, associated with workers compensation, product and general liability claims.
- A charge of \$4.0 due to operating inefficiencies within an operation in Canada.

For 2004, the decline in segment income was primarily due to inventory write-downs of \$10.2 in our valves operations. Additionally, segment income was reduced by various operating inefficiencies at the segment's Dehydration and Air Filtration businesses and raw material cost increases.

Test and Measurement

	2005	2004	2003	2005 vs. 2004%	2004 vs. 2003%
Revenues	\$ 1,059.6	\$ 1,092.6	\$ 931.7	(3.0)%	17.3%
Segment Income	129.9	127.9	120.7	1.6%	6.0%
% of revenues	12.3%	11.7%	13.0%		
Components of Segment Revenue Growth:					
Organic Growth				(4.0)%	9.4%
Foreign Currency				(0.2)%	2.7%
Acquisitions and Other, net				1.2%	5.2%
Net Segment Revenue Growth				(3.0)%	17.3%

Revenues — For 2005, the decline in revenues compared to 2004 was primarily from the decline in organic revenues, partially offset by the impact of 2004 acquisitions (Actron and Auto X-Ray), and the fourth quarter 2005 acquisition of CarTool. The decline in organic revenues was primarily the result of a decrease in revenues from fare-collection systems. Revenues from fare-collection systems are affected by the timing of large contracts with municipalities and Federal funding of transportation initiatives, which can cause fluctuations in revenues from period to period. Additionally, 2005 revenues were reduced by 1.8% due to a change in classification of certain sales program costs. The comparison to the prior year was also impacted by unusually strong 2004 European OEM programs.

For 2004, the increase in revenues was due primarily to organic revenue growth generated from increased demand for dealer equipment services and aftermarket mechanical tools, and the strong European OEM programs noted above. Also, 2004 results benefited from strong revenues generated from fare-collection systems.

Segment Income — For 2005, the modest increase in segment income was due to the following items:

- Improved product mix due to a decrease in low margin dealer equipment services' revenues in 2005.

- A 2005 benefit of \$2.6 relating to the reimbursement of excess charges by a freight company in prior years.
- Segment income in 2004 was negatively impacted by inventory write-downs of \$7.5 associated with the discontinuance of certain utility and telecommunications products lines. There was no such charge in 2005.

The increases to 2005 segment income from the above items were mostly offset by the following:

- The negative impact on 2005 segment income resulting from the lower volumes of fare-collection systems noted above.
- Increases in 2005 self-insurance costs of \$3.4 associated with workers' compensation, product and general liability claims.
- The impact on 2005 segment income resulting from the lower volumes from European OEM programs noted above.

For 2004, the increase in segment income was primarily due to the increase in revenues noted above. This increase in revenues was partially driven by lower margin dealer equipment services, which contributed to the deterioration of margins from 13.0% in 2003 to 11.7% in 2004. Additionally, 2004 segment income was negatively affected by the inventory write-downs of \$7.5 noted above.

Thermal Equipment and Services

	2005	2004	2003	2005 vs. 2004%	2004 vs. 2003%
Revenues	\$ 1,204.3	\$ 1,065.3	\$ 883.0	13.0%	20.6%
Segment Income	118.3	126.7	118.4	(6.6)%	7.0%
% of revenues	9.8%	11.9%	13.4%		
Components of Segment Revenue Growth:					
Organic Growth				13.0%	2.5%
Foreign Currency				—%	3.6%
Acquisitions				—%	14.5%
Net Segment Revenue Growth				13.0%	20.6%

Revenues — For 2005, the increase in revenues was due to organic revenue growth. The organic revenue growth mostly related to strong demand for dry cooling products in China, and thermal services and repairs in Europe. This is consistent with our objective of expanding our product platforms in these respective regions.

For 2004, the increase in revenues was primarily due to the Hamon acquisition in December 2003. This acquisition contributed incremental revenues of \$128.3 in 2004. The remainder of the increase in revenues was due to strong demand for products in China and thermal services and repairs in Europe, and the strength of foreign currencies relative to the U.S. dollar.

Segment Income — For 2005, segment income benefited from the increase in revenues generated from dry cooling contracts in China and thermal service and repair contracts in Europe, although at lower margins. This decline in margin reflects a change in global product mix. Additionally, our 2005 pricing initiatives have generally offset increases in raw material costs, most notably steel. However, the incremental segment income effects of these factors were more than offset by the impact of the following items, resulting in an overall decline in segment income compared to 2004:

- Additional SG&A costs to support the segment's expansion in China and Europe.
- Start-up costs relating to the segment's new Eden, NC facility.
- Higher self-insurance costs of \$3.0 associated with workers' compensation, product and general liability claims.
- A charge of \$3.3 at an operation in France.

Segment income for 2005 also included a credit of \$2.3 for a reduction in warranty liabilities associated with the boiler products business as a result of a change in the related warranty program.

For 2004, the increase in segment income was primarily due to the Hamon acquisition noted above. Additionally, changes in product mix and raw material cost increases contributed to the decline of margins from 13.4% in 2003 to 11.9% in 2004. Also impacting the comparability of segment income for 2004 and 2003 were benefits of \$2.5 and \$8.9, respectively, from operational cost improvements at an environmental remediation site in California.

Industrial Products and Services

	2005	2004	2003	2005 vs. 2004%	2004 vs. 2003%
Revenues	\$ 1,150.2	\$ 1,127.1	\$ 1,060.9	2.0%	6.2%
Segment Income	94.5	54.9	93.1	72.1%	(41.0)%
% of revenues	8.2%	4.9%	8.8%		
Components of Segment Revenue Growth:					
Organic Growth				1.5%	5.9%
Foreign Currency				0.1%	1.0%
Acquisitions				0.4%	(0.7)%
Net Segment Revenue Growth				2.0%	6.2%

Revenues — For 2005, the modest increase in revenues was the result of increases within power transformers and broadcast products, the impact of 2004 acquisitions, and 2005 price increases, partially offset by declines within the domestic automotive market.

For 2004, the increase in revenues was primarily due to increased demand for power transformer products and higher revenues at our Dock Products business as a result of price increases and new product introductions.

Segment Income — For 2005, the most significant reason for the increase in segment income was improved operations at our Dock Products business unit. During 2005, this business generated a modest profit compared to an operating loss of \$19.5 in 2004. Although the operating performance at Dock Products has improved, it was still below their 2005 operating targets, resulting in an additional impairment charge in the fourth quarter of 2005. See Note 8 to our consolidated financial statements for additional details.

Additionally, overall pricing initiatives generally offset increases in raw material costs, most notably steel. The following items further impacted the comparability of segment income between 2005 and 2004:

- Significant profit improvements in our broadcast antenna systems, industrial tools and laboratory equipment businesses associated with manufacturing efficiencies and pricing initiatives.
- A credit of \$2.0 in 2005, reflecting operational cost improvements at an environmental remediation site in Connecticut.
- Higher self-insurance costs of \$5.0 associated with workers' compensation, product and general liability claims.
- Pricing pressures and lower volumes in 2005 within the domestic automotive market.

For 2004, the most significant reason for the decline in segment income and margin was the operating loss at our Dock Products business unit noted above. The Dock Products loss was mostly attributed to the start-up of a facility in Reynosa, Mexico, increases in steel costs, and a \$3.9 receivable write-off associated with a restructuring of the mid-west distribution channel. Additionally, raw material cost increases across the segment also contributed to the decline in segment income.

Corporate Expenses and Other Expenses

	2005	2004	2003	2005 vs. 2004%	2004 vs. 2003%
Total Consolidated Revenues	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5	4.8%	15.4%
Corporate Expenses	87.6	100.9	53.5	(13.2)%	88.6%
% of revenues	2.0%	2.5%	1.5%		
Stock-Based Compensation	28.3	9.1	5.4	211.0%	68.5%
Pension and Postretirement Expense	30.4	23.0	5.9	32.2%	289.8%

Corporate Expense — Corporate expenses generally relate to the cost of our Charlotte, NC corporate headquarters and our Horsham, PA information technology data center. The comparability of corporate expenses between 2005 and 2004 was impacted by a number of factors, with the year-over-year decrease generally attributable to the net impact of these items:

- The 2004 corporate expenses included \$15.5 of separation costs associated with the retirement and resignation of our former Chairman, Chief Executive Officer and President.

- Higher incentive compensation costs in 2005 as a result of improved operating results for the year. The 2004 expense also was lower due to the fact that ten members of our senior management team agreed to forego payment of their 2004 incentive compensation.
- The 2005 corporate expenses also included \$1.9 of incremental costs due to relocation and other costs associated with moving certain corporate functions to our Charlotte, NC headquarters. We anticipate completing all significant consolidation activities by the first quarter of 2006.

For 2004, the increase in corporate expenses was attributable to the higher professional fees (\$7.0 higher than in 2003) and separation costs noted above, which were partially offset by lower incentive compensation (for the reasons described above). Additionally, in 2004, corporate expenses included incremental legal expenses totaling \$16.5 that related primarily to costs associated with the VSI litigation, Securities Class Action, and Italian investigation.

Stock-Based Compensation — The 2005 increase in stock-based compensation expense was primarily the result of 2005 being the second year of our restricted stock/restricted stock unit awards (i.e., two years of awards being amortized to earnings in 2005 compared to one year of awards in 2004). In addition, 2004 stock-based compensation expense included a credit of \$8.2 associated with compensation previously recorded for restricted stock that was forfeited in connection with the December 2004 retirement and resignation of our then Chairman, Chief Executive Officer and President. The increase in 2004 compared to 2003 was attributable to the adoption of the restricted stock/restricted stock unit awards program (in lieu of stock options), and expanding the issuance of such awards to a broader group of employees than in 2003, partially offset by the credit of \$8.2.

Pension and Postretirement Expense — Pension and postretirement expense represents our consolidated expense, which we do not allocate for segment reporting purposes. The increases in pension and postretirement benefit expense for 2005 and 2004 primarily reflected market factors (e.g., the actual return on plan assets compared to our long-term assumptions) and lower interest rates (reducing the discount rate used in calculating our projected benefit obligation).

Outlook

The following table highlights our segment expectations for 2006 based on information available at the time of this report. We define forecasted trends as follows: "Growth" — Future end market performance is expected to be above the prior year; "Flat" — Future end market performance is expected to be flat compared to the prior year; "Decline" — Future end market performance is expected to be below the prior year.

Segment	2006 Annual Forecasted Trend	Comments
Flow Technology	Growth	We expect organic revenue growth to continue in 2006, driven by demand within the mining, petro-chemical, and sanitary markets.
Test and Measurement	Growth	We expect strong revenue growth from our fourth quarter 2005 acquisition of CarTool and organic revenue growth across the segment.
Thermal Equipment and Services	Growth	We expect organic revenue growth to remain strong in 2006 based on continued demand for dry cooling products in China and thermal services and repairs in Europe. We enter 2006 with a backlog of approximately \$736.8 across the segment, with the majority of this in our cooling equipment and services businesses. Accordingly, we expect organic revenue growth to approach the double-digit rate experienced in 2005.
Industrial Products and Services	Growth	We expect organic revenue growth across the majority of the segment's businesses, except for those impacted by the domestic automotive market.

Liquidity and Financial Condition

Listed below are the cash flows from (used in) operating, investing, and financing activities, and discontinued operations, and the net change in cash and cash equivalents for the years ended 2005, 2004, and 2003.

	2005	2004	2003
Continuing Operations:			
Cash flows from operating activities	\$ 294.6	\$ 5.9	\$ 399.8
Cash flows from (used in) investing activities	2,673.6	(92.6)	28.6
Cash flows used in financing activities	(2,501.5)	(200.9)	(413.9)
Cash flows from (used in) discontinued operations	(449.0)	146.5	146.2
Increase (decrease) in cash and equivalents due to changes in foreign currency exchange rates	(23.9)	7.1	3.8
Net change in cash and equivalents	\$ (6.2)	\$ (134.0)	\$ 164.5

2005 Compared to 2004:

Operating Activities — The primary factors contributing to the increase in cash from operating activities during 2005 as compared to 2004 were as follows:

- Higher operating income in 2005.
- A reduction in the year-over-year investment in accounts receivable and inventories.
- Lower payments for incentive compensation (\$32.0 in 2005 compared to \$66.9 in 2004).
- A reduction in interest payments of \$81.7 in 2005 resulting from the debt retirements in 2005.
- Legal fees of \$14.9 paid in the first quarter of 2004 related to the Microsoft settlement that occurred in the fourth quarter of 2003.
- Supplier payments of \$18.0 made in the first quarter of 2004 related to the December 2003 Hamon acquisition.

The above increases in operating cash flows for 2005 were partially offset by the following:

- Contributions totaling \$21.5 made in 2005 in connection with the consolidation of our pension plans in the United Kingdom.
- Net income tax payments totaling \$27.1 relating primarily to the repatriation of foreign earnings to the United States during 2005.
- Cash payments of \$13.3 associated with the termination of interest rate swap contracts.

Investing Activities — The primary factors contributing to the increase in cash from investing activities during 2005 as compared to 2004 were as follows:

- Proceeds totaling \$2,751.2 from the sale of various businesses, compared to \$54.1 in 2004.
- Cash flows for acquisitions and investments totaling \$121.7 in 2004, while the amount of acquisitions and investments in 2005 were only \$50.4.
- Proceeds from other asset sales of \$41.4 in 2005, due primarily from the sale of land in Milpitas, CA in the third quarter of 2005, compared to total proceeds of \$14.2 in 2004.

The above increases in investing cash flows were partially offset by increased capital expenditures in 2005 (2005 - \$68.6 and 2004 - \$39.2).

Financing Activities — The primary factors contributing to the increase in cash used in financing activities during 2005 as compared to 2004 were as follows:

- The repurchase of our senior notes totaling \$744.5.
- Repayments on our Tranche A and B terms loans collectively totaling \$1,073.4.
- The redemption of our LYONs totaling \$17.9.
- Repurchases of our common stock totaling \$624.7 in 2005 compared to \$42.3 in 2004.

Discontinued Operations — The primary factors contributing to the decrease in cash flows from discontinued operations during 2005 as compared to 2004 were as follows:

- Income tax payments totaling \$406.4 primarily associated with the gains on the sales of EST, Kendro and Bomag.
- Fees paid during 2005 associated with businesses sold during the fourth quarter of 2004 and in 2005.
- Lower operating cash flows for Bomag, EST and Kendro during 2005 due primarily to their disposition in January, March and May of 2005, respectively.
- Repayments of \$15.3 under Bomag's accounts payable financing program in 2005 versus a cash inflow of \$22.6 in 2004.

2004 Compared to 2003:

Operating Activities — The primary factors contributing to the decrease in operating cash flow in 2004 as compared to 2003 were as follows:

- Lower operating income in 2004.
- A year-over-year decline in cash flows from working capital. The year-over-year decline in cash flows from accounts receivable resulted primarily from long-cycled contracts in Asia within our Thermal Equipment and Services segment where a large portion of customer payments typically are received in the latter stages of the contract.
- The discontinuance at the beginning of the fourth quarter of 2004 of non-recourse sales of trade receivables, and a reduction in the level of early payment customer discounts in the fourth quarter of 2004 compared to the same quarter of 2003.
- In 2003, cash flows from operations included \$60.0 associated with the settlement of a patent infringement case against Microsoft Corporation, while 2004 cash flows from operations included cash outflows of approximately \$15.0 relating to the case.

Investing activities — The primary factors contributing to the decrease in cash from investing activities during 2004 as compared to 2003 were as follows:

- A decrease in proceeds from asset and business sales, which totaled \$54.1 in 2004 compared to \$255.4 in 2003. The 2004 proceeds from assets and business sales included \$28.5 received from the sale of our municipal water valve business and \$19.9 from the sale of our axial fan business. The 2003 proceeds from assets and business sales included \$132.7 from the sale of Inrange and \$76.2 of cash received from the sale of our 20% interest in the Assa Abloy door joint venture.
- This decrease in investing cash inflows was partially offset by a decrease in cash used for business acquisitions, as \$121.7 was used in 2004 compared to \$189.9 in 2003. During 2004, we completed six acquisitions, while in 2003 we completed ten.

Financing activities — The primary factors contributing to the decrease in cash used for financing activities during 2004 compared to 2003 were as follows:

- In 2004, we spent \$42.3 to repurchase 1.1 shares of our common stock compared to \$315.4 spent in 2003 to repurchase 7.3 shares of our common stock.
- The 2004 cash flows include \$80.0 of senior note repurchases and \$56.2 of debt repayments relating to debt assumed with the acquisition of McLeod Russel and scheduled repayments of the Tranche A and B terms loans. Our 2003 cash flows consisted of \$236.9 paid for the retirement of our LYONs and \$200.0 of an early retirement payment on our credit facility, offset by the issuance of \$300.0 of senior notes.
- Proceeds of \$41.9 from the exercise of employee stock options in 2004 compared to \$14.8 in 2003.

These decreases in the amount of cash used for financing activities in 2004 compared to 2003 were partially offset by dividends of \$56.8 that were paid in 2004 in conjunction with the implementation of our quarterly dividend program. No dividends were paid in 2003.

Discontinued operations — Cash flows from discontinued operations were \$146.5 in 2004 compared to \$146.2 in 2003.

Borrowings

The following summarizes our outstanding debt and debt activity as of, and for the year ended, December 31, 2005. See Note 12 to our consolidated financial statements for the details regarding our 2005 debt activity.

	December 31, 2004	Accretion and Debt Assumption	Repayments	December 31, 2005	Loss On Early Extinguishment of Debt ⁽¹⁾
Revolving Credit Loan	\$ —	\$ —	\$ —	\$ —	\$ 0.5
Term loans — Tranche A	191.3	—	(191.3)	—	8.5
Term loans — Tranche B	882.1	—	(882.1)	—	20.6
LYONs ⁽²⁾	658.5	18.0	(17.9)	658.6	—
7.50% senior notes	472.5	—	(444.3)	28.2	64.5
6.25% senior notes	248.6	—	(227.3)	21.3	20.9
Other borrowings	73.1	9.9	(2.7)	80.3	—
Total Debt⁽³⁾	2,526.1	\$ 27.9	\$ (1,765.6)	788.4	\$ 115.0
Less: short-term debt	63.5			64.9	
Less: current maturities of long-term debt	48.3			2.6	
Total Long-term Debt	\$ 2,414.3			\$ 720.9	

(1) Loss on early extinguishment of debt related to the write-off of unamortized deferred financing fees, premiums/fees paid to redeem the senior notes, and other costs associated with the extinguishment of the term loan and revolving credit loan. These amounts are reflected in the consolidated statement of operations for the year ended December 31, 2005, with \$113.6 included in "Loss on early extinguishment of debt" and \$1.4 included in "Income (loss) from discontinued operations".

(2) The LYONs are net of unamortized discount of \$336.1 and \$364.2 at December 31, 2005 and December 31, 2004, respectively. On May 9, 2005, the May LYONs were redeemed in full for \$17.9. The remaining February LYONs had a put option date within twelve months of December 31, 2005 (February 2006). In accordance with SFAS No. 78, "Classification of Obligations That are Callable by the Creditor," obligations that are by their terms due upon demand within one year of the balance sheet date are to be considered short-term obligations, unless the obligor has the ability and intent to refinance. In February 2006, all but \$0.2 of the February LYONs were put to us and settled in cash for \$660.2, their accreted value on such date, with amounts borrowed under the delayed draw term loan of our new senior credit facilities. Since the February LYONs have been subsequently refinanced with amounts under our new senior credit facilities, we have classified the outstanding balance for the February LYONs as long-term debt as of December 31, 2005.

(3) No amounts were outstanding at December 31, 2005 under the new senior credit facilities, entered into on November 18, 2005, as further discussed below.

Credit Facilities

On November 18, 2005, we entered into new senior credit facilities with a group of lenders that replaced our existing credit facilities, which were simultaneously terminated. The new senior credit facilities provide for committed senior secured financing of approximately \$1,625.0, consisting of the following:

- a delayed draw term loan facility in an aggregate principal amount of \$750.0 with final maturity in November, 2010;
- a domestic revolving loan facility in an aggregate principal amount of \$350.0 with final maturity in November, 2010;
- a global revolving loan facility in an aggregate principal amount of \$100.0 with final maturity in November, 2010; and
- a foreign trade facility in an aggregate principal amount of up to the U.S. dollar equivalent, at issuance, of \$425.0 with final maturity in November, 2010, subject to two possible extensions of the final maturity date of two years each, at our option.

We have the ability to add additional commitments under the foreign trade facility in an aggregate principal amount of up to the U.S. dollar equivalent of \$25.0, without the need for consent of the existing lenders. In addition, we may also seek additional commitments from new or current lenders for incremental term loan facilities or increases in commitments in respect to the other facilities not exceeding an aggregate principal amount of \$250.0, without the need for consent of the existing lenders.

In February 2006, in conjunction with the redemption of the LYONs (see Note 12 to our consolidated financial statements for additional details), we became a borrower under the delayed draw term loan facility. We currently utilize the revolving loan facilities for the issuance of letters of credit and certain of our foreign subsidiaries utilize (and others may utilize) the foreign trade facility for the issuance of foreign credit instruments. The revolving credit facility may be used from time to time for working capital and general corporate purposes, including domestic letters of credit of up to \$250.0, by our subsidiaries and us. The foreign trade facility may be used by our foreign subsidiaries to obtain bank guarantees, stand-by letters of credit and similar foreign trade instruments in connection with their business operations.

The interest rates applicable to loans under our new senior credit facilities will be, at our option, equal to either an alternate base rate ("ABR" or prime) or an adjusted Eurodollar bank deposit rate plus, in each case, an applicable margin percentage, which varies based on our Consolidated Leverage Ratio (generally defined as the ratio of consolidated total debt (net of cash equivalents in excess of \$50.0) at the date of determination to consolidated adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") for the four fiscal quarters ended on such date). We may elect interest periods of one, two, three or six months for Eurodollar borrowings. The interest rate margins applicable to base rate and Euro dollar loans are as follows:

Consolidated Leverage Ratio	Margin for Eurocurrency Loans and Foreign Credit Instruments	Margin for ABR Loans
Greater than or equal to 3.00 to 1.0	1.500%	0.500%
Between 2.00 to 1.0 and 3.00 to 1.0	1.250%	0.250%
Between 1.50 to 1.0 and 2.00 to 1.0	1.000%	0.000%
Between 1.00 to 1.0 and 1.50 to 1.0	0.875%	0.000%
Less than 1.00 to 1.0	0.750%	0.000%

The term loan is repayable in quarterly installments with each such payment being equal to a percentage of the aggregate principal amount of the initial term loans borrowed by us, as follows: (i) 2006 (starting in the second quarter of 2006) — approximately 0.67% per quarter; (ii) 2007 — 1.25% per quarter; (iii) 2008 — 2.5% per quarter; (iv) 2009 — 3.75% per quarter; and (v) 2010 — 17.0% per quarter.

Our new senior credit facilities require mandatory prepayments in amounts equal to the net proceeds from the sale or other disposition (including from any casualty to, or a governmental taking) of property (other than in the ordinary course of business and subject to other exceptions) by us or our subsidiary guarantors in excess of \$10.0. Mandatory prepayments will be applied first to prepay the term loan and then to reduce permanently the term loan commitments. No prepayment or commitment reduction is required to the extent the net proceeds are reinvested in permitted acquisitions, permitted investments or assets to be used in our business within 360 days of the receipt of such proceeds.

Indebtedness under our new senior credit facilities is guaranteed by: (i) each of our material domestic subsidiaries; (ii) each of our material first-tier foreign subsidiaries, to the extent no material adverse tax consequence would result and to the extent permitted under local law; and (iii) us with respect to the obligations of our subsidiaries under the foreign trade facility. In addition, indebtedness under our new senior credit facilities is secured by a first priority pledge and security interest in 100% of the capital stock of our domestic subsidiary guarantors and 66% of the capital stock of our material first-tier foreign subsidiaries. If the outstanding indebtedness under the new senior credit facilities is rated "Ba2" or less by Moody's and "BB" or less by S&P, then we and our domestic subsidiary guarantors are required to grant security interests, mortgages and other liens on substantially all of our property.

Our new senior credit facilities require that we maintain a Consolidated Interest Coverage Ratio (generally defined as the ratio of consolidated adjusted EBITDA for the four fiscal quarters ended on such date to consolidated interest expense for such period) as of the last day of any fiscal quarter of at least 3.50 to 1.00, and a Consolidated Leverage Ratio (net of cash equivalents in excess of \$50.0) as of the last day of any fiscal quarter of no more than 3.25 to 1.00. Our new senior credit facilities also contain covenants that restrict our ability to incur additional indebtedness, grant liens, make investments, loans, guarantees or advances, make restricted junior payments, including dividends, redemptions of capital stock and voluntary prepayments or repurchase of certain other indebtedness, engage in mergers, acquisitions or sales of assets, enter into sale and leaseback transactions or engage in certain transactions with affiliates and otherwise restrict certain corporate activities. We do not expect these covenants to restrict our liquidity, financial condition or access to capital resources in the foreseeable future. Lastly, our new senior credit facilities contain customary representations, warranties, affirmative covenants, and events of default.

We are permitted under our new senior credit facilities to repurchase our capital stock and pay cash dividends in an unlimited amount if our gross Consolidated Leverage Ratio is less than 2.50 to 1.00. If our gross Consolidated Leverage Ratio is greater than or equal to 2.50 to 1.00, the aggregate amount of such repurchases and dividend declarations cannot exceed

(A) \$75.0 in any fiscal year plus (B) an additional amount for all such repurchases and dividend declarations made after November 18, 2005 equal to the sum of (i) \$250.0 and (ii) a positive amount equal to 50% of cumulative consolidated net income during the period from October 1, 2004 to the end of the most recent fiscal quarter for which financial information is available preceding the date of such repurchase or dividend declaration (or, in case such consolidated net income is a deficit, minus 100% of such deficit).

At December 31, 2005, we were in compliance with all covenant provisions of our new senior credit facilities, and did not have any restrictions on our ability to repurchase shares or pay dividends.

Senior Notes

During the first quarter of 2005, we completed cash tender offers for \$668.2, or 93%, of the then outstanding principal amount of our 7.50% and 6.25% senior notes. The amount of the notes tendered exceeded the requisite consent thresholds for removing substantially all of the restrictive covenants and certain of the default provisions contained in the indenture governing the senior notes. Additionally, during the second and third quarter of 2005, we redeemed \$3.4 of the senior notes.

Other Borrowings and Financing Activities

Certain of our businesses participate in extended accounts payable programs through agreements with certain lending institutions. Under the arrangements, our businesses are provided extended payment terms. As of December 31, 2005 and December 31, 2004, the participating businesses had \$15.7 and \$15.8, respectively, outstanding under these arrangements. Additionally, certain of our businesses purchase goods and services under a purchasing card program allowing for payment beyond normal payment terms. As of December 31, 2005 and December 31, 2004, the participating businesses had \$48.2 and \$46.7 outstanding under this arrangement. As these arrangements extend the payment of our businesses' payables beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

In the first nine months of 2004, we entered into sale and assignment transactions whereby certain of our businesses sold without recourse certain accounts receivable. At the beginning of the fourth quarter of 2004, we discontinued the sale of accounts receivable.

In April 2003, we entered into a three-year trade receivables financing agreement, which was extended in November 2005 for an additional year, whereby we can borrow, on a continuous basis, up to \$130.0. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the \$130.0 program limit. The facility contains representations, warranties, covenants, and indemnities customary for facilities of this type. The facility does not contain any covenants that we view as materially constraining to the activities of our business. We had \$1.0 outstanding under this financing agreement at both December 31, 2005 and 2004.

Current Availability

At December 31, 2005, we had \$1,069.2 of available borrowing capacity under our new term and revolving credit facilities and \$214.9 of available issuance capacity under our foreign trade facility after giving effect to \$130.8 and \$210.1, respectively, reserved for outstanding letters of credit. In February 2006, our availability under our new senior credit facilities was reduced by \$750.0, as we borrowed against our delay draw term loan in order to refinance the February LYONs. We believe that current cash and equivalents, which totaled \$576.3 at December 31, 2005, and our availability under our new senior credit facilities and existing trade receivable financing agreement will be sufficient to fund working capital needs, planned capital expenditures, on-going equity repurchases, dividend payments, other operational cash requirements, and required debt service.

We have a shelf registration statement for 4.3 shares of common stock that may be issued for acquisitions. We also have a \$1,000.0 shelf registration that may be used in connection with an offering of certain debt and or equity securities for general corporate purposes or for the refinancing of existing debt. In addition, other financing instruments may be used from time to time, including, but not limited to, private placement instruments, operating leases, capital leases and securitizations. We expect that we will continue to access these markets as appropriate to maintain liquidity and to provide sources of funds for general corporate purposes or to refinance existing debt.

Cash and Other Commitments

Balances, if any, under the revolving loans and foreign trade facilities of our new senior credit facilities are payable in full in November 2010, the maturity date of the facilities. Balances under the delayed draw term loan of our new senior credit facilities are payable in quarterly installments with each such payment being equal to the percentage of the aggregate principal amount

of the initial term loans borrowed by us, as follows: (i) 2006 (starting in June 2006) — approximately 0.67% per quarter; 2007 — 1.25% per quarter; (iii) 2008 — 2.5% per quarter; 2009 — 3.75% per quarter; and 2010 — 17.0% per quarter.

We use operating leases to finance certain equipment and other purchases. At December 31, 2005, we had \$157.9 of future minimum rental payments under operating leases with remaining non-cancelable terms in excess of one year.

On June 27, 2005, we adopted a written trading plan under Rule 10b5-1 of the Exchange Act to facilitate the common stock share repurchase program that was previously authorized by our Board of Directors on March 28, 2005. On December 21, 2005, our Board of Directors authorized a new share repurchase program, replacing the existing repurchase program. The new share repurchase program is consistent with, and allows for share repurchases in an amount up to that permitted by, our new senior credit facilities. On such date, we also adopted a new Rule 10b5-1 plan to facilitate the repurchase of up to 5.0 shares of our common stock in accordance with the new share repurchase program. Under these programs, we have repurchased, through December 31, 2005, 13.7 shares for \$624.7. We repurchased an additional 4.1 shares for \$193.5 through February 28, 2006.

In 2003, our Board of Directors approved the implementation of a quarterly dividend program. The actual amount of each quarterly dividend, as well as each declaration date, record date and payment date is subject to the discretion of the Board of Directors, and the target dividend level may be adjusted during the year at the discretion of the Board of Directors. The factors that the Board of Directors considers in determining the actual amount of each quarterly dividend include our financial performance and on-going capital needs, our ability to declare and pay dividends under the terms of our credit facilities and any other debt instruments, and other factors deemed relevant. During 2005, we declared and paid dividends of \$70.6 and \$73.3, respectively, while in 2004 we declared and paid dividends of \$74.5 and \$56.8, respectively.

Capital expenditures for 2005 totaled \$68.6, compared to \$39.2 and \$36.9 in 2004 and 2003, respectively. Capital expenditures relate primarily to upgrades of manufacturing facilities and replacements of equipment. We expect 2006 capital expenditures to be in the range of \$80.0 to \$90.0, with the increase relating primarily to ERP system investments in efforts to consolidate the numerous IT platforms within our businesses.

In 2005, we made contributions and direct benefit payments of \$43.8 to our defined benefit pension and postretirement benefit plans, and we expect to make \$30.7 of contributions and direct benefit payments in 2006. See Note 10 to our consolidated financial statements for further disclosure of expected future contributions and benefit payments.

On a net basis, both from continuing and discontinued operations, we paid \$433.5, \$19.5, and \$5.5 in cash taxes for 2005, 2004, and 2003. In 2005, we made payments of \$457.9 associated with the actual and estimated tax liability for federal, state, and foreign tax obligations and received refunds of \$24.4. A significant amount of the 2005 tax payments related to the gains on the sales of Bomag, EST, and Kendro, as well as the repatriation of foreign earnings. The amount of income taxes that we may pay annually is dependent on various factors, including the timing of certain deductions. Since these deductions can vary from year to year, the amount of income taxes paid in future years may be greater than amounts paid in past years. As of December 31, 2005, except as discussed in Note 14 to our consolidated financial statements, we did not have any material guarantees, off-balance sheet arrangements or purchase commitments other than the following: (1) \$347.0 of certain standby letters of credit outstanding, of which \$130.8 reduce the available borrowing capacity on our revolving credit facility; and (2) approximately \$226.1 of surety bonds. In addition, \$83.7 of our standby letters of credit relate to self-insurance matters and originate from workers' compensation, auto, or general liability claims made against us. We account for each of these claims as part of our self-insurance accruals.

Our Certificate of Incorporation provides that we shall indemnify our officers and directors to the fullest extent permitted by the Delaware General Corporation Law for any personal liability in connection with their employment or service with us, subject to limited exceptions. While we maintain insurance for this type of liability, the liability could exceed the amount of the insurance coverage.

We continually review each of our businesses in order to determine their long-term strategic fit. These reviews could result in selected acquisitions to expand an existing business or result in the disposition of an existing business. Additionally, we have stated that we may consider a larger acquisition, more than \$1,000.0 in revenues, if certain criteria were met. There can be no assurances that these acquisitions will not have a significant impact on our capital financing requirements, will be integrated successfully, or that they may not have a negative effect on our operations. In addition, you should read "Item 1A. Risk Factors", "Segment Results of Operations" included in this MD&A, and "Item 1. Business" for an understanding of the risks, uncertainties and trends facing our businesses.

Credit Risk

Cash and temporary investments and our interest rate and foreign currency protection agreements are placed with high-quality financial institutions throughout the world. We periodically evaluate the credit standing of these financial institutions.

Concentrations of credit risk arising from trade accounts receivable are due to selling to a large number of customers in a particular industry. We perform ongoing credit evaluations of our customers' financial conditions and obtain collateral or other security when appropriate. No customer or group of customers that, to our knowledge, are under common control accounted for more than 10% of our consolidated revenues for all periods presented.

On October 8, 2005, The Delphi Corporation ("Delphi") filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Delphi is a customer within our Industrial Products and Services and Test and Measurement segments. Annual revenues derived from Delphi represent less than 2% of our consolidated revenues, and we have approximately \$4.0 of pre-petition bankruptcy accounts receivable due from Delphi and approximately \$2.0 of committed assets. We have not recorded any loss as a result of Delphi's Chapter 11 proceedings. We will continue to evaluate whether, when and to what extent we may be required to record a loss for the accounts receivable and/or the committed assets.

We are exposed to credit losses in the event of nonperformance by counter parties to our interest rate and foreign currency protection agreements, but have no other off-balance-sheet credit risk of accounting loss. We anticipate, however, that counter parties will be able to fully satisfy their obligations under the contracts. We do not obtain collateral or other security to support financial instruments subject to credit risk, but we do monitor the credit standing of counter parties.

Contractual Obligations:

The following is a summary of our primary contractual obligations:

	Total	Due within 1 year	Due in 1-3 years	Due in 3-5 years	Due after 5 years
Short-Term Debt Obligations	\$ 64.9	\$ 64.9	\$ —	\$ —	\$ —
Long-Term Debt Obligations ⁽¹⁾	723.5	661.2	6.3	4.4	51.6
Purchase and Other Contractual Obligations ⁽²⁾	178.2	147.1	27.8	3.2	0.1
Future Minimum Lease Payments ⁽³⁾	157.9	34.9	51.1	31.8	40.1
Interest Payments	25.2	3.7	7.3	7.1	7.1
Total Contractual Cash Obligations ⁽⁴⁾⁽⁵⁾	\$ 1,149.7	\$ 911.8	\$ 92.5	\$ 46.5	\$ 98.9

(1) In February 2006, the holders of the February LYONs put to us all but \$0.2 of the outstanding February LYONs at the accreted price on such date of \$660.2. The payment of the February LYONs was funded through our new senior credit facilities, and has been classified as long-term debt as more fully described in Note 12 to our consolidated financial statements.

(2) Represents contractual legally binding commitments to purchase goods and services at specified dates, and amounts payable to our former Chairman, Chief Executive Officer, and President of approximately \$8.0 that is payable in 2008.

(3) Represents rental payments under operating leases with remaining non-cancelable terms in excess of one year.

(4) Contingent obligations, such as environmental accruals, generally do not have specific payment dates and accordingly have been excluded from the above table.

(5) Our long-term liabilities include both pension and postretirement obligations, of which certain of these obligations are non-funded and are paid out of our assets. These obligations and related annual payment amounts are subject to change due to actual participant experience and participant elections. Due to the uncertainty surrounding the amounts, they have been excluded from the above table. We made contributions and direct benefit payments of \$43.8 in 2005 and we expect to make \$30.7 to these plans in 2006.

We did not make any material cash contributions to our primary domestic pension plans in 2005. The required amount of contributions to our domestic pension plans is based upon, among other things, the actual return on plan assets and the growth in the overall obligation. We currently do not expect any material cash contributions in the near future, however, the United States Congress is currently considering pension-funding reform, which if passed, could materially change the annual funding requirements of our domestic pension plans. Although there are multiple bills being considered, the passage of any of the bills in their current form could negatively impact our future cash flow funding requirements. Due to the uncertainty of the required funding, no amounts have been included above.

See Note 10 to our consolidated financial statements for further disclosure of expected future benefit payments.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The accounting policies that we believe are most critical to the portrayal of our financial condition and results of operation, and that require management's most difficult, subjective or complex judgments in estimating the effect of inherent uncertainties are listed below. This section should be read in conjunction with Notes 1 and 2 to our consolidated financial statements, which includes a detailed discussion on these and other accounting policies.

Long-Term Contract Accounting

Certain of our businesses, primarily within the Test and Measurement and Thermal Equipment and Services segments, recognize revenues and profits from long-term contracts under the percentage-of-completion method of accounting. The percentage-of-completion method requires estimates of future revenues and costs over the full term of product delivery. In 2005, 2004 and 2003, we recognized \$721.4, \$682.7 and \$469.1 of revenues under the percentage-of-completion method, respectively.

Provisions for losses, if any, on uncompleted long-term contracts are made in the period in which such losses are determined. In the case of customer change orders for uncompleted long-term contracts, estimated recoveries are included for work performed in forecasting ultimate profitability on certain contracts. Due to uncertainties inherent in the estimation process, it is reasonably possible that completion costs, including those arising from contract penalty provisions and final contract settlements, will be revised in the near-term. Such revisions to costs and income are recognized in the period in which the revisions are determined.

Costs and estimated earnings in excess of billings on uncompleted contracts arise when revenues have been recorded but the amounts have not been billed under the terms of the contracts. These amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract.

Claims related to long-term contracts are recognized as revenue only after management has determined that collection is probable and the amount can be reliably estimated. Claims made by us may involve negotiation and, in certain cases, litigation. In the event we incur litigation costs in connection with claims, such litigation costs are expensed as incurred although we may seek to recover these costs. Claims against us are recognized when a loss is considered probable and amounts are reasonably determinable.

Impairment of Goodwill and Indefinite Lived Intangible Assets

Goodwill and indefinite lived intangible assets are not amortized, but instead are subject to annual impairment testing. The identification and measurement of goodwill impairment involves the estimation of the fair value of reporting units. We considered a number of factors, including the input of an independent appraisal firm, in conducting the impairment testing of our reporting units. We perform our impairment testing by comparing the estimated fair value of the reporting unit to the carrying value of the reported net assets, with such testing occurring during the fourth quarter of each year. Fair value is generally based on the income approach using a calculation of discounted cash flows, based on the most recent financial projections for the reporting units. The revenue growth rates included in the financial projections are management's best estimates based on current and forecasted market conditions, and the profit margin assumptions are projected by each reporting unit based on current cost structure and anticipated net cost reductions. The result of our impairment testing was that the carrying value of the net assets of our Air Filtration and Dock Products reporting units, components of the Flow Technology and Industrial Products and Services segments, respectively, exceeded their related fair values. Accordingly, we recorded an impairment charge of \$78.2 in the fourth quarter of 2005.

The calculation of fair value for our reporting units incorporates many assumptions including future growth rates, profit margin, and discount factors. Changes in economic and operating conditions impacting these assumptions could result in additional impairment charges in future periods. This is particularly true for the reporting units for which we recognized impairment charges in 2005, as the carrying value of the net assets of these reporting units were reduced to their respective fair values. We will continue to monitor impairment indicators across our reporting units, including, but not limited to, Air Filtration, Dock Products, Contech, Dehydration and Waukesha Electric Systems. The aggregate goodwill and indefinite lived intangible asset balances for these five reporting units was \$407.4 at December 31, 2005.

Employee Benefit Plans

We have defined benefit pension plans that cover a significant portion of our salaried and hourly paid employees, including certain employees in foreign countries. Additionally, we have domestic postretirement plans that provide health and life insurance benefits for certain retirees and their dependents. The costs and obligations associated with these plans are calculated based on actuarial valuations. The critical assumptions used in determining these obligations and related expenses are discount rates, the expected long-term rate of return on plan assets and healthcare cost projections. These critical assumptions are determined based on company data and appropriate market indicators, and are evaluated at least annually by management in consultation with outside actuaries and investment advisors. Other assumptions involving demographic factors such as retirement patterns, mortality, turnover and the rate of compensation increases are evaluated periodically and are updated to reflect our experience and expectations for the future. While management believes that the assumptions used are appropriate, actual results may differ.

To determine the expected long-term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. A lower expected rate of return on plan assets will increase pension expense. Our domestic plans account for in excess of 80% of our total pension obligations at December 31, 2005. In 2005, the expected long-term rate of return for our qualified domestic plans was 8.5%. A 50 basis point reduction in this expected long-term rate of return would increase pension expense by \$4.8.

The discount rate enables us to state expected future cash flows at a present value on the measurement date. This rate is the yield on high-quality fixed income investments at the measurement date. A lower discount rate increases the present value of benefit obligations and increases pension expense. To reflect market interest rate conditions, we reduced our 2005 weighted-average discount rate for our domestic pension plans from 6.00% in 2004 to 5.75%. A 50 basis point reduction in the discount rate would increase pension expense by \$4.5.

The trend in healthcare costs is difficult to estimate, and it has an important effect on postretirement liabilities. The 2005 healthcare cost trend rate, which is the weighted-average annual projected rate of increase in the per capita cost of covered benefits, was 10%. This rate is assumed to decrease to 5% by 2013 and then remain at that level. A one-percentage point increase in the healthcare cost trend rate would increase postretirement expense by \$0.6.

See Note 10 to our consolidated financial statements for further information on our pension and postretirement benefit plans.

Income Taxes

Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities, including the results of local, state, federal or foreign statutory tax audits or estimates and judgments used.

Realization of deferred tax assets associated with net operating loss and credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration by tax jurisdiction. We believe that it is more likely than not that certain of these net operating loss and credit carryforwards may expire unused and, accordingly, have established a valuation allowance against them. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not the deferred tax assets will be realized through future taxable earnings or alternative tax strategies. However, deferred tax assets could be reduced in the near term if our estimates of taxable income during the carryforward period are significantly reduced or alternative tax strategies are no longer viable.

The amount of income tax that we pay annually is dependent on various factors, including the timing of certain deductions and ongoing audits by federal, state and foreign tax authorities, which may result in proposed adjustments. We perform reviews of our income tax positions on a continuous basis and accrue for potential contingencies when we believe a liability is probable and can be reasonably estimated. Accruals for these contingencies are recorded based on an expectation as to the timing of when the contingency will be resolved. As events change or resolution occurs, these accruals are adjusted, such as in the case of audit settlements with taxing authorities. We believe we have adequately provided for any reasonably foreseeable outcome related to these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities due to closure of income tax examinations, new regulatory or judicial pronouncements, or other relevant events. See Note 11 to our consolidated financial statements for additional details regarding certain of our tax contingencies.

Product Warranty

In the normal course of business, we issue product warranties for specific product lines and provide for the estimated future warranty cost in the period in which the sale is recorded. We provide for the estimate of warranty cost based on contract terms and historical warranty loss experience. Because warranty estimates are forecasts that are based on the best available information, claims costs may differ from amounts provided. In addition, due to the seasonal fluctuations at certain of our businesses, the timing of warranty provisions and the usage of warranty accruals can vary period to period. We make adjustments to initial obligations for warranties as changes in the obligations become reasonably estimable.

Contingent Liabilities

Litigation and Environmental Matters — Numerous claims, complaints and proceedings arising in the ordinary course of business, including but not limited to those relating to environmental matters, class actions, derivative lawsuits and contract, intellectual property, competitive, personal injury, product liability, workers' compensation and other claims, have been filed or are pending against us and certain of our subsidiaries. Additionally, we may become subject to significant claims of which we are unaware currently or the claims of which we are aware may result in our incurring a significantly greater liability than we anticipate. This may also be true in connection with past or future acquisitions. While we maintain property, cargo, auto, product, general liability, and directors' and officers' liability insurance and have acquired rights under similar policies in connection with our acquisitions that we believe cover a portion of these claims, this insurance may be insufficient or unavailable to protect us against potential loss exposures. In addition, we have been increasing our self-insurance limits over the past several years. While we believe we are entitled to indemnification from third parties for some of these claims, these rights may be insufficient or unavailable to protect us against potential loss exposures. However, we believe that our accruals related to these items, which totaled \$344.1 and \$350.5 at December 31, 2005 and 2004, respectively, are sufficient and that these items and our rights to available insurance and indemnity will be resolved without a material adverse effect, individually or in the aggregate, on our financial position, results of operations, and cash flows.

It is our policy to comply fully with applicable environmental requirements. We are currently involved in various investigatory and remedial actions at our facilities and at third-party waste disposal sites. It is our policy to accrue for estimated losses from legal actions or claims, including legal expenses, when events exist that make the realization of the losses or expenses probable and they can be reasonably estimated. Our environmental accruals cover anticipated costs, including investigation, remediation, and operation and maintenance of clean-up sites. Accordingly, our estimates may change based on future developments, including new or changes in existing environmental laws or policies, differences in costs required to complete anticipated actions from estimates provided, future findings of investigation or remediation actions, or alteration to the expected remediation plans. We expense costs incurred to investigate and remediate environmental issues unless they extend the economic useful life of related assets. We record liabilities and report expenses when it is probable that an obligation has been incurred and the amounts can be reasonably estimated. Our estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. It is our policy to realize a change in estimates once it becomes probable and can be reasonably estimated. In determining our accruals we do not discount environmental or other legal accruals and do not reduce them by anticipated insurance, litigation and other recoveries. We do take into account third-party indemnification from financially viable parties in determining our accruals where there is no dispute regarding the right to indemnification.

Self-Insurance — We are primarily self-insured for workers' compensation, automobile, product and general liability, and health costs, and we believe that we maintain adequate accruals to cover our retained liability. Our accruals for self-insurance liabilities are determined by management, are based on claims filed and an estimate of claims incurred but not yet reported, and are not discounted. Management considers a number of factors, including third-party actuarial valuations, when making these determinations. We maintain third-party stop-loss insurance policies to cover certain liability costs in excess of predetermined amounts.

New Accounting Pronouncements

See Note 3 to our consolidated financial statements for a complete discussion of recent accounting pronouncements. The following summarizes only those pronouncements that could have a material impact on our financial condition or results of operations in future periods.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"). SFAS No. 123(R) replaced SFAS No. 123, "Accounting for Stock-Based Compensation," ("SFAS No. 123") and superseded Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires the recognition of compensation expense for all share-based payments, including stock options, based on their grant date fair values. In

April 2005, the SEC amended the effective date of SFAS No. 123(R) and, accordingly, it is now effective starting with the first annual period beginning after June 15, 2005.

We intend to adopt SFAS No. 123(R) in the first quarter of 2006 using the modified prospective method, which requires that compensation expense be recorded for all unvested stock options, restricted stock and restricted stock units upon adoption. We intend to apply both the Black-Scholes (for options) and Monte Carlo simulator (for performance-based restricted stock and restricted stock units) valuation models to estimate the fair value of share-based payments to employees, which will then be amortized over the requisite service period. The Monte Carlo simulator valuation technique includes assumptions regarding the movement of stock prices and the effects of volatility, interest rates, and dividends. These assumptions are based on historical data points and are taken from market data sources. We do not anticipate that the adoption of SFAS No. 123(R) will have a significant impact on our stock-based compensation expense in 2006.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

(All amounts are in millions)

We are exposed to market risk related to changes in interest rates and foreign currency exchange rates, and we selectively use financial instruments to manage these risks. We do not enter into financial instruments for speculative or trading purposes; however, such instruments may become speculative if the future cash flows originally hedged are no longer probable of occurring as anticipated. We have interest rate protection agreements with financial institutions to limit exposure to interest rate volatility. Our currency exposures vary, but are primarily concentrated in the Euro, British Pound, and Chinese Yuan. We generally do not hedge translation exposures.

The following table provides information, as of December 31, 2005, about our primary outstanding debt obligations and presents principal cash flows by expected maturity dates, weighted average interest rates, and fair values.

	Expected Maturity Date						Total	Fair Value
	2006	2007	2008	2009	2010	After		
Long-term Debt:								
7.5% senior notes	—	—	—	—	—	\$ 28.2	\$ 28.2	\$ 30.5
Average interest rate						7.5%		
6.25% senior notes	—	—	—	—	—	\$ 21.3	\$ 21.3	\$ 22.2
Average interest rate						6.25%		
LYONs ⁽¹⁾	\$ 660.2	—	—	—	—	—	\$ 660.2	\$ 660.2
Average interest rate						2.75%		

(1) In February 2006, the holders of the February LYONs put to us all but \$0.2 of the outstanding February LYONs at the accreted value on such date of \$660.2. The payment on the February LYONs was funded through our new senior credit facilities, and has been classified as long-term debt as more fully described in Note 12 to our consolidated financial statements.

We believe that current cash and equivalents, cash flows from operations, availability under revolving credit facilities, and availability under our trade receivable financing agreement will be sufficient to fund working capital needs, planned capital expenditures, on-going equity repurchases, dividend payments, other operational cash requirements and required debt service obligations for the foreseeable future.

As of December 31 2005, we have foreign currency forward contracts with an aggregate notional amount of \$153.9 outstanding as of December 31, 2005, with scheduled maturities of \$134.5, \$14.2, \$4.9 and \$0.3 in 2006, 2007, 2008, and 2009, respectively. The contracts have a fair value of \$5.7, which is recorded as a current liability as of December 31, 2005.

ITEM 8. Financial Statements And Supplementary Data

**SPX Corporation and Subsidiaries
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December 31, 2005

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All schedules are omitted because they are not applicable, not required or because the required information is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of SPX Corporation:

We have audited the accompanying Consolidated Balance Sheets of SPX CORPORATION AND SUBSIDIARIES (the "Company") as of December 31, 2005 and 2004 and the related Consolidated Statements of Operations and Comprehensive Income, Shareholders' Equity, and Cash Flows for each of the three years in the period ended December 31, 2005. 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 did not audit the financial statements of EGS Electrical Group, LLC and subsidiaries for the years ended September 30, 2005 and 2004, the Company's investment in which is accounted for by use of the equity method (see Notes 1 and 9 to the consolidated financial statements). The Company's equity in income of EGS Electrical Group, LLC and subsidiaries for the years ended September 30, 2005 and 2004 was \$22.4 million and \$25.8 million, respectively. The financial statements of EGS Electrical Group, LLC and subsidiaries were audited by other auditors whose report has been furnished to us, and our opinion on the Company's 2005 and 2004 consolidated financial statements, insofar as it relates to the amounts included for such company, is based solely on the report of such auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of SPX CORPORATION AND SUBSIDIARIES at December 31, 2005 and December 31, 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our report dated March 15, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
March 15, 2006

SPX Corporation and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income
(\$ in millions, except per share amounts)

	Year ended December 31,		
	2005	2004	2003
Revenues	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5
Costs and expenses:			
Cost of products sold	3,160.1	3,009.9	2,530.6
Selling, general and administrative	818.8	791.2	630.2
Intangible amortization	15.7	16.2	6.6
Impairment of goodwill and other intangible assets	78.2	246.8	—
Special charges, net	9.2	44.1	44.0
Operating income (loss)	210.2	(12.3)	339.1
Other (expense) income, net	(17.5)	(9.0)	47.3
Interest expense	(68.9)	(156.3)	(193.3)
Interest income	17.1	4.9	7.8
Loss on early extinguishment of debt	(113.6)	(2.6)	(2.2)
Income (loss) from continuing operations before income taxes	27.3	(175.3)	198.7
Income tax (provision) benefit	(70.4)	32.8	(97.8)
Equity earnings in joint ventures	23.5	26.0	34.3
Income (loss) from continuing operations	(19.6)	(116.5)	135.2
Income from discontinued operations, net of tax	9.9	123.0	119.7
Gain (loss) on disposition of discontinued operations, net of tax	1,099.7	(23.6)	(18.9)
Income from discontinued operations	1,109.6	99.4	100.8
Net income (loss)	\$ 1,090.0	\$ (17.1)	\$ 236.0
Basic income (loss) per share of common stock			
Income (loss) from continuing operations	\$ (0.28)	\$ (1.57)	\$ 1.76
Income from discontinued operations	15.61	1.34	1.31
Net income (loss) per share	\$ 15.33	\$ (0.23)	\$ 3.07
Weighted average number of common shares outstanding — basic	71.084	74.271	76.802
Income (loss) from continuing operations for diluted income per share	\$ (19.6)	\$ (116.5)	\$ 151.0
Net income (loss) for diluted income per share	\$ 1,090.0	\$ (17.1)	\$ 251.8
Diluted income (loss) per share of common stock			
Income (loss) from continuing operations	\$ (0.28)	\$ (1.57)	\$ 1.70
Income from discontinued operations	15.61	1.34	1.14
Net income (loss) per share	\$ 15.33	\$ (0.23)	\$ 2.84
Weighted average number of common shares outstanding — dilutive	71.084	74.271	88.648
Comprehensive income (loss):			
Foreign currency translation adjustment	\$ (291.2)	\$ 124.5	\$ 220.5
Change in fair value of cash flow hedges, net of tax	15.6	13.0	20.2
Minimum pension liability adjustment, net of tax	(225.7)	(17.2)	164.1
Other comprehensive income (loss)	(501.3)	120.3	404.8
Net income (loss)	1,090.0	(17.1)	236.0
Comprehensive income	\$ 588.7	\$ 103.2	\$ 640.8

The accompanying notes are an integral part of these statements.

SPX Corporation and Subsidiaries
Consolidated Balance Sheets
(\$ in millions)

	December 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and equivalents	\$ 576.3	\$ 579.3
Accounts receivable, net	961.8	932.8
Inventories, net	463.4	475.8
Other current assets	78.3	111.0
Deferred income taxes	46.4	141.7
Assets of discontinued operations	102.1	1,844.3
Total current assets	2,228.3	4,084.9
Property, plant and equipment:		
Land	28.9	34.0
Buildings and leasehold improvements	240.8	224.1
Machinery and equipment	686.2	656.5
	955.9	914.6
Accumulated depreciation	(481.7)	(436.2)
	474.2	478.4
Goodwill	1,812.2	1,920.5
Intangibles, net	437.4	457.7
Other assets	354.3	647.0
TOTAL ASSETS	\$ 5,306.4	\$ 7,588.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 535.0	\$ 497.0
Accrued expenses	683.2	667.8
Incomes taxes payable	158.9	79.9
Short-term debt	64.9	63.5
Current maturities of long-term debt	2.6	48.3
Liabilities of discontinued operations	26.1	457.6
Total current liabilities	1,470.7	1,814.1
Long-term debt	720.9	2,414.3
Deferred and other income taxes	345.1	600.6
Other long-term liabilities	656.6	627.8
Total long-term liabilities	1,722.6	3,642.7
Minority interest	1.9	3.9
Shareholders' equity:		
Common stock	920.8	899.9
Paid-in capital	1,084.8	988.6
Retained earnings	1,642.0	622.6
Unearned compensation	(55.3)	(33.2)
Accumulated other comprehensive income (loss)	(173.8)	327.5
Common stock in treasury	(1,307.3)	(677.6)
Total shareholders' equity	2,111.2	2,127.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 5,306.4	\$ 7,588.5

The accompanying notes are an integral part of these statements.

SPX Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity
(\$ in millions)

	Common Stock	Paid-in Capital	Retained Earnings	Unearned Compensation	Accumulated Other Comprehensive Income (Loss)	Common Stock In Treasury
Balance at December 31, 2002	\$ 868.0	\$ 863.3	\$ 478.2	\$ (46.1)	\$ (197.6)	\$ (273.4)
Net income	—	—	236.0	—	—	—
Exercise of stock options and other incentive plan activity, including related tax benefit of \$5.1	10.1	33.9	—	—	—	—
Net unrealized gain on qualifying cash flow hedges, net of tax of \$12.3	—	—	—	—	20.2	—
Minimum pension liability adjustment, net of tax, of \$107.4	—	—	—	—	164.1	—
Amortization of restricted stock grant	—	—	—	5.4	—	—
Treasury stock repurchased	—	—	—	—	—	(315.4)
Translation adjustments	—	—	—	—	220.5	—
Balance at December 31, 2003	878.1	897.2	714.2	(40.7)	207.2	(588.8)
Net loss	—	—	(17.1)	—	—	—
Dividends declared (\$1.00 per share)	—	—	(74.5)	—	—	—
Exercise of stock options and other incentive plan activity, including related tax benefit of \$2.6	18.4	47.8	—	—	—	(1.1)
Net unrealized gain on qualifying cash flow hedges, net of tax of \$11.2	—	—	—	—	13.0	—
Minimum pension liability adjustment, net of tax, of \$5.9	—	—	—	—	(17.2)	—
Restricted stock and restricted stock unit grants	3.4	58.4	—	(61.8)	—	—
Amortization of restricted stock and restricted stock unit grants, net of a \$8.2 reduction	—	—	—	9.1	—	—
Restricted stock and restricted stock unit forfeitures	—	(14.8)	—	60.2	—	(45.4)
Treasury stock repurchased	—	—	—	—	—	(42.3)
Translation adjustments	—	—	—	—	124.5	—
Balance at December 31, 2004	899.9	988.6	622.6	(33.2)	327.5	(677.6)
Net income	—	—	1,090.0	—	—	—
Dividends declared (\$1.00 per share)	—	—	(70.6)	—	—	—
Exercise of stock options and other incentive plan activity, including related tax benefit of \$12.5	14.7	54.1	—	—	—	—
Net unrealized gain on qualifying cash flow hedges, net of tax of \$9.9	—	—	—	—	15.6	—
Minimum pension liability adjustment, net of tax, of \$141.1	—	—	—	—	(225.7)	—
Restricted stock and restricted stock unit grants	4.4	55.7	—	(60.1)	—	—
Activity for cash awards provided in 2005 (see Note 15)	—	—	—	(3.1)	—	—
Amortization of restricted stock and restricted stock unit grants (includes amounts recorded to discontinued operations)	—	—	—	30.1	—	—
Restricted stock and restricted stock unit vesting, net of tax withholdings	1.8	(6.4)	—	—	—	(1.2)
Restricted stock and restricted stock unit forfeitures	—	(7.2)	—	11.0	—	(3.8)
Treasury stock repurchased	—	—	—	—	—	(624.7)
Translation adjustments, including \$221.2 of translation gains recognized upon sale of discontinued operations	—	—	—	—	(291.2)	—
Balance at December 31, 2005	\$ 920.8	\$ 1,084.8	\$ 1,642.0	\$ (55.3)	\$ (173.8)	\$ (1,307.3)

The accompanying notes are an integral part of these statements.

SPX Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(\$ in millions)

	Year Ended December 31,		
	2005	2004	2003
Cash flows from (used in) operating activities:			
Net income (loss)	\$ 1,090.0	\$ (17.1)	\$ 236.0
Income from discontinued operations, net of tax	1,109.6	99.4	100.8
	<u> </u>	<u> </u>	<u> </u>
Income (loss) from continuing operations	(19.6)	(116.5)	135.2
Adjustments to reconcile income (loss) from continuing operations to net cash from (used in) operating activities			
Special charges, net	9.2	44.1	44.0
Impairment of goodwill and other intangible assets	78.2	246.8	—
Loss on early extinguishment of debt	113.6	2.6	2.2
Deferred and other income taxes	39.9	(105.7)	79.2
Depreciation	70.4	74.2	77.3
Amortization of intangibles and other assets	17.5	18.0	8.4
Accretion of LYONs	18.0	17.8	19.4
Pension and other employee benefits	53.6	39.8	21.6
Stock-based compensation	28.3	9.1	5.4
Dividends from unconsolidated entities in excess of equity earnings	4.3	6.1	8.0
Other, net	12.5	5.6	18.1
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures			
Accounts receivable and other	(76.0)	(96.3)	61.9
Inventories	10.7	(20.9)	34.0
Accounts payable, accrued expenses and other	14.1	(91.6)	(56.1)
Taxes paid on repatriated foreign earnings	(47.5)	—	—
Payments to terminate interest rate swap agreements	(13.3)	—	—
Cash spending on restructuring actions	(19.3)	(27.2)	(58.8)
	<u> </u>	<u> </u>	<u> </u>
Net cash from continuing operations	294.6	5.9	399.8
Net cash from (used in) discontinued operations	(426.2)	166.7	218.6
	<u> </u>	<u> </u>	<u> </u>
Net cash from (used in) operating activities	(131.6)	172.6	618.4
Cash flows from (used in) investing activities:			
Proceeds from sales of discontinued operations, net of cash sold	2,751.2	54.1	255.4
Proceeds from other asset sales	41.4	14.2	—
Business acquisitions and investments, net of cash acquired	(50.4)	(121.7)	(189.9)
Capital expenditures	(68.6)	(39.2)	(36.9)
	<u> </u>	<u> </u>	<u> </u>
Net cash from (used in) continuing operations	2,673.6	(92.6)	28.6
Net cash used in discontinued operations	(4.8)	(51.1)	(88.7)
	<u> </u>	<u> </u>	<u> </u>
Net cash from (used in) investing activities	2,668.8	(143.7)	(60.1)
Cash flows from (used in) financing activities:			
Additional debt borrowings	—	—	293.7
Repayments of debt borrowings	(1,073.4)	(56.2)	(459.5)
Repurchase of senior notes (2005 includes premiums paid of \$72.9)	(744.5)	(80.0)	—
Net borrowings (repayments) under other financing arrangements	(18.8)	(7.5)	55.9
Purchases of common stock	(624.7)	(42.3)	(315.4)
Proceeds from the exercise of employee stock options	38.3	41.9	14.8
Dividends paid	(73.3)	(56.8)	—
Financing fees paid	(5.1)	—	(3.4)
	<u> </u>	<u> </u>	<u> </u>
Net cash used in continuing operations	(2,501.5)	(200.9)	(413.9)
Net cash from (used in) discontinued operations	(18.0)	30.9	16.3
	<u> </u>	<u> </u>	<u> </u>
Net cash used in financing activities	(2,519.5)	(170.0)	(397.6)
	<u> </u>	<u> </u>	<u> </u>
Increase (decrease) in cash and equivalents due to changes in foreign exchange rates	(23.9)	7.1	3.8
Net change in cash and equivalents	(6.2)	(134.0)	164.5
Consolidated cash and equivalents, beginning of period	586.4	720.4	555.9
	<u> </u>	<u> </u>	<u> </u>
Consolidated cash and equivalents, end of period	\$ 580.2	\$ 586.4	\$ 720.4
	<u> </u>	<u> </u>	<u> </u>
Cash and equivalents of continuing operations	\$ 576.3	\$ 579.3	\$ 718.1
Cash and equivalents of discontinued operations	\$ 3.9	\$ 7.1	\$ 2.3
Supplemental disclosure of cash flow information:			
Interest paid	\$ 64.7	\$ 146.4	\$ 135.4
Income taxes paid	\$ 433.5	\$ 19.5	\$ 5.5
Non-cash investing and financing activities:			
Long-term debt assumed	\$ 9.9	\$ 30.5	\$ —

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements
December 31, 2005
(All dollar and share amounts in millions, except per share and per LYON data)

(1) Summary of Significant Accounting Policies

Our significant accounting policies are described below as well as in other Notes that follow.

Basis of Presentation — The consolidated financial statements include SPX Corporation's ("our" or "we") accounts after the elimination of inter-company transactions. Investments in unconsolidated companies where we exercise significant influence, but do not have control are accounted for using the equity method. Certain prior year amounts have been reclassified to conform to current-year presentation, including the results of discontinued operations and financial data for our reporting segments resulting from changes to our segment reporting structure that were implemented during the first quarter of 2005. Unless otherwise indicated, amounts provided in these Notes pertain to continuing operations only (see Note 4 for more information on discontinued operations).

Foreign Currency Translation — The financial statements of our foreign subsidiaries are translated into U.S. dollars in accordance with Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Balance sheet accounts are translated at the current rate at the end of each period and income statement accounts are translated at the average rate. Gains and losses on foreign currency translations are reflected as a separate component of shareholders' equity and other comprehensive income (loss). Foreign currency transaction losses are included in other income (expense) and totaled \$15.5, \$6.7, and \$7.9 in 2005, 2004, and 2003, respectively.

Cash Equivalents — We consider highly liquid money market investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Revenue Recognition — We recognize revenues from product sales upon shipment to the customer (f.o.b. shipping point) or upon receipt by the customer (f.o.b. destination), in accordance with the agreed upon customer terms. Revenues from service contracts and long-term maintenance arrangements are deferred and recognized on a straight line basis over the agreement period. Revenues from certain construction/installation contracts are recognized using the percentage-of-completion method of accounting. Sales with f.o.b. destination terms are primarily to automotive industry customers. Certain sales to distributors made with return rights are recognized upon shipment to the customer. Expected returns under these arrangements are estimated and accrued for at the time of sale. The accrual considers restocking charges for returns and in some cases the customer must issue a replacement order before the return is authorized. Actual return experience may vary from our estimates. Amounts billed for shipping and handling are included in revenue. Costs incurred for shipping and handling are recorded in cost of products sold.

Certain of our businesses, primarily within the Test and Measurement and Thermal Equipment and Services segments, recognize revenues from long-term contracts under the percentage-of-completion method of accounting. The percentage-of-completion is measured principally by the percentage of costs incurred to date for each contract to the estimated total costs for such contract at completion, in accordance with Statement of Position 81-1, "Accounting for the Performance of Construction — Type and Certain Production — Type Contracts".

Provisions for estimated losses, if any, on uncompleted long-term contracts, are made in the period in which such losses are determined. In the case of customer change orders for uncompleted long-term contracts, estimated recoveries are included for work performed in forecasting ultimate profitability on certain contracts. Due to uncertainties inherent in the estimation process, it is possible that completion costs, including those arising from contract penalty provisions and final contract settlements, may be revised in the near-term. Such revisions to costs and income are recognized in the period in which the revisions are determined.

Costs and estimated earnings in excess of billings arise when revenues have been recorded but the amounts have not been billed under the terms of the contracts. These amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Claims related to long-term contracts are recognized as revenue only after management has determined that collection is probable and the amount can be reliably estimated. Claims made by us involve negotiation and, in certain cases, litigation. In the event we incur litigation costs in connection with claims, such litigation costs are expensed as incurred although we may seek to recover these costs. Claims against us are recognized when a loss is considered probable and amounts are reasonably determinable.

We recognized \$721.4, \$682.7 and \$469.1 in revenues under the percentage of completion method for the years ended December 31, 2005, 2004 and 2003, respectively. Costs and estimated earnings on uncompleted contracts, from their inception, and related amounts billed as of December 31, 2005 and 2004 were as follows:

	2005	2004
Costs incurred on uncompleted contracts	\$ 733.6	\$ 591.4
Estimated earnings to date	147.1	149.8
	880.7	741.2
Less: Billings to date	(768.0)	(644.9)
Net unbilled receivables	\$ 112.7	\$ 96.3

Such amounts are included in the accompanying consolidated balance sheets at December 31, 2005 and 2004 as shown below. Amounts for billed retainages and receivables to be collected in excess of one year are not significant for the periods presented.

	2005	2004
Costs and estimated earnings in excess of billings ⁽¹⁾	\$ 190.7	\$ 146.7
Billings in excess of costs and estimated earnings on uncompleted contracts ⁽²⁾	(78.0)	(50.4)
Net unbilled receivables	\$ 112.7	\$ 96.3

(1) Reported as a component of accounts receivable, net in the consolidated balance sheet.

(2) Reported as a component of accrued expenses in the consolidated balance sheet.

Research and Development Costs — We expense research and development costs as incurred. We charge costs incurred in the research and development of new software included in products to expense until technological feasibility is established. After technological feasibility is established, additional costs are capitalized in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed" until the product is available for general release. These costs are amortized over the lesser of three years or the economic life of the related products and we include the amortization in cost of products sold. We perform a periodic review of the recoverability of these capitalized software costs. At the time we determine that capitalized amounts are not recoverable based on the estimated cash flows to be generated from the applicable software, we write off any remaining capitalized amounts. We expensed \$58.8 of research activities relating to the development and improvement of our products in 2005, \$57.0 in 2004 and \$53.0 in 2003.

Property, Plant and Equipment — Property, plant and equipment ("PP&E") is stated at cost, less accumulated depreciation and amortization. We use the straight-line method for computing depreciation expense over the useful lives of PP&E, which do not exceed 40 years for buildings and range from 3 to 15 years for machinery and equipment. Leasehold improvements are amortized over the life of the related asset or the life of the lease, whichever is shorter. Interest is capitalized on construction or installation projects that are greater than \$5.0 and one year in duration. The amounts of interest capitalized during 2005, 2004, and 2003 were not material.

Income Taxes — We record our income taxes based on the requirements of SFAS No. 109, "Accounting for Income Taxes", which includes an estimate of the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities, including the results of local, state, federal or foreign statutory tax audits or estimates and judgments used.

Stock-Based Employee Compensation — We have a stock based compensation plan, including stock option, restricted stock and restricted stock unit awards. We account for our stock-based employee compensation under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, except for awards of restricted stock and restricted stock units, we do not recognize any compensation expense. We have adopted the disclosure provisions

of SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of FASB Statement No. 123." See Note 3 regarding the issuance of SFAS No. 123 (revised 2004) "Share Based Payment" ("SFAS No. 123(R)") and the impact of such statement on the future accounting for stock-based compensation.

In December 2003, the Compensation Committee of the Board of Directors announced its intent to issue restricted stock and restricted stock units in lieu of stock options for stock-based employee compensation to eligible employees commencing with grants in the first quarter of 2004. Accordingly, under APB Opinion No. 25 these awards to employees are required to be expensed over the vesting period. Non-cash compensation expense associated with restricted stock awards was \$28.3 and \$9.1 in 2005 and 2004, respectively. Non-cash compensation expense in 2004 included a net credit of \$8.2 relating to compensation expense previously recorded for restricted stock that was forfeited in connection with the December 2004 retirement and resignation of our then Chairman, Chief Executive Officer, and President. Stock-based compensation expense totaled \$5.4 in 2003.

We have applied the intrinsic value based method of accounting prescribed by APB Opinion No. 25 and related interpretations in accounting for stock-based compensation plans. Accordingly, no compensation cost is reflected in net income (loss) for stock option awards as all options granted had an exercise price equal to or in excess of the market value of the underlying common stock on the date of grant. In accordance with SFAS No. 148, the following table illustrates the pro forma effect on income (loss) from continuing operations and net income (loss), in total and on a per share basis, in 2005, 2004 and 2003 had the fair value recognition provisions of SFAS No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123") been applied to stock-based employee compensation.

	For the Year Ended December 31,		
	2005	2004	2003
Net income (loss) — as reported	\$ 1,090.0	\$ (17.1)	\$ 236.0
Add: Stock-based employee compensation expense included in reported net income (loss), net of related tax effect ⁽¹⁾	20.3	3.9	5.4
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of related tax effect			
Awards granted at market value ⁽²⁾	(27.4)	(28.3)	(45.0)
Awards granted above market value ⁽²⁾	—	78.6	(39.2)
Net income — pro forma	<u>\$ 1,082.9</u>	<u>\$ 37.1</u>	<u>\$ 157.2</u>
Basic earnings per share of common stock:			
Income (loss) per share — as reported	\$ 15.33	\$ (0.23)	\$ 3.07
Income per share — pro forma	\$ 15.23	\$ 0.50	\$ 2.05
Diluted earnings per share of common stock:			
Income (loss) per share — as reported	\$ 15.33	\$ (0.23)	\$ 2.84
Income per share — pro forma	\$ 15.23	\$ 0.49	\$ 1.95
Basic earnings per share of common stock from continuing operations:			
Income (loss) per share — as reported	\$ (0.28)	\$ (1.57)	\$ 1.76
Income (loss) per share — pro forma	\$ (0.38)	\$ (0.84)	\$ 0.73
Diluted earnings per share of common stock from continuing operations:			
Income (loss) per share — as reported	\$ (0.28)	\$ (1.57)	\$ 1.70
Income (loss) per share — pro forma	\$ (0.38)	\$ (0.84)	\$ 0.73

(1) Amount for 2004 includes a credit of \$8.2 relating to compensation expense previously recorded for a 2002 restricted stock award that was forfeited in connection with the December 2004 retirement and resignation of our then Chairman, Chief Executive Officer, and President.

(2) In 2004, four members of our executive management team elected to voluntarily surrender outstanding unvested stock options to purchase 2.5 shares of common stock granted to them in August 2000, with an average fair value on the date of grant of \$34.89. These options would have vested in their entirety in August 2005. In addition, certain members of our senior leadership team, who left the company in 2004, forfeited unvested stock options to purchase 0.7 shares of common

stock. The weighted average fair value of these options on the date of grant was approximately \$32.34. The impact of the surrender and forfeiture of the above options on compensation expense, net of tax, under the fair value based method was approximately \$72.0. Lastly, under the separation agreement relating to the December 2004 retirement and resignation of our then Chairman, Chief Executive Officer, and President, options to purchase 2.2 shares of common stock that were unvested at the time of separation became immediately vested. Under SFAS No. 148, the acceleration of the vesting was deemed a modification to the original awards and resulted in a remeasurement of the fair value of these options. The effect of the accelerated vesting and remeasurement resulted in additional compensation expense of approximately \$10.5 under the fair value based method. 2004 compensation expense under the fair value based method also includes tax benefits of approximately \$35.0 associated with certain option grants to our former Chairman, Chief Executive Officer, and President. Prior to his resignation and retirement in December 2004, compensation associated with these option grants was not deductible under Section 162(m) of the Internal Revenue Code. As a result of his resignation and retirement, these limitations are no longer applicable and, as such, we have reflected a cumulative tax benefit of \$35.0 relating to these option grants in the 2004 column in the table above.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. Our option grants are generally made during the first week of the year. There were no option grants in 2005. In 2004, we granted 0.019 options to members of our Board of Directors that fully vested as of December 31, 2004. We made no other option grants in 2004. Assumptions used in determining the fair value of the 2004 and 2003 options are based upon relevant data existing at the date of grant and are as follows:

	2004	2003
Weighted-average fair value of options:		
Granted at market value	\$ 23.39	\$ 18.25
Weighted-average exercise price of options:		
Granted at market value	\$ 53.15	\$ 38.72
Principal Assumptions:		
Expected option life in years	6	6
Risk free interest rate	3.3%	3.3%
Expected volatility	39.6%	40.3%
Expected dividend yield	2.5%	0.0%

Derivative Financial Instruments — We use interest rate swaps to manage our exposures to fluctuating interest rate risk on our variable rate debt portfolio and foreign currency forward contracts to manage our exposures to fluctuating currency exchange rates. All derivatives are recorded on the balance sheet and measured at fair value. For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair values of both the derivatives and the hedged items are recorded in current earnings. For derivatives designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives are recorded in other comprehensive income and subsequently recognized in earnings when the hedged items impact earnings. Changes in the fair value of derivatives not designated as hedges, and the ineffective portion of cash flow hedges, are recorded in current earnings. We do not enter into financial instruments for speculative or trading purposes.

For those transactions that are designated as cash flow hedges, on the date the derivative contract is entered into, we document our hedge relationship, including identification of the hedging instruments and the hedged items, as well as our risk management objectives and strategies for undertaking the hedge transaction. We also assess, both at inception and quarterly thereafter, whether the derivatives that are designated as cash flow hedges are highly effective in offsetting changes in the fair value of the hedged item.

Fair value estimates are based on relevant market information. Changes in fair value are estimated by management quarterly based, in part, on quotes provided by third-party financial institutions.

(2) Use Of Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial

statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate these estimates and judgments on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from the estimates and assumptions used in the financial statements and related notes.

Listed below are certain significant estimates and assumptions used in the preparation of our consolidated financial statements. Certain other estimates and assumptions are further explained in the related Notes.

Allowance for Doubtful Accounts — We estimate losses for uncollectible accounts based on our historical experience and the evaluation of the likelihood of success in collecting specific customer receivables. Summarized below is the activity for the allowance for doubtful accounts.

	2005	2004	2003
	_____	_____	_____
Allowance for doubtful accounts:			
Balance at beginning of year	\$ 36.1	\$ 26.7	\$ 22.1
Acquisitions/divestitures, net	0.8	7.0	2.2
Provisions	26.3	20.5	14.0
Write-offs, net of recoveries	(19.9)	(18.1)	(11.6)
	_____	_____	_____
Balance at end of year	\$ 43.3	\$ 36.1	\$ 26.7
	_____	_____	_____

Inventory — We estimate losses for excess and/or obsolete inventory and the net realizable value of inventory based on the aging of the inventory and the evaluation of the likelihood of recovering the inventory costs based on anticipated demand and selling price.

Impairment of Long-Lived Assets and Intangibles Subject to Amortization — We continually review whether events and circumstances subsequent to the acquisition of any long-lived assets, or intangible assets subject to amortization, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, we use projections to assess whether future cash flows on a non-discounted basis related to the tested assets are likely to exceed the recorded carrying amount of those assets to determine if a write-down is appropriate. If we identify impairment, we will report a loss to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar projections on a discounted basis.

In determining the estimated useful lives of definite lived intangibles, we consider the nature, competitive position, life cycle position, and historical and expected future operating cash flows of each acquired asset, as well as our commitment to support these assets through continued investment and legal infringement protection.

Goodwill and Indefinite-Lived Intangible Assets — We test goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter and continually review whether a triggering event has occurred to determine whether the carrying value exceeds the implied value. The fair value of reporting units is based generally on discounted projected cash flows, but we also consider factors such as comparable industry price multiples. We employ cash flow projections that we believe to be reasonable under current and forecasted circumstances, the results of which form the basis for making judgments about the carrying values of the reported net assets of our reporting units. Many of our businesses closely follow changes in the industries and end-markets that they serve. Accordingly, we consider estimates and judgments that affect the future cash flow projections, including principal methods of competition, such as volume, price, service, product performance, and technical innovations, as well as estimates associated with cost improvement initiatives, capacity utilization, and assumptions for inflation and foreign currency changes. Actual results may differ from these estimates under different assumptions or conditions. See Note 8 for more information, including discussion of impairment charges recorded in 2005 for our Air Filtration and Dock Products businesses and in 2004 for our Dock Products, Fluid Power, Radiodetection, and TPS businesses.

Notes to Consolidated Financial Statements
December 31, 2005
(All dollar and share amounts in millions, except per share and per LYON data)

Accrued Expenses — We make estimates and judgments in establishing accruals as required under generally accepted accounting principles. Summarized in the table below are current accrued expenses at December 31, 2005 and 2004.

	December 31,	
	2005	2004
Employee benefits	\$ 181.6	\$ 225.5
Warranty	52.3	58.0
Other ⁽¹⁾	449.3	384.3
	\$ 683.2	\$ 667.8

(1) Other consists of various items, including legal, interest, and dividends payable, none of which individually require separate disclosure.

Legal — It is our policy to accrue for estimated losses from legal actions or claims, including legal expenses, when events exist that make the realization of the losses or expenses probable and they can be reasonably estimated. We do not discount legal obligations or reduce them by anticipated insurance recoveries.

Environmental Remediation Costs — We expense costs incurred to investigate and remediate environmental issues unless they extend the economic useful life of related assets. We record liabilities and report expenses when it is probable that an obligation has been incurred and the amounts can be reasonably estimated. Our environmental accruals cover anticipated costs, including investigation, remediation, and operation and maintenance of clean-up sites. Our estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. We do not discount environmental obligations or reduce them by anticipated insurance recoveries.

Self-Insurance — We are primarily self-insured for workers' compensation, automobile, product, general liability and health costs, and we believe that we maintain adequate accruals to cover our retained liability. Our accruals for self-insurance liabilities are determined by management, are based on claims filed and an estimate of claims incurred but not yet reported, and are not discounted. Management considers a number of factors, including third-party actuary valuations, when making these determinations. We maintain third-party stop-loss insurance policies to cover certain liability costs in excess of predetermined retained amounts.

Warranty — In the normal course of business, we issue product warranties for specific product lines and provide for the estimated future warranty cost in the period in which the sale is recorded. We provide for the estimate of warranty cost based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Because warranty estimates are forecasts that are based on the best available information, claims costs may differ from amounts provided. In addition, due to the seasonal fluctuations at certain of our businesses, the timing of warranty provisions and the usage of warranty accruals can vary period to period. We make adjustments to initial obligations for warranties as changes in the obligations become reasonably estimable. The following is an analysis of our product warranty accrual for the periods presented:

	For the year ended December 31,		
	2005	2004	2003
Balance at beginning of year	\$ 58.0	\$ 65.8	\$ 49.7
Acquisitions/divestitures, net	0.3	0.8	15.4
Provisions	22.0	13.8	25.4
Usage	(28.0)	(22.4)	(24.7)
Balance at end of year	\$ 52.3	\$ 58.0	\$ 65.8

Income Taxes — We perform reviews of our income tax positions on a continuous basis and accrue for potential contingencies when we believe a liability is probable and can be reasonably estimated. Accruals for these contingencies are recorded in "income taxes payable" and "deferred and other income taxes" in the accompanying consolidated balance sheets

based on an expectation as to the timing of when the contingency will be resolved. As events change or resolution occurs, these accruals are adjusted, such as in the case of audit settlements with taxing authorities. Any potential liabilities in excess of amounts recorded are not material. These reviews also entail analyzing the realization of deferred tax assets associated with net operating loss and credit carryforwards. When we believe that it is more likely than not that a net operating loss or credit carryforward may expire unused, we establish a valuation allowance against them.

Employee Benefit Plans — We have defined benefit plans that cover a significant portion of our salaried and hourly paid employees, including certain employees in foreign countries. We derive pension expense from an actuarial calculation based on the defined benefit plans' provisions and management's assumptions regarding discount rate, rate of increase in compensation levels and expected long-term rate of return on assets. Management determines the expected long-term rate of return on plan assets based upon historical actual asset returns and the expectations of asset returns over the expected period to fund participant benefits based on the current investment mix of our plans. Management sets the discount rate based on the yield of high quality fixed income investments, commonly defined as fixed income investments with at least a Moody's Aa credit rating. The rate of increase in compensation levels is established based on management's expectations of current and foreseeable future increases in compensation. Management also consults with independent actuaries in determining these assumptions. See Note 10 for more information.

(3) New Accounting Pronouncements

The following is a summary of new accounting pronouncements that apply or may apply to our business.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs". SFAS No. 151 amends the previous guidance in Accounting Research Bulletin No. 43 to clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) should be recognized as current-period charges. In addition, SFAS No. 151 requires that the allocation of fixed production overhead to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this statement are effective for inventory costs incurred during fiscal years beginning after June 15, 2005 and we do not expect the adoption of this statement to have a material impact on our financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123(R), which replaced SFAS No. 123 and superseded APB Opinion No. 25. SFAS No. 123(R) requires the recognition of compensation expense for all share based payments, including stock options, based on their grant date fair values. In April 2005, the Securities and Exchange Commission amended the effective date of SFAS No. 123(R) and, accordingly, it is now effective starting with the first annual period beginning after June 15, 2005.

We intend to adopt SFAS No. 123(R) in the first quarter of 2006 using the modified prospective method, which requires that compensation expense be recorded for all unvested stock options, restricted stock and restricted stock units upon adoption. We intend to apply both the Black-Scholes (for options) and Monte Carlo simulator (for performance-based restricted stock and restricted stock units) valuation models to estimate the fair value of share-based payments to employees, which will then be amortized over the requisite service period. The Monte Carlo simulator valuation technique includes assumptions regarding the movement of stock prices and the effects of volatility, interest rates, and dividends. These assumptions are based on historical data points and are taken from market data sources. We do not anticipate that the adoption of SFAS No. 123(R) will have a significant impact on our stock-based compensation expense in 2006.

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" ("FIN 47"). This interpretation clarifies that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. We adopted FIN 47 in 2005 and it did not have a material impact on our consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"). SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. This Statement also provides guidance for determining whether retrospective application of a change in accounting principle is impracticable and for reporting a change when retrospective application is impracticable and also states that the correction of an error in previously issued financial statements is not an accounting change. The standard is effective for years beginning after December 15, 2005.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments" ("SFAS No. 155"), which amends SFAS No.'s 133 and 140, and improves the financial reporting of certain hybrid financial instruments by requiring more consistent accounting that eliminates exemptions and provides a means to simplify the accounting for these instruments. Specifically, SFAS No. 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. We are currently reviewing the impact that SFAS No. 155 could have on our consolidated financial statements.

(4) Acquisitions, Discontinued Operations, and Other Divestitures

We use acquisitions as a part of our strategy to gain access to new technology, expand our geographical reach, penetrate new markets and leverage our existing product, market, manufacturing and technical expertise. Acquisitions and divestitures for the years ended December 31, 2005, 2004 and 2003 are described below.

All business acquisitions have been accounted for using the purchase method of accounting and, accordingly, the consolidated statements of operations include the results of each acquired business since the date of acquisition. The assets acquired and liabilities assumed are recorded at estimates of fair values as determined by management based on information available. Management considers a number of factors, including third-party valuations or appraisals, when making these determinations. We finalize the allocation of purchase price to the fair value of the assets acquired and liabilities assumed when we obtain information sufficient to complete the allocation, but in any case, within one year after acquisition. Refer to Note 8 for additional disclosure on the purchase price allocation of the following acquisitions.

Acquisitions — 2005

In the Test and Measurement segment, we completed the acquisition of CarTool GmbH ("CarTool") for a cash purchase price of \$41.4, net of cash acquired of \$22.6. This acquisition resulted in the recognition of goodwill of \$25.4, customer relationships of \$32.9 with an estimated weighted average useful life of 20 years, and other definite lived intangibles of \$3.9 with an estimated weighted average useful life of 3 years. CarTool had revenues of approximately \$77.0 in the twelve months prior to the date of acquisition.

This acquisition was not material.

Acquisitions — 2004

In the Flow Technology segment, we completed the acquisition of McLeod Russel Holdings PLC ("McLeod Russel") for a purchase price of \$54.5, which included the assumption of \$30.5 in debt. McLeod Russel had revenues of \$118.6 in the twelve months prior to the date of acquisition. This business is now referred to as Air Filtration.

In the Test and Measurement segment, we completed three acquisitions for a combined cash purchase price of \$62.3. The acquired entities had combined revenues of \$54.1 in the twelve months prior to their respective dates of acquisition. These transactions included the acquisition of Actron Manufacturing Company ("Actron") for a purchase price of \$35.2. Actron had revenues of \$40.2 in the twelve months prior to the date of acquisition.

In the Industrial Products and Services segment, we completed two acquisitions for a combined cash purchase price of \$18.6. The acquired entities had combined revenues of \$28.5 in the twelve months prior to their respective dates of acquisition.

These acquisitions were not material individually or in the aggregate.

Acquisitions — 2003

In the Flow Technology segment, we completed the acquisition of Hankison International ("Hankison") for a cash purchase price of \$35.5. Hankison had revenues of \$64.2 in the twelve months prior to the date of acquisition.

In the Test and Measurement segment, we completed two acquisitions for an aggregate cash purchase price of \$25.4. The acquired entities had revenues of \$36.0 in the twelve months prior to their respective dates of acquisition.

In the Thermal Equipment and Services segment, we completed the acquisitions of Rothemuhle and Hamon Cie Global Dry and NAFTA Wet Cooling businesses ("Hamon") for an aggregate cash purchase price of \$58.1. The acquired entities had revenues of \$147.1 in the twelve months prior to their respective dates of acquisition.

In the Industrial Products and Services segment, we completed five acquisitions for an aggregate cash purchase price of \$84.1. The acquired entities had revenues of \$107.8 in the twelve months prior to their respective dates of acquisition.

These acquisitions were not material individually or in the aggregate.

Discontinued Operations

We report discontinued operations in accordance with the guidance of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, we report businesses or asset groups as discontinued operations when, among other things, we commit to a plan to divest the business or asset group, actively begin marketing the business or asset group, and when the sale of the business or asset group is deemed probable within the next 12 months. The following businesses, which have been sold, met these requirements and therefore have been reported as discontinued operations for the periods presented.

Business	Discontinued During the Quarter Ended	Actual Closing Date of Sale
Security and protection business ("Vance")	September 30, 2005	Q1 2006
Mueller Steam, Febco and Polyjet product lines	September 30, 2005	Q4 2005
Aftermarket automotive products business ("Carfel")	March 31, 2005	Q3 2005
Lab and life science business ("Kendro")	December 31, 2004	Q2 2005
Fire detection and building life-safety systems business ("EST")	December 31, 2004	Q1 2005
Compaction equipment business ("Bomag")	September 30, 2004	Q1 2005
Brookstone telecommunication services business	March 31, 2005	Q1 2005
Specialty tool business	December 31, 2004	Q1 2005
Axial fan business	December 31, 2004	Q4 2004
Inspection gauging system business	December 31, 2004	Q4 2004
Municipal water valve business	June 30, 2004	Q4 2004

Vance — Completed the sale in January 2006 for \$70.6 in cash. We recorded a charge in 2005, net of taxes, of \$26.8 in order to reduce the net assets to be sold to their net realizable value. The final purchase price is subject to adjustment based on working capital existing at the date of close.

Mueller Steam, Febco and Polyjet — Sold for \$44.7 in cash. In 2005, we recorded a gain on the sale of \$50.7, which included a tax benefit of \$71.8.

Carfel — Sold for \$12.0 in cash. In 2005, we recorded a loss on the sale, net of taxes and transaction fees, of \$21.9.

Kendro — Sold to Thermo Electron Corporation for \$828.8 in cash. In 2005, we recorded a gain on the sale, net of taxes and transaction fees, of \$326.5.

EST — Sold to General Electric Company ("GE") for \$1,393.2 in cash, net of cash balances assumed by GE of \$1.5. The purchase price is subject to adjustment based on working capital existing at the date of close. In 2005, we recorded a gain on the sale, net of taxes and transaction fees, of \$662.5.

Bomag — Sold to Fayat SA ("Fayat") for \$447.3 in cash, net of cash balances assumed by Fayat of \$2.7. In 2005, we recorded a gain on the sale, net of taxes and transaction fees, of \$137.4.

Brookstone telecommunication services business — Sold for \$0.9 in cash. We recorded a loss on the sale, net of taxes and transaction fees, of \$12.1 during 2005.

Specialty tool business — Sold for \$24.2 in cash, with \$21.8 received at the closing and \$2.4 deposited in an escrow account. Our receipt of the escrow funds is to occur in the third quarter of 2006 and is contingent upon the buyer's satisfaction

with the clearance of certain standard indemnity matters, as defined in the related purchase agreement. We recorded a loss on the sale, net of taxes and transaction fees, of \$3.7 during 2005.

Axial fan, inspection gauging system, and municipal water valve businesses — Sold for aggregate cash proceeds of \$49.9 during 2004. We recorded a combined loss, net of taxes and transaction fees, on the sales of these businesses of \$23.6 in 2004. During 2005, we increased the loss on the sales of these businesses by \$1.6 due primarily to working capital adjustments in connection with final purchase price settlements with the respective buyers. In addition, we received \$2.5 in the fourth quarter of 2005 relating to a final payment on a promissory note received in connection with the sale of the Axial fan business.

As noted above, the final purchase price for certain of the divested businesses is subject to adjustment based on working capital existing at the respective closing dates. The working capital figures are subject to agreement with the buyers or if we cannot come to agreement with the buyers, an arbitration process. Finalization of the working capital figures for certain of these transactions has yet to occur and, accordingly, it is possible that the purchase price and resulting gains (losses) on these transactions may be materially adjusted in subsequent periods.

In addition to the completed transactions described above, in the fourth quarter of 2005, we committed to a plan to divest a business within our Industrial Products and Services segment. We are actively pursuing a purchaser for the business and anticipate that the sale will be completed in the second quarter of 2006. Accordingly, we have reported, for all periods presented, the financial condition, results of operations, and cash flows of this business as a discontinued operation in our consolidated financial statements. As a result of this planned divestiture, we recorded a net charge of \$11.3 in 2005 in order to reduce the net assets to be sold to their estimated net realizable value. Proceeds from the sale of this business are not anticipated to be material.

For 2005, 2004, and 2003, income from discontinued operations and the related income taxes are shown below:

	Year ended December 31,		
	2005	2004	2003
Income from discontinued operations	\$ 1,568.1	\$ 140.9	\$ 130.5
Income tax provision	(458.5)	(41.5)	(29.7)
Income from discontinued operations, net	\$ 1,109.6	\$ 99.4	\$ 100.8

For 2005, 2004, and 2003, results of operations for our businesses reported as discontinued operations were as follows:

	Year ended December 31,		
	2005	2004	2003
Revenues	\$ 494.6	\$ 1,699.7	\$ 1,579.4
Pre-Tax Income	13.6	166.4	168.5

The major classes of assets and liabilities, excluding inter-company balances, of the businesses reported as discontinued operations included in the accompanying consolidated balance sheets are shown below:

	December 31, 2005	December 31, 2004
Assets:		
Cash and equivalents	\$ 3.9	\$ 7.1
Accounts receivable, net	30.3	280.0
Inventories, net	3.9	234.1
Other current assets	2.5	15.7
Net property, plant and equipment	1.7	182.9
Goodwill and intangibles, net	59.4	1,080.8
Other assets	0.4	43.7
Assets of discontinued operations	\$ 102.1	\$ 1,844.3
Liabilities:		
Accounts payable	\$ 5.6	\$ 116.0
Accrued expenses and other	10.4	184.0
Short-term debt	—	58.1
Deferred and other income taxes	10.1	99.5
Liabilities of discontinued operations	\$ 26.1	\$ 457.6

Other Divestitures

In 2003, we sold our 20% interest in the Assa Abloy door joint venture. Cash proceeds from the sale totaled \$76.2, while the gain on sale totaled \$1.9. We previously accounted for our interest in this joint venture under the equity method of accounting. Also, in 2003, we sold substantially all the assets and liabilities of a non-strategic material equipment product line for \$24.0 in cash.

(5) Business Segment Information

We are a global provider of flow technology, test and measurement products and services, thermal equipment and services, and industrial products and services in over 20 countries. We offer a diverse collection of products, which include, but are not limited to, valves, back-flow prevention and fluid handling equipment, metering and mixing solutions, air filtration products, specialty service tools, diagnostic systems, service equipment and technical information services, cooling, heating and ventilation products, power transformers, high-tech die castings, dock products and systems, and TV and radio broadcast antennas. Our products are used by a broad array of customers in various industries, including, chemical processing, pharmaceuticals, infrastructure, mineral processing, petrochemical, telecommunications, transportation, automotive and power generation.

Since December 2004, there have been a number of changes within our executive leadership team, including the appointment of a new President and Chief Executive Officer, the separate appointment of a Chairman of the Board of Directors, and the creation of the Chief Operating Officer role. These leadership changes, coupled with the divestiture of some significant businesses, have resulted in a shift in strategy toward a more centralized approach to operational improvement, including lean manufacturing, supply chain management, organizational development, and global expansion. We believe that a number of our businesses are well positioned to capture synergies and for revenue and profit margin growth based on the potential within the current markets they serve as well as the potential for expansion into additional markets. Beginning in the first quarter of 2005, we aggregated these businesses into three segments identified as Flow Technology, Test and Measurement, and Thermal Equipment and Services. Each of the remaining businesses within our portfolio generally represent North American focused industrial operations that lack global scale and will not likely be the focus of acquisition growth. These businesses have been aggregated into a fourth segment identified as Industrial Products and Services. We have restated segment information for periods prior to January 1, 2005 to reflect our new segment structure.

We have aggregated our operating segments in accordance with the criteria defined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". The aggregation factors considered in determining the segments were the economic similarity of the businesses, the nature of products sold, production processes, and types of customers for these products. In determining our segments, we apply the threshold criteria of SFAS No. 131 to operating income or loss of each segment before considering impairment and special charges, pension and postretirement expenses, and other indirect corporate expenses. This is consistent with the way our chief operating decision maker evaluates the results of each segment.

Revenues by business segment represent sales to unaffiliated customers, and no one customer or group of customers under common control accounted for more than 10% of our consolidated revenues for all periods presented. Inter-company revenues among segments are not significant. Identifiable assets by business segment are those used in our operations in each segment. General corporate assets are principally cash, pension assets, deferred tax assets, certain prepaid expenses, corporate fixed assets and our 44.5% interest in the EGS Electrical Group, LLC ("EGS") joint venture. See Note 9 for financial information relating to EGS.

Flow Technology

Our Flow Technology segment designs, manufactures, and markets solutions and products that are used to process or transport fluids, as well as solutions and products that are used in heat transfer applications and airflow treatment systems. Our Flow Technology businesses focus on innovative, highly engineered new product introductions and expansion from products to systems and services to create total customer solutions.

Test and Measurement

Our Test and Measurement segment engineers and manufactures branded, technologically advanced test and measurement products across the transportation, defense, telecommunications and utility industries. Our technology supports the introduction of new systems, expanded services, and sophisticated testing and validation. Products for the segment include specialty automotive diagnostic service tools, fare collection boxes, portable cable and pipe locators, and vibration testing equipment. The segment continues to focus on initiatives such as lean manufacturing, expanding its commercialization of the China market and leveraging its outsourcing model.

Thermal Equipment and Services

Our Thermal Equipment and Services segment engineers, manufactures, and services cooling, heating, and ventilation products for markets throughout the world. Products for the segment include dry, wet, and hybrid cooling systems, cooling towers, and air-cooled condensers for the power generation, refrigeration, HVAC, and industrial markets, as well as hydronic and heating and ventilation products for the commercial and residential markets. This segment also provides thermal components for power and steam generation plants and engineered services to maintain, refurbish, upgrade, and modernize power stations. The segment continues to focus on expanding its global reach, including expanding its dry cooling, heating, and ventilation manufacturing capacity in Asia, as well as increasing thermal components and service offerings, particularly in Asia and Europe.

Industrial Products and Services

Our Industrial Products and Services segment is comprised of businesses that design, manufacture and market power systems, loading dock products, die castings and filters primarily for the automotive industry, precision machine components for the aerospace industry, television broadcast antenna systems, and industrial tools and hydraulic units.

Corporate Expense

Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters and our Horsham, PA information technology data center.

Financial data for our business segments, including the results of acquisitions from the dates of the respective acquisitions, are as follows:

	2005	2004	2003
Revenues:			
Flow Technology	\$ 878.1	\$ 810.9	\$ 674.9
Test and Measurement ⁽¹⁾	1,059.6	1,092.6	931.7
Thermal Equipment and Services	1,204.3	1,065.3	883.0
Industrial Products and Services	1,150.2	1,127.1	1,060.9
	<u> </u>	<u> </u>	<u> </u>
Total ⁽¹⁾	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5
	<u> </u>	<u> </u>	<u> </u>
Segment income:			
Flow Technology	\$ 101.2	\$ 102.1	\$ 115.7
Test and Measurement	129.9	127.9	120.7
Thermal Equipment and Services	118.3	126.7	118.4
Industrial Products and Services	94.5	54.9	93.1
	<u> </u>	<u> </u>	<u> </u>
Total Segment Income	443.9	411.6	447.9
Corporate Expense	87.6	100.9	53.5
Pension and Postretirement Expense	30.4	23.0	5.9
Stock-Based Compensation Expense	28.3	9.1	5.4
Special Charges, Net	9.2	44.1	44.0
Impairment of Goodwill and Other Intangible Assets	78.2	246.8	—
	<u> </u>	<u> </u>	<u> </u>
Consolidated Operating Income (Loss)	\$ 210.2	\$ (12.3)	\$ 339.1
	<u> </u>	<u> </u>	<u> </u>
Capital expenditures:			
Flow Technology	\$ 4.2	\$ 5.5	\$ 7.1
Test and Measurement	7.5	6.7	4.7
Thermal Equipment and Services	16.8	9.6	6.4
Industrial Products and Services	38.3	12.8	15.8
General Corporate	1.8	4.6	2.9
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 68.6	\$ 39.2	\$ 36.9
	<u> </u>	<u> </u>	<u> </u>
Depreciation and amortization:			
Flow Technology	\$ 18.5	\$ 20.5	\$ 16.0
Test and Measurement	17.4	19.6	17.9
Thermal Equipment and Services	19.9	17.9	15.2
Industrial Products and Services	28.0	30.8	33.3
General Corporate	4.1	3.4	3.3
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 87.9	\$ 92.2	\$ 85.7
	<u> </u>	<u> </u>	<u> </u>
Identifiable assets:			
Flow Technology	\$ 950.9	\$ 1,038.5	
Test and Measurement	1,255.9	1,146.3	
Thermal Equipment and Services	1,590.0	1,569.1	
Industrial Products and Services	1,043.3	1,158.8	
General Corporate	364.2	831.5	
Discontinued Operations	102.1	1,844.3	
	<u> </u>	<u> </u>	
Total	\$ 5,306.4	\$ 7,588.5	
	<u> </u>	<u> </u>	

	2005	2004	2003
Revenues by Groups of Products:			
Flow Technology	\$ 878.1	\$ 810.9	\$ 674.9
Test and Measurement	1,059.6	1,092.6	931.7
Thermal Equipment and Services	1,204.3	1,065.3	883.0
Industrial Products and Services:			
Automotive components	387.5	419.6	380.5
Power transformers and services	235.9	223.6	194.3
Loading dock products	139.2	123.3	105.5
Industrial tools and equipment	123.3	120.2	140.6
Broadcast antenna systems	112.1	103.2	118.6
Aerospace components	82.4	79.9	65.8
Laboratory equipment	69.8	57.3	55.6
Total Industrial Products and Services	1,150.2	1,127.1	1,060.9
Total	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5
Geographic Areas:			
	2005	2004	2003
Revenues — Unaffiliated Customers:⁽²⁾			
United States	\$ 2,818.3	\$ 2,812.4	\$ 2,579.5
Germany	492.4	423.3	308.5
United Kingdom	244.7	264.9	241.5
Other	736.8	595.3	421.0
	\$ 4,292.2	\$ 4,095.9	\$ 3,550.5
Tangible Long Lived Assets:			
United States	\$ 676.2	\$ 1,002.1	
Other	152.3	123.3	
Long lived assets of continuing operations	828.5	1,125.4	
Long lived assets of discontinued operations	2.1	226.6	
Total tangible long lived assets	\$ 830.6	\$ 1,352.0	
Total Assets:			
United States	\$ 3,710.8	\$ 5,179.8	
Other	1,595.6	2,408.7	
	\$ 5,306.4	\$ 7,588.5	

(1) During 2005, revenues for our Test and Measurement segment were reduced by \$19.9 for program incentives and rebates earned by certain customers throughout the year. Prior to 2005, these incentives and rebates were classified as cost of products sold and selling, general and administrative expenses. Had these amounts been classified as a reduction to revenues prior to 2005, revenues for 2004 and 2003 would have been lower by \$14.6 and \$13.3, respectively.

(2) Revenues are included in the above geographic areas based on the country that recorded the customer revenue.

(6) Special Charges, Net

As part of our business strategy, we right-size and consolidate operations to drive results. Additionally, from time to time, we alter our business model to better serve customer demand, fix or discontinue lower-margin product lines and rationalize and consolidate manufacturing capacity. Our restructuring and integration decisions are based, in part, on discounted cash flows to achieve our goals of increased outsourcing, reduced structural footprint, and increased profitability in any economic environment. As a result of our strategic review process, we recorded net special charges of \$9.2 in 2005, \$44.1 in 2004 and \$44.0 in 2003. These net special charges were primarily for asset impairments and for restructuring initiatives to consolidate manufacturing and sales facilities, reduce workforce, and rationalize certain product lines.

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The purpose of our restructuring initiatives is to improve future profitability, streamline operations, reduce costs and improve efficiency. We estimate that we will achieve operating cost reductions in 2006 and beyond through reduced employee and manufacturing costs and other facility overhead.

The components of the charges have been computed based on actual cash payouts, our estimate of the realizable value of the affected tangible and intangible assets and estimated exit costs, including severance and other employee benefits based on existing severance policies and local laws.

Impairments of long-lived assets, including amortizable intangibles, which represent non-cash asset write-downs, are accounted for in accordance with SFAS No. 144, "Accounting for the Impairment and Disposal of Long-Lived Assets." Typically, these non-cash asset write-downs arise from business restructuring decisions that lead to the disposition of assets no longer required in the restructured business. For these situations, we recognize a loss when the carrying amount of an asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Realization values for assets subject to impairment testing are determined primarily by management, taking into consideration various factors including third-party appraisals, quoted market prices or previous experience. If an asset remains in service at the decision date, the asset is written down to its fair value and the resulting net book value is depreciated over its remaining economic useful life. When we commit to a plan to sell an asset, including the initiation of a plan to locate a buyer, and it is probable that the asset will be sold within one year based on its current condition and sales price, depreciation of the asset is discontinued and the asset is classified as an asset held for sale. The asset is written down to its fair value less any selling costs.

Exit costs, including, among other things, severance, other employee benefit costs, and operating lease obligations on idle facilities, are accounted for in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." As such, liabilities for exit costs are measured initially at their fair value and recorded when incurred.

Special charges for the years ended December 31, 2005, 2004, and 2003 are described in more detail below and in the applicable sections that follow.

	2005	2004	2003
Employee termination costs	\$ 6.0	\$ 13.7	\$ 21.2
Facility consolidation costs	7.8	7.7	6.6
Other cash costs	1.8	1.9	3.5
Non cash asset write-downs ⁽¹⁾	1.5	23.7	12.7
Gain on sale of assets	(7.9)	(2.9)	—
Total	\$ 9.2	\$ 44.1	\$ 44.0

(1) Of the total non-cash asset write-downs, we recorded \$14.2 related to non-disposal, asset impairments at our Fluid Power (\$8.8) and Contech (\$5.4) businesses in 2004.

2005 Charges:

	Employee Benefit Costs	Facility Consolidation Costs	Other Cash Costs	Non-Cash Asset Write-downs	Gain on Sale of Assets	Total Special Charges
Flow Technology	\$ 2.5	\$ 1.7	\$ 0.8	\$ 0.5	\$ —	\$ 5.5
Test and Measurement	1.1	2.4	0.1	0.9	—	4.5
Thermal Equipment and Services	1.9	2.4	1.0	(1.0)	—	4.3
Industrial Products and Services	0.4	0.6	—	—	(7.9)	(6.9)
Corporate	0.1	0.7	(0.1)	1.1	—	1.8
Total	\$ 6.0	\$ 7.8	\$ 1.8	\$ 1.5	\$ (7.9)	\$ 9.2

Flow Technology segment — Charges for 2005 related primarily to facility closures and manufacturing facility consolidations within our Dehydration business and, to a lesser extent, facility consolidation costs for restructuring actions initiated in 2004. We recognized \$4.0 of special charges related primarily to employee and lease termination costs associated

with the reorganization of a Netherlands operation and the closure of two facilities in the United Kingdom. The Netherlands and United Kingdom restructuring actions have resulted in the termination of approximately 59 employees.

Test and Measurement segment — Charges for 2005 related primarily to employee termination and lease holding costs associated with the scheduled closures of manufacturing facilities in Miramar, FL and the United Kingdom that totaled \$2.5 within our Service Solutions business and an asset impairment charge of \$1.0 relating to the divestiture of a facility in the United Kingdom. The Miramar, FL and United Kingdom facility closures have resulted in the termination of approximately 99 employees.

Thermal Equipment and Services segment — Charges for 2005 related primarily to workforce reductions associated with facility consolidations and closures. Within our boiler products business, we recorded employee benefit costs associated with our previously announced closure of manufacturing activities at our Benton Harbor, MI facility and relocation of certain manufacturing operations from our Michigan City, IN facility to our new Eden, NC facility. These restructuring actions resulted in \$1.2 of employee termination, facility consolidation, and other costs during 2005. Within our cooling businesses, we recognized \$2.4 of special charges related primarily to employee termination costs associated with business integration efforts in Germany that were initiated in the fourth quarter of 2004 and employee termination, lease holding, and asset impairment charges associated with the scheduled closure of a facility in the United Kingdom. The United Kingdom restructuring action has resulted in the termination of approximately 83 employees.

Industrial Products and Services segment — The net credit for 2005 related primarily to a gain of \$7.9 on the sale of land in Milpitas, CA, resulting in the finalization of a previously initiated restructuring action. This was partially offset by employee and lease termination costs associated with the scheduled closure of facilities in Tempe, AZ and Watertown, WI. These restructuring actions have resulted in the termination of approximately 14 employees.

Corporate — Charges for 2005 relate primarily to the lease holding costs for two administrative facilities that were closed during the first quarter of 2005 and an asset impairment charge of \$1.1 relating to the planned divestiture of a facility in Newtown, CT.

We do not expect future costs associated with the above initiatives to be significant. At December 31, 2005 and 2004, a total of \$12.5 and \$16.2 of restructuring liabilities, respectively, remained on the consolidated balance sheet. With the exception of certain multi-year operating lease obligations and other contractual obligations, which were not material to our consolidated financial statements, we anticipate that the liabilities related to restructuring actions will be paid within one year from the period in which the action was initiated.

2004 Charges:

	Employee Benefit Costs	Facility Consolidation Costs	Other Cash Costs	Non-Cash Asset Write-downs	(Gain) loss on Sale of Assets	Total Special Charges
Flow Technology	\$ 1.0	\$ 1.7	\$ 0.1	\$ 0.9	\$ (1.3)	\$ 2.4
Test and Measurement	2.0	0.8	—	1.9	—	4.7
Thermal Equipment and Services	8.1	1.5	1.3	4.2	0.3	15.4
Industrial Products and Services	1.8	3.3	0.1	16.5	(1.9)	19.8
Corporate	0.8	0.4	0.4	0.2	—	1.8
Total	\$ 13.7	\$ 7.7	\$ 1.9	\$ 23.7	\$ (2.9)	\$ 44.1

Flow Technology segment — Net charges for 2004 related primarily to employee benefit costs, facility consolidation costs, and asset impairments, partially offset by a gain on the sale of a facility. Employee benefit and facility consolidation costs related to (i) workforce reductions in the United Kingdom and Houston, TX and (ii) the integration of existing facilities into facilities of acquired businesses. In addition, our Dehydration business recorded a charge of \$0.9 to write-down an idle facility to its estimated fair value. Also, in connection with the facility consolidation within our Air Filtration business, we sold a manufacturing facility in Ireland and recorded a corresponding gain of \$1.3. These restructuring actions resulted in the termination of approximately three hourly and 12 salaried foreign employees.

Test and Measurement segment — Charges for 2004 related primarily to workforce reductions, facility consolidation costs, and asset impairments. These restructuring actions resulted in the termination of approximately 49 hourly and 30 salaried domestic and foreign employees at our Valley Forge, MI and Bristol, UK locations.

Thermal Equipment and Services segment — Charges for 2004 related primarily to asset write-downs and employee severance costs associated with our boiler products and cooling businesses. In 2004, we announced plans to close and relocate manufacturing activities at our Benton Harbor, MI facility and relocate certain manufacturing operations from our Michigan City, IN facility. As a result of this announcement, we recorded asset impairment charges of \$3.3 and employee severance and other charges of \$5.3. Costs relating to the restructuring actions at the cooling business totaled \$6.6, which related primarily to employee termination costs and asset write-downs associated with the discontinuance of a product line, and employee termination and other costs relating to integration efforts in Germany and the Hamon acquisition. These restructuring items resulted in a reduction of 188 hourly and 94 salaried employees.

Industrial Products and Services segment — Net charges for 2004 related primarily to asset impairments, employee benefit costs and facility closure costs, partially offset by a gain on the sale of a manufacturing facility. We recorded \$8.8, \$5.4 and \$0.9 in write-downs of property, plant and equipment at our Fluid Power, Contech and TPS businesses, respectively, as the carrying value of the assets exceeded their estimated fair values. Within the Waukesha Electric Systems business, we recorded facility closure costs of \$1.3 related to the closure of the Milipitas, CA manufacturing facility. Our Dock Products business recorded \$0.9 of charges associated with the previously announced relocation of certain manufacturing operations from Milwaukee, WI to Reynosa, Mexico. Our Fluid Power business also recorded facility closure costs offset by a \$1.9 gain related to the closure and sale of a manufacturing facility in the United Kingdom. These actions resulted in the termination of 77 hourly and 9 salaried domestic and foreign employees.

Corporate — Charges for 2004 related primarily to a workforce reduction and outsourcing of certain information technology support activities and the exit of certain administrative offices. These restructuring actions resulted in the termination of seven salaried domestic employees.

2003 Charges:

	Employee Benefit Costs	Facility Consolidation Costs	Other Cash Costs	Non-Cash Asset Write-downs	Total Special Charges
Flow Technology	\$ 5.4	\$ 2.5	\$ 2.2	\$ 0.6	\$ 10.7
Test and Measurement	2.5	0.6	0.1	—	3.2
Thermal Equipment and Services	2.5	1.4	0.1	1.8	5.8
Industrial Products and Services	10.8	2.1	1.1	10.3	24.3
Total	\$ 21.2	\$ 6.6	\$ 3.5	\$ 12.7	\$ 44.0

Flow Technology segment — Charges for 2003 related primarily to employee benefit and facility consolidation costs resulting from the execution of a consolidation strategy at our Process Equipment business. This business consolidation resulted in workforce reductions, the closure of a manufacturing facility in Reading, PA, and the closure of an administrative office in Roselle, IL. Other actions taken were predominantly for the integration of existing Dehydration operations into the acquired Hankison operations and the closure of a manufacturing facility in Ocala, FL. The total workforce reduction related to these initiatives was 58 hourly and 86 salaried employees.

Test and Measurement segment — Charges for 2003 related primarily to workforce reductions and facility consolidation costs. Within the Service Solutions business, we recorded \$1.9 of charges relating primarily to facility consolidation costs and as-incurred exit costs associated with the closure of our Montpelier, OH manufacturing facility. In addition, we recorded \$1.3 of charges within the Radiodetection business related to employee severance costs associated with the closures of the Mahwah, NJ and the United Kingdom facilities. These restructuring actions resulted in the termination of 12 hourly and 22 salaried employees.

Thermal Equipment and Services segment — Charges for 2003 related primarily to asset impairments, employee benefits and facility consolidation costs associated with our cooling business. Facility consolidations resulted in the closure of a manufacturing facility located in Eloy, AZ and sales and administrative offices located in Santa Rosa, CA, Atlanta, GA and

Philadelphia, PA. In total, these restructuring and integration actions resulted in the termination of 56 hourly and 52 salaried employees.

Industrial Products and Services segment — Charges for 2003 related primarily to asset impairments, employee benefit costs and facility closure costs, partially offset by a gain on the sale of a manufacturing facility. We completed plans to consolidate and relocate to Mexico certain manufacturing operations of our Dock Products business by closing a manufacturing facility in Milwaukee, WI. As a result of the facility closure, we recorded impairment charges for certain property and equipment that will not be used in the continuing operations and employee benefit costs associated with the closure. Our Fluid Power business closed a manufacturing facility in the United Kingdom, with certain operations being outsourced or relocated to another facility. Our Waukesha Electric Systems business implemented a strategy to exit certain of its breaker repair and service operations, which resulted in workforce reductions and the closure of three field service offices located in Rochester, NY, Cincinnati, OH and Cleveland, OH. We consolidated facilities and product lines at our Dielectric business, which resulted in the closure of a manufacturing facility in Palmyra, MI. These restructuring items resulted in the termination of approximately 456 hourly and 147 salaried employees.

(7) Inventories

	December 31,	
	2005	2004
Finished goods	\$ 179.2	\$ 188.8
Work in process	109.8	127.7
Raw materials and purchased parts	193.0	171.8
Total FIFO cost	482.0	488.3
Excess of FIFO cost over LIFO inventory value	(18.6)	(12.5)
	\$ 463.4	\$ 475.8

Inventories include material, labor and factory overhead costs and are reduced, when necessary, to estimated realizable values. Certain domestic inventories are valued using the last-in, first-out ("LIFO") method. These inventories were \$236.9 at December 31, 2005 and \$240.2 at December 31, 2004. All other inventories are valued using the first-in, first-out ("FIFO") method. Progress payments, netted against work in process at year-end, were \$10.4 in 2005 and \$22.8 in 2004.

(8) Goodwill And Other Intangible Assets

The changes in the carrying amount of goodwill, by segment, are as follows:

	December 31, 2004	Goodwill resulting from business combinations	Impairments	Foreign Currency Translation and other ⁽¹⁾	December 31, 2005
Flow Technology	\$ 440.8	\$ —	\$ (22.0)	\$ (16.2)	\$ 402.6
Test and Measurement	379.1	25.4	—	(13.5)	391.0
Thermal Equipment and Services	627.5	—	—	(38.5)	589.0
Industrial Products and Services	473.1	—	(31.1)	(12.4)	429.6
Total	\$ 1,920.5	\$ 25.4	\$ (53.1)	\$ (80.6)	\$ 1,812.2

	December 31, 2003	Goodwill resulting from business combinations	Impairments	Foreign Currency Translation and other ⁽¹⁾	December 31, 2004
Flow Technology	\$ 390.9	\$ 53.0	\$ —	\$ (3.1)	\$ 440.8
Test and Measurement	448.4	23.5	(84.8)	(8.0)	379.1
Thermal Equipment and Services	654.3	—	—	(26.8)	627.5
Industrial Products and Services	624.8	5.1	(140.6)	(16.2)	473.1
Total	\$ 2,118.4	\$ 81.6	\$ (225.4)	\$ (54.1)	\$ 1,920.5

- (1) Includes adjustments resulting from acquisitions completed not more than one year prior to the date of adjustment and adjustments related to tax positions considered uncertain at the date of the acquisition (refer to Note 11 for further information related to 2005 and 2004 adjustments associated with tax positions considered uncertain at the date of the acquisition). Included in 2004 is a reclassification of approximately \$43.0, primarily for proprietary technology and customer relationships in our Thermal Equipment and Services segment.

Identifiable intangible assets comprise the following:

	December 31, 2005			December 31, 2004		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with determinable lives:						
Patents	\$ 31.6	\$ (19.8)	\$ 11.8	\$ 34.0	\$ (15.2)	\$ 18.8
Technology	26.4	(5.2)	21.2	34.2	(3.3)	30.9
Customer Relationships	63.5	(6.0)	57.5	39.0	(3.4)	35.6
Other	27.2	(8.4)	18.8	29.7	(7.2)	22.5
	148.7	(39.4)	109.3	136.9	(29.1)	107.8
Trademarks with indefinite lives:	328.1	—	328.1	349.9	—	349.9
Total	\$ 476.8	\$ (39.4)	\$ 437.4	\$ 486.8	\$ (29.1)	\$ 457.7

Estimated amortization expense related to these intangible assets is \$16.2 in 2006, \$14.8 in 2007, \$13.9 in 2008, \$10.1 in 2009 and \$7.8 in 2010.

At December 31, 2005, intangible assets with determinable lives were primarily associated with the Test and Measurement (\$58.8) and Thermal Equipment and Services (\$37.4) segments. Trademarks with indefinite lives were associated with the following segments: \$100.2 in the Flow Technology segment, \$70.4 in the Test and Measurement segment, \$130.7 in the Thermal Equipment and Services segment, and \$26.8 in the Industrial Products and Services segment.

Consistent with the requirements of SFAS No. 142, the fair values of our reporting units generally are based on discounted cash flow projections that are believed to be reasonable under current and forecasted circumstances, the results of which form the basis for making judgments about carrying values of the reported net assets of our reporting units. Other considerations are also incorporated, including comparable industry price multiples. Many of our reporting units closely follow changes in the industries and end-markets that they serve. Accordingly, we consider estimates and judgments that affect the future cash flow projections, including principal methods of competition such as volume, price, service, product performance and technical innovations and estimates associated with cost improvement initiatives, capacity utilization, and assumptions for inflation and foreign currency changes. We monitor impairment indicators across all of our reporting units. Any significant change in market conditions and estimates or judgments used to determine expected future cash flows that indicate a reduction in carrying value may give rise to impairment in the period that the change becomes known.

In connection with the preparation of our year-end consolidated financial statements, and as part of our annual goodwill impairment testing during the fourth quarter of 2005, we determined that the fair values of our Air Filtration and Dock Products reporting units were less than the respective carrying values of their net assets. As such, we recorded, during the fourth quarter of 2005, \$78.2 in charges for the impairment of goodwill and other intangible assets related to Air Filtration (\$36.2) and Dock Products (\$42.0). We considered a number of factors, including the input of an independent appraisal firm, in conducting the impairment testing of the Air Filtration and Dock Products reporting units. We performed our impairment testing by comparing the estimated fair value of the reporting units to the respective carrying values of the reported net assets. Fair value generally was based on the income approach using a calculation of discounted cash flows from the most recent financial projections for the reporting units. Based on this comparison, the net assets of the reporting units had carrying values that exceeded the related fair values. The respective fair values were then allocated among the related assets and liabilities of the reporting units as a means of calculating the implied goodwill for the reporting units. As a result of these tests, goodwill recorded for these reporting units was reduced by \$53.1 and the carrying value of intangible assets was reduced by \$25.1.

As a result of the impairment testing and related charges, the carrying value of the assets and liabilities of our Air Filtration and Dock Products businesses are equivalent to their estimated fair value. Unfavorable changes in the future financial results of these businesses could result in additional impairment. We will continue to monitor impairment indicators across our reporting units, including, but not limited to, Air Filtration, Dock Products, Contech, Dehydration and Waukesha Electric Systems. The aggregate goodwill and indefinite lived intangible asset balances for these five reporting units was \$407.4 at December 31, 2005.

During 2004, we recorded charges of \$246.8 relating to the impairment of goodwill and other intangible assets for our Dock Products (\$71.5), Fluid Power (\$60.3), Radiodetection (\$89.4), and TPS (\$25.6) reporting units. As a result of these charges, goodwill was reduced by \$225.4 and the carrying value of other intangible assets was reduced by \$21.4.

(9) Investment In Joint Venture

We have one significant joint venture, EGS, with Emerson Electric Co., in which we hold a 44.5% interest. Emerson Electric Co. controls and operates the joint venture. EGS operates primarily in the United States, Canada and Mexico and is engaged in the manufacture of electrical fittings, hazardous location lighting and power conditioning products. We account for our investment under the equity method of accounting, on a three-month lag basis, and we typically receive our share of the joint venture's earnings in cash dividends. EGS's results of operations and certain other information for its fiscal years ended September 30, 2005, 2004 and 2003, were as follows:

	2005	2004	2003
Net sales	\$ 429.7	\$ 383.4	\$ 372.2
Gross profit	185.3	164.2	155.6
Net income	58.4	51.0	52.8
Capital expenditures	5.0	6.3	5.3
Depreciation and amortization	8.8	9.7	10.0
SPX's equity earnings in EGS	22.4	25.8	27.9

Condensed balance sheet information of EGS as of September 30, 2005 and 2004 was as follows:

	2005	2004
Current assets	\$ 149.8	\$ 126.6
Non-current assets	285.1	288.7
Current liabilities	84.5	62.7
Non-current liabilities	15.9	14.0

The carrying value of our investment in EGS was \$67.5 and \$70.7 at December 31, 2005 and 2004, respectively, and is recorded in other assets in our consolidated balance sheets. Our investment in EGS was \$81.3 less than our proportionate share of EGS' net assets at December 31, 2005. This amount represents the difference in our share of the joint venture's goodwill.

(10) Employee Benefit Plans

Overview — We have defined benefit pension plans that cover a significant portion of our salaried and hourly paid employees, including certain employees in foreign countries. Beginning in 2001, we discontinued providing these pension benefits generally to newly hired employees. In addition, we no longer provide service credits to certain active participants. Of the U.S. employees covered by a defined benefit pension and actively accruing a benefit, most are covered by an account balance plan or are part of a collectively bargained plan.

We have domestic postretirement plans that provide health and life insurance benefits for certain retirees and their dependents. Some of these plans require retiree contributions at varying rates. Not all retirees are eligible to receive these benefits, with eligibility governed by the plan(s) in effect at a particular location.

Defined Benefit Pension Plans

Plan assets — Our investment strategy is based on the long-term growth of principal while mitigating overall risk to ensure that funds are available to pay benefit obligations. The domestic plan assets are invested in a broad range of investment classes, including domestic and international equities, fixed income securities, real estate and other investments. We engage various investment managers who are regularly evaluated on long-term performance, adherence to investment guidelines and ability to manage risk commensurate with the investment style and objective for which they were hired. Allowable investments under the plan agreements include equity securities, fixed income securities, mutual funds, venture capital funds, real estate and cash and equivalents. Investments prohibited under the plan agreements include commodities and futures contracts, private placements, options, and the stock of direct competitors. Domestic plan assets included 0.878 shares of our common stock as of December 31, 2004. No shares of our common stock were held by our defined benefit pension plans as of December 31, 2005.

Our targeted asset investment allocation percentages, which is based on the midpoint of an allocation range, along with the actual asset allocation percentages of each major category of our domestic and foreign pension plan assets as of December 31, 2005 and 2004 are as follows:

Domestic Pension Plans

	Actual Allocations		Mid-point of Allocation Range	
	2005	2004	2005	2004
Equity securities	74%	71%	70%	70%
Debt securities	23%	27%	27%	27%
Real estate	—%	—%	1%	1%
Other	3%	2%	2%	2%
Total	100%	100%	100%	100%

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Foreign Pension Plans

	Actual Allocations		Mid-point of Allocation Range	
	2005	2004	2005	2004
Equity securities	53%	67%	57%	67%
Debt securities	32%	26%	40%	26%
Real estate	—%	1%	—%	1%
Other	15%	6%	3%	6%
Total	100%	100%	100%	100%

Employer Contributions — We fund U.S. pension plans in amounts equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus additional amounts that may be approved from time to time. We did not make any contributions to our primary domestic pension plans in 2005. In 2006, we do not expect to make any significant contributions to our primary domestic pension plans.

Many of our foreign plan obligations are non-funded in accordance with local laws. These plans have no assets and instead are funded by us on a pay as you go basis in the form of direct benefit payments. In our foreign plans that are funded, we made \$21.7 contributions for 2005, which were paid primarily in conjunction with the consolidation of our pension plans in the United Kingdom. We expect to make \$12.2 of contributions in 2006 to our foreign pension plans.

Estimated Future Benefit Payments—Following is a summary, as of December 31, 2005, of the estimated future benefit payments for our pension plans in each of the next five fiscal years and in the aggregate for five fiscal years thereafter. Benefit payments are paid from plan assets or directly by us for our non-funded plans. The expected benefit payments are estimated based on the same assumptions used at December 31, 2005 to measure our obligations and include benefits attributable to estimated future employee service.

**Estimated benefit payments:
(Domestic and foreign pension plans)**

	Domestic Pension Benefits	Foreign Pension Benefits
2006	\$ 75.5	\$ 8.0
2007	74.9	7.8
2008	77.6	8.2
2009	105.4	8.6
2010	78.2	9.0
Subsequent five years	415.2	48.9

Obligations and Funded Status — The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of market interest rates. The combined funded status of our pension plans as of December 31, 2005 has deteriorated since December 31, 2004 as a result of lower returns on our plan assets and a further decline in interest rates, primarily in the U.S. financial markets. Our non-funded pension plans account for \$116.8 of the current under funded status, as these plans are not required to be funded. The unfunded status of our primary domestic pension plans

did not require us to make cash contributions in 2005. The following tables show the domestic and foreign pension plans' funded status and amounts recognized in our consolidated balance sheets:

	Domestic Pension Plans		Foreign Pension Plans	
	2005	2004	2005	2004
Change in projected benefit obligation:				
Projected benefit obligation — beginning of year	\$ 1,111.6	\$ 1,094.1	\$ 235.6	\$ 109.2
Service cost	9.0	12.7	1.6	2.1
Service cost of discontinued operations	0.4	1.7	0.4	0.1
Interest cost	65.8	66.7	11.9	12.7
Employee contributions	—	—	0.2	0.3
Actuarial loss	77.9	31.8	33.7	17.5
Curtailement gain	—	(4.6)	—	—
Curtailement gain of discontinued operations	(1.1)	—	(7.4)	—
Plan amendments	—	0.5	—	—
Benefits paid	(105.1)	(91.3)	(7.9)	(6.8)
Settlement gain of discontinued operations	—	—	(1.6)	—
Acquisitions ⁽¹⁾	—	—	2.5	86.7
Foreign exchange	—	—	(20.4)	13.8
Projected benefit obligation — end of year	\$ 1,158.5	\$ 1,111.6	\$ 248.6	\$ 235.6
Change in plan assets:				
Fair value of plan assets — beginning of year	\$ 987.3	\$ 983.7	\$ 141.3	\$ 61.2
Return on plan assets	53.4	90.5	23.0	11.6
Benefits paid	(99.9)	(86.9)	(6.9)	(5.9)
Contributions	—	—	21.7	7.9
Acquisitions ⁽¹⁾	—	—	2.1	58.6
Foreign exchange	—	—	(12.2)	7.9
Fair value of plan assets — end of year	\$ 940.8	\$ 987.3	\$ 169.0	\$ 141.3
Funded status at year-end				
Unamortized prior service cost	(217.7)	(124.3)	(79.6)	(94.3)
Unrecognized net actuarial loss	(2.8)	(4.8)	(1.1)	(1.3)
	493.2	409.0	52.9	42.9
Net amounts recognized in the balance sheet	\$ 272.7	\$ 279.9	\$ (27.8)	\$ (52.7)
Amounts recognized in the balance sheet consist of:				
Other assets	\$ 4.1	\$ 277.0	\$ —	\$ 1.4
Accrued expenses and other liabilities	(185.3)	(98.6)	(75.4)	(88.5)
Accumulated other comprehensive income (pre-tax)	453.9	101.5	47.6	34.4
Net amount recognized	\$ 272.7	\$ 279.9	\$ (27.8)	\$ (52.7)
Additional information about defined benefit pension plans:				
Increase in minimum pension liability included in other comprehensive income (pre-tax)	\$ 352.4	\$ 8.0	\$ 13.2	\$ 15.1
Accumulated benefit obligation — end of year	\$ 1,126.2	\$ 1,077.0	\$ 244.4	\$ 224.9

(1) Includes the acquisition of pension plans in conjunction with the acquisition of McLeod Russel in 2004.

An additional minimum pension liability adjustment is required when the accumulated benefit obligation of a plan exceeds plan assets and accrued pension liabilities. This adjustment also requires the elimination of any previously recorded prepaid pension asset. The minimum liability adjustment, less allowable intangible assets, is reported as a component of accumulated other comprehensive income (loss). However, in a year when the plan assets exceed the accumulated benefit obligation of the plan, pension adjustments previously recorded as a component of accumulated other comprehensive income (loss) are removed and any net prepaid pension asset is restored. As a result of the deteriorated funded status of our pension plans', we were required to record a minimum pension liability adjustment as of December 31, 2005. We recorded this non-cash adjustment, net of tax, as a component of accumulated other comprehensive income (loss) in the Consolidated Statement of

Shareholders' Equity. The pension adjustment amount recorded to the accumulated other comprehensive income (loss) account in 2005 was \$225.7, net of tax.

The following is certain information about our pension plans that have accumulated benefit obligations in excess of the fair value of their plan assets as of December 31, 2005 and 2004:

	Domestic Pension Plans		Foreign Pension Plans	
	2005	2004	2005	2004
Projected benefit obligation	\$ 1,158.5	\$ 305.3	\$ 248.6	\$ 235.6
Accumulated benefit obligation	1,126.2	300.6	244.4	224.9
Fair value of plan assets	940.8	202.3	169.0	141.3

Components of Net Periodic Benefit Expense — Net periodic pension benefit expense for our domestic and foreign pension plans included the following components:

Domestic Pension Plans

	Year Ended December 31,		
	2005	2004	2003
Service cost	\$ 9.0	\$ 12.7	\$ 13.2
Interest cost	65.8	66.7	67.5
Expected return on plan assets	(86.0)	(92.3)	(96.7)
Amortization of unrecognized losses	25.5	14.4	1.3
Amortization of unrecognized prior service cost	(0.3)	(0.5)	(0.4)
Net periodic pension benefit expense (income)	\$ 14.0	\$ 1.0	\$ (15.1)

Foreign Pension Plans

	Year Ended December 31,		
	2005	2004	2003
Service cost	\$ 1.6	\$ 2.1	\$ 1.5
Interest cost	11.9	12.7	5.8
Expected return on plan assets	(11.4)	(10.4)	(4.4)
Amortization of unrecognized losses	2.0	1.9	1.8
Amortization of unrecognized prior service cost	(0.1)	—	—
Net periodic pension benefit expense	\$ 4.0	\$ 6.3	\$ 4.7

In accordance with SFAS No. 88 "Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," we recorded a net curtailment gain of \$1.7 in 2005 related to business divestitures, which has been included as a component of Discontinued Operations in our consolidated statement of operations and comprehensive income. A curtailment loss of \$2.4 and a curtailment gain of \$2.1 were recognized in 2004 and 2003, respectively, and were primarily the result of reductions in workforce through restructuring initiatives.

Assumptions — Actuarial assumptions used in accounting for our domestic and foreign pension plans are as follows:

	Year Ended December 31,		
	2005	2004	2003
Domestic Pension Plans			
Weighted average actuarial assumptions used in determining net periodic pension expense (income):			
Discount rate	6.00%	6.25%	6.75%
Rate of increase in compensation levels	4.25%	4.20%	4.54%
Expected long-term rate of return on assets	8.50%	8.50%	8.50%
Weighted average actuarial assumptions used in determining year-end benefit obligations:			
Discount rate — domestic pension plans	5.75%	6.00%	6.25%
Rate of increase in compensation levels — domestic pension plans	4.25%	4.25%	4.20%
Foreign Pension Plans			
Weighted average actuarial assumptions used in determining net periodic pension expense:			
Discount rate	5.56%	5.75%	6.02%
Rate of increase in compensation levels	3.77%	3.50%	3.42%
Expected long-term rate of return on assets	8.00%	8.50%	8.50%
Weighted average actuarial assumptions used in determining year-end benefit obligations:			
Discount rate	4.74%	5.56%	5.75%
Rate of increase in compensation levels	3.77%	3.77%	3.50%

It is our policy to review the pension assumptions annually. Pension income or expense is determined using assumptions as of the beginning of the year, while the funded status is determined using assumptions as of the end of the year. The assumptions are determined by management and established at the respective balance sheet date using the following principles: (i) The expected long-term rate of return on plan assets is established based upon historical actual asset returns and the expectations of asset returns over the expected period to fund participant benefits based on the current investment mix of our plans; (ii) The discount rate is set based on the yield of high quality fixed income investments expected to be available in the future when cash flows are paid (high quality fixed income investments are commonly defined as fixed income investments with at least a Moody's Aa credit rating); and (iii) The rate of increase in compensation levels is established based on management's expectations of current and foreseeable future increases in compensation. In addition, management also considers advice from independent actuaries.

Postretirement Benefit Plans

Employer Contributions And Future Benefit Payments — Our postretirement medical plans are non-funded and have no plan assets, but are instead funded by us on a pay as you go basis in the form of direct benefit payments. In 2005, we made benefit payments of \$22.1 to our postretirement benefit plans. Following is a summary, as of December 31, 2005, of the estimated future benefit payments and expected federal subsidies for our postretirement plans in each of the next five fiscal years and in the aggregate for five fiscal years thereafter. The expected benefit payments and federal subsidies are estimated based on the same assumptions used at December 31, 2005 to measure our obligations and include benefits attributable to estimated future employee service.

	Postretirement Payments	Postretirement Subsidies
2006	\$ 20.5	2.0
2007	20.4	2.1
2008	20.3	2.2
2009	20.1	2.2
2010	19.6	2.2
Subsequent five years	87.7	10.5

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Obligations and Funded Status — The following tables show the postretirement plans' funded status and amounts recognized in our consolidated balance sheets:

	Postretirement Benefits	
	2005	2004
Change in projected benefit obligation:		
Projected benefit obligation — beginning of year	\$ 181.3	\$ 209.9
Service cost	0.1	—
Interest cost	10.4	11.1
Actuarial loss (gain)	15.1	(17.4)
Benefits paid	(22.1)	(22.3)
Projected benefit obligation — end of year	\$ 184.8	\$ 181.3
Funded status at year-end		
Unamortized prior service cost	\$ (184.8)	\$ (181.3)
Unrecognized net actuarial loss	(10.2)	(11.4)
	63.3	51.3
Net amounts recognized in the balance sheet	\$ (131.7)	\$ (141.4)
Amounts recognized in the balance sheet consist of:		
Accrued expenses and other liabilities	\$ (131.7)	\$ (141.4)

The net periodic postretirement benefit expense included the following components:

	Year Ended December 31,		
	2005	2004	2003
Service cost	\$ 0.1	\$ —	\$ 0.3
Interest cost	10.4	11.1	13.0
Amortization of unrecognized loss	3.2	2.8	3.8
Amortization of unrecognized prior service cost	(1.3)	(1.3)	(1.2)
Net periodic postretirement expense	\$ 12.4	\$ 12.6	\$ 15.9

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"), was signed into law. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans that provide prescription drug benefits that are at least actuarially equivalent to the Medicare benefit offered under the Act. In 2004, the FASB issued FSP SFAS No. 106-2 "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003". FSP SFAS No. 106-2 superseded FSP SFAS No. 106-1 and provided disclosure and accounting guidance for the federal subsidy that will be given to health care plan sponsors who provide specified levels of postretirement healthcare prescription benefits. In 2004, we adopted the provisions of FSP SFAS No. 106-2 and made the determination that our postretirement healthcare prescription benefits qualified for the federal subsidy. As a result, measures of the accumulated postretirement obligation and net periodic postretirement benefit cost for 2005 and 2004 include the effect of the Act on our plans. This adoption of FSP SFAS 106-2 resulted in a reduction in our net periodic benefit cost related to our postretirement plans of \$3.3, for the year ended December 31, 2004 and reduced our projected benefit obligation by \$23.1.

Actuarial assumptions used in accounting for our domestic postretirement plans are as follows:

	Year Ended December 31,		
	2005	2004	2003
Assumed health care cost trend rates:			
Health care cost trend rate for next year	10.0%	10.0%	10.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2013	2010	2009
Discount rate used in determining net periodic postretirement benefit expense	6.00%	6.25%	6.75%
Discount rate used in determining net year-end postretirement benefit obligation	5.75%	6.00%	6.25%

The accumulated postretirement benefit obligation was determined using the terms and conditions of our various plans, together with relevant actuarial assumptions and health care cost trend rates. It is our policy to review the postretirement assumptions annually. The assumptions are determined by management and are established based on our prior experience and management's expectation that future rates will decline. In addition, management also considers advice from independent actuaries.

Assumed health care cost trend rates can have a significant effect on the amounts reported for the postretirement benefit plans. A percentage point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest costs	\$ 0.6	\$ (0.6)
Effect on postretirement benefit obligation	\$ 12.6	\$ (11.3)

Defined Contribution Retirement Plans

We maintain a defined contribution retirement plan (the "Plan") pursuant to Section 401(k) of the U.S. Internal Revenue Code. Under the Plan, eligible U.S. employees may voluntarily contribute up to 50% of their compensation into the Plan and we match a portion of participating employees' contributions. Our matching contributions are made in newly issued shares of company common stock and are issued at the prevailing market price. The matching contributions vest with the employee immediately upon the date of the match and there are no restrictions on the resale of common stock held by employees.

Under the Plan, we contributed 0.410, 0.496 and 0.531 shares of our common stock to employee accounts in 2005, 2004 and 2003, respectively. Compensation expense is recorded based upon the market value of shares as the shares are contributed to employee accounts. We recorded \$17.9 in 2005, \$21.3 in 2004 and \$21.6 in 2003 as compensation expense related to the matching contribution.

(11) Income Taxes

Income (loss) before income taxes and the provision (benefit) for income taxes consisted of the following:

	Year Ended December 31,		
	2005	2004	2003
Income (loss) before income taxes:			
Income (loss) from continuing operations:			
United States ⁽¹⁾	\$ 2.8	\$ (169.0)	\$ 215.0
Foreign	48.0	19.7	18.0
	<u>\$ 50.8</u>	<u>\$ (149.3)</u>	<u>\$ 233.0</u>
Provision (benefit) for income taxes:			
Current:			
Federal	\$ 93.4	\$ (5.0)	\$ 36.7
Foreign	20.5	27.6	24.5
State	(2.1)	(3.3)	2.5
Total current	<u>111.8</u>	<u>19.3</u>	<u>63.7</u>
Deferred and other:			
Federal	(31.0)	(46.3)	25.8
Foreign	(1.1)	(9.0)	(2.5)
State	(9.3)	3.2	10.8
Total deferred and other	<u>(41.4)</u>	<u>(52.1)</u>	<u>34.1</u>
Total provision (benefit)	<u>\$ 70.4</u>	<u>\$ (32.8)</u>	<u>\$ 97.8</u>

(1) Includes equity earnings in joint ventures of \$23.5, \$26.0 and \$34.3 in 2005, 2004 and 2003, respectively.

The reconciliation of income tax computed at the U.S. federal statutory tax rate to our effective income tax rate is as follows:

	Year Ended December 31,		
	2005	2004	2003
Tax at U.S. federal statutory rate	35.0%	(35.0)%	35.0%
State and local taxes, net of U.S. federal benefit	(14.6)	—	3.7
U.S. credits and exemptions	(9.1)	(3.1)	(4.0)
Taxes on foreign source income	11.9	(2.6)	2.7
Impairment of goodwill and other intangibles	34.2	45.9	—
Repatriation	91.9	0.3	—
Audit settlements with taxing authorities	(29.7)	(32.1)	—
Adjustments to tax contingencies, net	6.0	8.9	3.6
Non-deductible compensation	11.2	(1.4)	1.0
Other	1.8	(2.9)	—
	<u>138.6%</u>	<u>(22.0)%</u>	<u>42.0%</u>

Significant components of our deferred tax assets and liabilities are as follows:

	As of December 31,	
	2005	2004
Deferred tax assets:		
Working capital accruals	\$ 40.8	\$ 44.9
Legal, environmental and self-insurance accruals	88.2	74.7
Restructuring	7.2	10.5
Pension, other postretirement and postemployment benefits	125.3	80.9
NOL and credit carryforwards	88.2	82.3
Payroll and compensation	66.1	58.8
Interest rate protection agreements	—	9.6
Other	28.0	32.2
	<u>443.8</u>	<u>393.9</u>
Total deferred tax assets	443.8	393.9
Valuation allowance	(87.8)	(79.6)
	<u>356.0</u>	<u>314.3</u>
Net deferred tax assets	356.0	314.3
Deferred tax liabilities:		
LYONs interest deductions	98.1	77.1
Accelerated depreciation	50.2	68.8
Pension credits	8.9	110.7
Basis difference in affiliates	13.1	31.5
Unremitted earnings of certain foreign subsidiaries	—	38.0
Intangibles recorded in acquisitions	164.9	158.1
Other	88.7	49.3
	<u>423.9</u>	<u>533.5</u>
Total deferred tax liabilities	423.9	533.5
	<u>\$ (67.9)</u>	<u>\$ (219.2)</u>

General Matters

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. We periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities, including the results of local, state, federal or foreign statutory tax audits and estimates and judgments used.

We have available net operating loss and tax credit carryforwards totaling approximately \$892.0 at December 31, 2005. Approximately \$714.1 of these carryforwards are for numerous state jurisdictions and approximately \$153.3 are for various foreign jurisdictions, while the remainder represent Federal tax credits. Of these amounts, approximately \$28.0 expire in 2006 and \$737.6 expire at various times between 2007 and 2026. The remaining carryforwards have no expiration date.

Realization of deferred tax assets associated with the net operating loss and credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration by tax jurisdiction. We believe that it is more likely than not that certain of these net operating loss and credit carryforwards may expire unused and, accordingly, have established a valuation allowance against them. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that the deferred tax assets will be realized through future taxable earnings or alternative tax strategies. However, deferred tax assets could be reduced in the near term if our estimates of taxable income during the carryforward period are significantly reduced or alternative tax strategies are no longer viable. The valuation allowance increased by \$8.2 in 2005 and decreased by \$4.3 in 2004.

The amount of income tax that we pay annually is dependent on various factors, including the timing of certain deductions. These deductions can vary from year to year, and, consequently, the amount of income taxes paid in future years may be greater than amounts paid in past years.

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Undistributed International Earnings

During 2005, we repatriated \$500.0 of foreign earnings under the terms of the American Jobs Creation Act of 2004, or "AJCA" (see below for further details). We also repatriated additional foreign earnings and capital of \$65.0 during 2005. In addition, we concluded, during the fourth quarter of 2005, that we would repatriate approximately \$154.0 of foreign earnings and capital in 2006. For the year ended December 31, 2005, we provided \$44.5 of income taxes relating to foreign earnings we have repatriated or plan to repatriate.

During December 2004, we repatriated capital and taxable earnings of certain foreign subsidiaries of \$192.5, with the taxable earnings totaling \$58.4. We provided taxes on these earnings of approximately \$20.4 in the fourth quarter of 2004. In addition, we concluded, during the fourth quarter of 2004, that we would repatriate in 2005 approximately \$500.0 of foreign earnings under the terms of the AJCA and provided the estimated income taxes (approximately \$38.0) associated with this repatriation during the fourth quarter of 2004. Prior to 2004, approximately \$58.0 of deferred income taxes had been provided for undistributed earnings of certain foreign subsidiaries at tax rates that were higher than those that exist under the AJCA terms. Accordingly, we recorded a net benefit of \$20.0 in 2004 for the difference between the taxes required for the undistributed earnings under the terms of the AJCA (\$38.0) and that which was required prior to the enactment of the AJCA (\$58.0).

Any remaining foreign earnings are considered indefinitely reinvested. Accordingly, we have made no provision for U.S. federal and state income taxes or foreign withholding taxes for these remaining foreign earnings. If these earnings were distributed, we would be subject to U.S. income taxes (subject to a reduction for foreign tax credits) and withholding taxes payable to the various foreign countries.

Tax Contingencies

We perform reviews of our income tax positions on a continuous basis and accrue for potential contingencies when we believe a liability is probable and can be reasonably estimated. Accruals for these contingencies are recorded in "income taxes payable" and "deferred and other income taxes" in the accompanying consolidated balance sheets based on the expectation as to the timing of when the contingency will be resolved. As events change and resolution occurs, these accruals are adjusted, such as in the case of audit settlements with taxing authorities. Any potential liabilities in excess of amounts not recorded are not material.

During 2005, we reduced our income tax provision by \$15.1 and goodwill by \$41.0 relating to the closure of certain matters with both domestic and international taxing authorities. In addition to the \$15.1 adjustment, taxes associated with discontinued operations were reduced by \$1.6 in 2005.

During 2004, we reduced our income tax provision by \$48.0 and goodwill by \$31.8 associated with the closure of certain matters with the Internal Revenue Service ("IRS") relating primarily to the 1995 to 1997 income tax returns of General Signal Corporation and SPX Corporation and the 2000 income tax return of United Dominion Industries Limited ("UDI"). General Signal Corporation was acquired through a reverse acquisition in 1998, and UDI was acquired in 2001.

In 1997, we, as part of a risk management initiative to effectively manage and reduce costs associated with certain liabilities, contributed assets and self-insurance liabilities associated with existing retiree medical, workers compensation, and key manager life insurance programs to a fully consolidated risk management company ("RMC") in exchange for stock representing a minority interest in the RMC. Subsequently, we sold the minority interest in the RMC to a third-party investor at fair market value, which resulted in a capital loss of \$73.7 for tax purposes, calculated as the excess of the tax basis of the stock over the cash proceeds received on the sale of the stock. In 1998 and 1999, we entered into similar transactions designed to manage and reduce costs associated with certain healthcare and environmental liabilities. Those transactions resulted in tax losses of \$84.8 and \$40.9, respectively. In 2001, the IRS indicated that it intended to challenge the tax treatment of these types of transactions.

In 2004, the IRS issued a notice of proposed adjustment disallowing the capital loss claimed as a deduction on our 1997 tax return. We protested the disallowance to the Appeals Office of the IRS in June 2004.

If the IRS ultimately prevails in its positions, our income tax due for 1997 would increase by \$25.8, plus net interest to date of \$11.6. Although the IRS has not proposed adjustments for later years, we anticipate receiving notices for the 1998 and 1999 transactions. The potential disallowance for these later years, computed on a similar basis to the 1997 disallowance, would be

approximately \$45.8, plus net interest to date of approximately \$14.4. The IRS has proposed penalties with respect to the 1997 transaction of \$10.3. Because of several meritorious defenses, we believe the successful assertion of penalties is unlikely. In addition, because we filed disclosure notices with the IRS, we should not be subject to penalty assessments for the 1998 or 1999 transactions.

Also in 2004, the IRS issued a notice of proposed adjustment with respect to the sale of Sealed Power Europe in 1997. Specifically, the IRS is proposing to require recapture of certain foreign losses claimed as deductions on tax returns prior to 1997. If the IRS ultimately prevails in its position, the income tax due for 1997 would increase by approximately \$6.9, plus net interest to date of approximately \$3.1. We also protested this proposed adjustment to the Appeals Office of the IRS in June 2004.

If we are unable to resolve these matters with the Appeals Office of the IRS, we would expect to receive a notice of tax deficiency from the IRS. Upon receiving the notice, we would have the following options:

1. File a petition for redetermination in Tax Court within 90 days. In this case, payments would not be required until the Tax Court renders its decision.
2. Wait to receive a statement of amount due from the IRS and pay the amount due.
3. Pay the amount due as outlined in option 2 above, except, after paying the amount due, take appropriate steps to institute a suit in Federal District Court or the Federal Claims Court for a refund of the amounts paid.

We believe that our positions are well supported and disagree with the proposed adjustments. If we are unable to resolve these matters with the Appeals Office of the IRS, we will make a decision as to which of the above three options we will pursue. In any event, we intend to aggressively contest these matters through applicable IRS and judicial procedures, as appropriate.

Although the final resolution of the proposed adjustments is uncertain and involves unsettled areas of the law, based on currently available information, we have provided for the probable liability associated with these matters. While the resolution of these issues may result in tax liabilities that may differ from the accruals established for the matters, we currently believe that the resolution will not have a material adverse effect on our financial position or liquidity. However, an unfavorable resolution could have a material adverse effect on our results of operations or cash flows in the quarter and year in which an adjustment is recorded or the tax is due or paid. As we are no farther than the initial stages of the appeals process for any of the above matters, the timing of the ultimate resolution and any payments that may be required for the above matters cannot be determined at this time.

(12) Indebtedness

The following summarizes our debt activity (both current and non-current) for the year ended December 31, 2005:

	December 31, 2004	Accretion and Debt Assumption	Repayments	December 31, 2005	Loss On Early Extinguishment of Debt ⁽¹⁾
Revolving Credit Loan	\$ —	\$ —	\$ —	\$ —	\$ 0.5
Term loans — Tranche A	191.3	—	(191.3)	—	8.5
Term loans — Tranche B	882.1	—	(882.1)	—	20.6
LYONs ⁽²⁾	658.5	18.0	(17.9)	658.6	—
7.50% senior notes	472.5	—	(444.3)	28.2	64.5
6.25% senior notes	248.6	—	(227.3)	21.3	20.9
Other borrowings	73.1	9.9	(2.7)	80.3	—
Total Debt ⁽³⁾	2,526.1	\$ 27.9	\$ (1,765.6)	788.4	\$ 115.0
Less: short-term debt	63.5			64.9	
Less: current maturities of long-term debt	48.3			2.6	
Total Long-term Debt	\$ 2,414.3			\$ 720.9	

(1) Loss on early extinguishment of debt related to the write-off of unamortized deferred financing fees, premiums/fees paid to redeem the senior notes, and other costs associated with the extinguishment of the term loans and revolving credit loan. These amounts are reflected in the consolidated statement of operations for the year ended December 31, 2005, with \$113.6 included in "Loss on early extinguishment of debt" and \$1.4 included in "Income (loss) from discontinued operations".

(2) The LYONs are net of unamortized discount of \$336.1 and \$364.2 at December 31, 2005 and December 31, 2004, respectively.

(3) No amounts were outstanding at December 31, 2005 under the new senior credit facilities, entered into on November 18, 2005, as further described below.

Credit Facilities

On November 18, 2005, we entered into new senior credit facilities with a group of lenders that replaced our existing credit facilities, which were simultaneously terminated. The new senior credit facilities provide for committed senior secured financing of approximately \$1,625.0, consisting of the following:

- a delayed draw term loan facility in an aggregate principal amount of \$750.0 with final maturity in November 2010;
- a domestic revolving loan facility in an aggregate principal amount of \$350.0 with final maturity in November 2010;
- a global revolving loan facility in an aggregate principal amount of \$100.0 with final maturity in November 2010; and
- a foreign trade facility in an aggregate principal amount of up to the U.S. dollar equivalent, at issuance, of \$425.0 with final maturity in November 2010, subject to two possible extensions of the final maturity date of two years each, at our option.

We have the ability to add additional commitments under the foreign trade facility in an aggregate principal amount of up to the U.S. dollar equivalent of \$25.0, without the need for consent from the existing lenders. In addition, we may also seek additional commitments from new or current lenders for incremental term loan facilities or increases in commitments in respect of the other facilities not exceeding an aggregate principal amount of \$250.0, without the need for consent from the existing lenders.

In February 2006, in conjunction with the redemption of the LYONs (see LYONs discussion below), we became a borrower under the delayed draw term loan facility. We currently utilize the revolving facilities for the issuance of letters of credit and

certain of our foreign subsidiaries utilize (and others may utilize) the foreign trade facility for the issuance of foreign credit instruments.

The revolving credit facility may be used from time to time for working capital and general corporate purposes, including domestic letters of credit of up to \$250.0, by our subsidiaries and us. The foreign trade facility may be used by our foreign subsidiaries to obtain bank guarantees, stand-by letters of credit and similar foreign trade instruments in connection with their business operations.

The interest rates applicable to loans under our new senior credit facilities will be, at our option, equal to either an alternate base rate ("ABR" or prime) or an adjusted Eurodollar bank deposit rate plus, in each case, an applicable margin percentage, which varies based on our Consolidated Leverage Ratio (generally defined as the ratio of consolidated total debt (net of cash equivalents in excess of \$50.0) at the date of determination to consolidated adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") for the four fiscal quarters ended on such date). We may elect interest periods of one, two, three or six months for Eurodollar borrowings. The interest rate margins applicable to base rate and Euro dollar loans are as follows:

Consolidated Leverage Ratio	Margin for Eurocurrency Loans and Foreign Credit Instruments	Margin for ABR Loans
Greater than or equal to 3.00 to 1.0	1.500%	0.500%
Between 2.00 to 1.0 and 3.00 to 1.0	1.250%	0.250%
Between 1.50 to 1.0 and 2.00 to 1.0	1.000%	0.000%
Between 1.00 to 1.0 and 1.50 to 1.0	0.875%	0.000%
Less than 1.00 to 1.0	0.750%	0.000%

The term loan is repayable in quarterly installments with each such payment being equal to a percentage of the aggregate principal amount of the initial term loans borrowed by us, as follows: (i) 2006 (starting in the second quarter of 2006) — approximately 0.67% per quarter; (ii) 2007 — 1.25% per quarter; (iii) 2008 — 2.5% per quarter; (iv) 2009 — 3.75% per quarter; and (v) 2010 — 17.0% per quarter.

Our new senior credit facilities require mandatory prepayments in amounts equal to the net proceeds from the sale or other disposition (including from any casualty to, or an governmental taking) of property (other than in the ordinary course of business and subject to other exceptions) by us or our subsidiary guarantors in excess of \$10.0. Mandatory prepayments will be applied first to prepay the term loan and then to reduce permanently the term loan commitments. No prepayment or commitment reduction is required to the extent the net proceeds are reinvested in permitted acquisitions, permitted investments or assets to be used in our business within 360 days of the receipt of such proceeds.

Indebtedness under our new senior credit facilities is guaranteed by each of our material domestic subsidiaries, each of our material first-tier foreign subsidiaries, to the extent no material adverse tax consequence would result and to the extent permitted under local law, and us with respect to the obligations of our subsidiaries under the foreign trade facility. In addition, indebtedness under our new senior credit facilities is secured by a first priority pledge and security interest in 100% of the capital stock of our domestic subsidiary guarantors and 66% of the capital stock of our material first tier foreign subsidiaries. If the outstanding indebtedness under the new senior credit facilities is rated "Ba2" or less by Moody's and "BB" or less by S&P, then we and our domestic subsidiary guarantors are required to grant security interests, mortgages and other liens on substantially all of our property.

Our new senior credit facilities require that we maintain a Consolidated Interest Coverage Ratio (generally defined as the ratio of consolidated adjusted EBITDA for the four fiscal quarters ended on such date to consolidated interest expense for such period) as of the last day of any fiscal quarter of at least 3.50 to 1.00, and a Consolidated Leverage Ratio as of the last day of any fiscal quarter of no more than 3.25 to 1.00. Our new senior credit facilities also contain covenants that restrict our ability to incur additional indebtedness, grant liens, make investments, loans, guarantees or advances, make restricted junior payments, including dividends, redemptions of capital stock and voluntary prepayments or repurchases of certain other indebtedness, engage in mergers, acquisitions or sales of assets, enter into sale and leaseback transactions or engage in certain transactions with affiliates and otherwise restrict certain corporate activities. We do not expect these covenants to restrict our liquidity,

financial condition or access to capital resources in the foreseeable future. Lastly, our new senior credit facilities contain customary representations, warranties, affirmative covenants, and events of default.

We are permitted under our new senior credit facilities to repurchase our capital stock and pay cash dividends in an unlimited amount if, our gross Consolidated Leverage Ratio is less than 2.50 to 1.00. If our gross Consolidated Leverage Ratio is greater than or equal to 2.50 to 1.00, the aggregate amount of such repurchases and dividend declarations cannot exceed (A) \$75.0 in any fiscal year plus (B) an additional amount for all such repurchases and dividend declarations made after November 18, 2005 equal to the sum of (i) \$250.0 and (ii) a positive amount equal to 50% of cumulative consolidated net income during the period from October 1, 2004 to the end of the most recent fiscal quarter for which financial information is available preceding the date of such repurchase or dividend declaration (or, in case such consolidated net income is a deficit, minus 100% of such deficit).

At December 31, 2005, we were in compliance with all covenant provisions of our new senior credit facilities, and did not have any restrictions on our ability to repurchase shares or pay dividends.

Senior Notes

In June 2003, we issued \$300.0 of non-callable 6.25% senior notes that mature on June 15, 2011. The interest payment dates for these notes are June 15 and December 15 of each year, which commenced on December 15, 2003. In December 2002, we issued \$500.0 of callable 7.5% senior notes that mature on January 1, 2013. The interest payment dates for these notes are January 1 and July 1 of each year, which commenced on July 1, 2003. Both of these note issuances are unsecured and rank equally with all of our existing and future unsecured senior indebtedness, but are effectively junior to our new senior credit facilities.

During the first quarter of 2005, we completed cash tender offers for \$668.2, or 93%, of the then outstanding principal amount of our 7.50% and 6.25% senior notes. The amount of the notes tendered exceeded the requisite consent thresholds for removing substantially all of the restrictive covenants and certain of the default provisions contained in the indenture governing the senior notes. Additionally, during the second and third quarter of 2005, we redeemed \$3.4 of the senior notes.

Liquid Yield Option Notes

On February 6, 2001, we issued Liquid Yield Option (TM) Notes ("February LYONs") at an original price of \$579.12 per \$1,000 principal amount at maturity, which represents an aggregate initial issue price including the over allotment exercised by the original purchaser of \$576.1 and an aggregate principal amount of \$994.8 due at maturity on February 6, 2021. On May 9, 2001, we issued Liquid Yield Option (TM) Notes ("May LYONs") at an original price of \$579.12 per \$1,000 principal amount at maturity, which represents an aggregate initial issue price including the over allotment exercised by the original purchaser of \$240.3 and an aggregate principal amount of \$415.0 due at maturity on May 9, 2021. On May 9, 2005, the most recent eligible date of redemption for the related holders, all of the remaining outstanding May LYONs were put to us and settled in cash for \$17.9, their accreted value on such date.

We may redeem all or a portion of the February LYONs for cash at any time on or after February 6, 2006 at predetermined redemption prices.

SEAS No. 78, "Classification of Obligations That are Callable by the Creditor," requires that obligations that are by their terms, due upon demand within one year of the balance sheet date be considered short-term obligations, unless the obligor has the ability and the intent to refinance. At December 31, 2005, the February LYONs had a put option date within twelve months. However, we have classified the full-accreted value of the February LYONs, \$658.6, as long-term debt as we had the ability and intent at December 31, 2005, through the availability under our new senior credit facilities, to refinance the full amount of any February LYONs.

The LYONs have a yield to maturity of 2.75% per year, computed on a semi-annual bond equivalent basis, calculated from the date of issuance. We will not pay cash interest on the LYONs prior to maturity unless contingent interest becomes payable. The LYONs are unsecured and unsubordinated obligations and are debt instruments subject to United States federal income tax contingent payment debt regulations. Even if we do not pay any cash interest on the LYONs, holders of the LYONs are required to include interest in their gross income for United States federal income tax purposes. This imputed interest, also referred to as tax original issue discount, accrues at a rate equal to 9.625% on the February LYONs and 8.75% on the May

LYONs. The rate at which the tax original issue discount accrues for United States federal income tax purposes exceeds the stated yield of 2.75% for the accrued original issue discount. In the event that any of the February LYONs are redeemed by the company, and in the cases where the February LYONs and May LYONs were put to the company, the respective imputed interest deduction less the original issue discount of 2.75% will be or was recaptured, as the case may be. The amount of tax recapture for the LYONs on the respective put dates of May 9, 2005 and February 6, 2006 is \$1.8 and \$92.3.

In February 2006, all but \$0.2 of the February LYON's were put to us and settled in cash for \$660.2, their accreted value on such date. We financed the repurchase of the LYONs and the payment of the related tax recapture with amounts borrowed against our \$750.0 delayed draw term loan under the new senior credit facilities.

Other Borrowings

Certain of our businesses participate in extended accounts payable programs through agreements with certain lending institutions. Under the arrangements, the businesses are provided extended payment terms. As of December 31, 2005 and 2004, the participating businesses had \$15.7 and \$15.8, respectively, outstanding under these arrangements. Additionally, certain of our businesses purchase goods and services under a purchasing card program allowing payment beyond their normal payment terms. As of December 31, 2005 and 2004, the participating businesses had \$48.2 and \$46.7, respectively, outstanding under this arrangement. As these arrangements extend the payment of our businesses' payables beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

Other Financing Activities

In the first nine months of 2004, we entered into sale and assignment transactions whereby certain of our businesses sold without recourse certain accounts receivable. At the beginning of the fourth quarter of 2004, we discontinued the sale of accounts receivable.

In April 2003, we entered into a three-year trade receivables financing agreement, which was extended in November 2005 for an additional year, whereby we can borrow, on a continuous basis, up to \$130.0. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the \$130.0 program limit. The facility contains representations, warranties, covenants, and indemnities customary for facilities of this type. The facility does not contain any covenants that we view as materially constraining to the activities of our business. We had \$1.0 outstanding under this financing agreement at both December 31, 2005 and 2004.

(13) Financial Instruments

Interest Rate Swaps

As of December 31, 2004, we maintained interest rate protection agreements ("swaps") that effectively converted \$1,100.0 of our then variable rate debt to fixed rates. The pre-tax accumulated loss recorded in accumulated other comprehensive income was \$29.1, and we had recorded a long-term liability of \$27.9 to recognize the fair value of these swaps. During January and March of 2005, we terminated all of these swaps for an aggregate cash payment of \$13.3, which represented the fair value of the swaps on their termination dates, and reclassified \$15.8 from accumulated other comprehensive income to "loss on early extinguishment of debt."

In connection with the February 2006 refinancing of the February LYONs (see Note 12), we entered into interest rate swap agreements to hedge the potential impact of increases in interest rates on our variable rate term loan facility. We are accounting for these swaps as cash flow hedges, and have outstanding instruments with maturities through February 2010 that effectively convert \$550.0 of our variable rate debt to fixed rates approximating 4.7% plus the applicable margin (see Note 12). These are amortizing interest rate swap agreements, therefore the outstanding notional value will decline commensurate with the scheduled debt maturity.

Currency Forward Contracts

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency exchange rates. Our objective is to preserve the economic value of non-functional currency denominated cash flows. Our principal currency exposures relate to the Euro, British Pound, and Chinese Yuan.

We have entered into foreign currency protection agreements ("FX forward contracts") to manage the exposure on forecasted transactions denominated in foreign currencies. The majority of the underlying transactions contain embedded derivatives, as the currency of exchange is not "clearly and closely" related to the functional currency of either party to the transaction. As a result of these embedded derivatives, these contracts do not qualify for hedge accounting treatment. Accordingly, the changes in the fair value of these FX forward contracts and embedded derivatives are recorded in other income (expense) in the period of change. The net impact of the changes in fair values of these derivatives was not material to our consolidated financial statements during 2005 or 2004.

At December 31, 2005 and 2004, we had FX forward contracts with maturities of generally no more than 18 months, and aggregate notional amounts of \$153.9 and \$121.8, respectively. The amount of FX forward contracts for 2003 was not material. The fair values of these contracts were \$5.7 (recorded as a current liability) and \$5.9 (recorded as a current asset) at December 31, 2005 and 2004, respectively.

Other Derivative Instruments

From time to time we enter into commodity contracts. Other than the above noted interest and foreign currency arrangements, there were no material derivative instrument transactions during any of the periods presented.

Other Fair Value Financial Assets and Liabilities

The carrying amount of cash and equivalents and receivables reported in the consolidated balance sheets approximates fair value because of the short maturity of those instruments.

The fair value of our debt instruments, based on borrowing rates available to us at each year end for similar debt, is not materially different than their carrying values.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and temporary investments, trade accounts receivable, and interest rate, foreign currency, and commodity protection agreements.

Cash and temporary investments and our interest rate, foreign currency, and commodity protection agreements are placed with high-quality financial institutions throughout the world. We periodically evaluate the credit standing of these financial institutions.

Concentrations of credit risk arising from trade accounts receivable are due to selling to a large number of customers in a particular industry. We perform ongoing credit evaluations of our customers' financial conditions and obtain collateral or other security when appropriate. No one customer accounts for more than 10% of our revenues for all periods presented.

On October 8, 2005, The Delphi Corporation ("Delphi") filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Delphi is a customer of our Industrial Products and Services and Test and Measurement segments. Annual revenues derived from Delphi represent less than 2% of consolidated revenues, and we have approximately \$4.0 of pre-petition bankruptcy accounts receivable due from Delphi and approximately \$2.0 of committed assets. We have not recorded any loss as a result of Delphi's Chapter 11 proceedings. We will continue to evaluate whether, when and to what extent we may be required to record a loss for the accounts receivable and/or the committed assets.

We are exposed to credit losses in the event of nonperformance by counter parties to our interest rate, foreign currency, and commodity protection agreements, but have no other off-balance-sheet credit risk of accounting loss. We anticipate, however, that counter parties will be able to fully satisfy their obligations under the contracts. We do not obtain collateral or other security to support financial instruments subject to credit risk, but we do monitor the credit standing of counter parties.

(14) Commitments and Contingent Liabilities

Leases

We lease certain manufacturing facilities, offices, sales and service locations, machinery and equipment, vehicles, and office equipment under various leasing programs accounted for as operating leases. The future minimum rental payments under operating leases with remaining non-cancelable terms in excess of one year are:

Year Ending December 31,

2006	\$	34.9
2007		28.6
2008		22.5
2009		18.2
2010		13.6
Thereafter		40.1
Total minimum payments	\$	157.9

Total operating lease expense was \$42.0 in 2005, \$34.9 in 2004, and \$32.1 in 2003. Capital leases were not material to any of the periods presented.

General

Numerous claims, complaints and proceedings arising in the ordinary course of business, including but not limited to those relating to environmental matters, class actions, derivative lawsuits and contract, intellectual property, competitive, personal injury, product liability, workers' compensation and other claims, have been filed or are pending against us and certain of our subsidiaries. Additionally, we may become subject to significant claims of which we are currently unaware or the claims of which we are aware of may result in our incurring a significantly greater liability than we anticipate. This may also be true in connection with past or future acquisitions. While we maintain property, cargo, auto, product, general liability, and directors' and officers' liability insurance and have acquired rights under similar policies in connection with acquisitions that we believe cover a portion of these claims, this insurance may be insufficient or unavailable to protect us against potential loss exposures. In addition, we have been increasing our self-insurance limits over the past several years. While we believe we are entitled to indemnification from third parties for some of these claims, these rights may be insufficient or unavailable to protect us against potential loss exposures. However, we believe that our accruals related to these items, which totaled \$344.1 and \$350.5 at December 31, 2005 and 2004, respectively, are sufficient and that these items and our rights to available insurance and indemnity will be resolved without a material adverse effect, individually or in the aggregate, on our financial position, results of operations, and cash flows.

Litigation Matters

Beginning in March 2004, multiple class action complaints seeking unspecified monetary damages were filed or announced by certain law firms representing or seeking to represent purchasers of our common stock during a specified period against us and certain of our current and former executive officers in the United States District Court for the Western District of North Carolina alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Securities Class Action"). The plaintiffs generally allege that we made false and misleading statements regarding the forecast of our 2003 fiscal year business and operating results in order to artificially inflate the price of our stock. These complaints have been consolidated into a single amended complaint against the company and our former Chairman, Chief Executive Officer and President. On September 20, 2004, we filed a motion to dismiss the consolidated action in its entirety. That motion is fully briefed for ruling by the District Court.

On April 23, 2004, an additional class complaint seeking unspecified monetary damages, was filed in the same court on behalf of participants in our employee benefit plans, alleging breaches of the Employee Retirement Income Security Act of 1974 ("ERISA") by us, our then general counsel and the Administrative Committee regarding one of our 401(k) defined contribution benefit plans arising from the plan's holding of our stock. On June 10, 2005 a first amended complaint was filed in the ERISA suit, adding as defendants certain current and former directors and Administrative Committee members. The first amended

complaint generally tracks the factual allegations in the Securities Class Action. On July 25, 2005, we filed a motion to dismiss the amended ERISA complaint in its entirety. That motion is fully briefed for ruling by the District Court. On September 8, 2005, the plaintiffs moved the Court to certify the proposed class in the ERISA suit. We have opposed that motion and it is fully briefed for ruling by the District Court.

We believe that the allegations stated in the Securities Class Action and tag-along ERISA suit are without merit and intend to defend against them vigorously. We are currently unable to predict the outcome of these cases, although we believe our potential loss is likely to be within the limits of our coverage under our Directors' and Officers' insurance policies.

On or about October 29, 2001, we were served with a complaint by VSI Holdings, Inc., or VSI, in the 6th Judicial Circuit Court of the State of Michigan seeking enforcement of a merger agreement that we had terminated. In its complaint, VSI asked the court to require us to complete the \$197.0 acquisition of VSI, and/or award damages to VSI and its shareholders. We do not believe the suit has merit and are defending the claim vigorously. On December 26, 2001, we filed our answer denying VSI's allegations, raising affirmative defenses and asserting a counterclaim against VSI for breach of contract. On November 8, 2002, VSI filed a voluntary petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. On January 8, 2003, the litigation was removed to the federal Bankruptcy Court, which thereafter transferred the matter to the U.S. District Court in Detroit. On September 30, 2005, the Court issued a memorandum opinion and order resolving various summary judgment and other pending motions. The Court has set the matter for trial commencing April 11, 2006. While we believe that we should ultimately prevail on the pending litigation claim with VSI, there can be no assurance that we will be successful in the litigation, and if we are not successful, the outcome could have a material adverse effect on our financial condition and results of operations.

In October of 2004, one of our Italian subsidiaries, SPX Cooling Technologies Italia, S.p.A., formerly Balcke Marley Italia, S.p.A., was notified that it is the subject of an investigation by the Milan Public Prosecutor's Office. The investigation relates to the business practices of several individuals and different companies in securing contracts from an Italian power generation company. We have cooperated with the prosecutor's office in this investigation. At this stage we are unable to predict the outcome of the investigation or to reasonably estimate the range of potential liability, if any. We have taken actions to address Italian Legislative Decree No. 231, including the appointment of a compliance program supervisor at the cooling equipment business.

We are subject to other legal proceedings and claims that arise in the normal course of business. In our opinion, these matters are either without merit or of a kind that should not have a material adverse effect individually or in the aggregate on our financial position, results of operations, or cash flows. However, we cannot assure you that these proceedings or claims will not have a material adverse effect on our financial position, results of operations, or cash flows.

Environmental Matters

Our operations and properties are subject to federal, state, local and foreign regulatory requirements relating to environmental protection. It is our policy to comply fully with all applicable requirements. As part of our effort to comply, we have a comprehensive environmental compliance program that includes environmental audits conducted by internal and external independent professionals, as well as regular communications with our operating units regarding environmental compliance requirements and anticipated regulations. Based on current information, we believe that our operations are in substantial compliance with applicable environmental laws and regulations, and we are not aware of any violation that could have a material adverse effect on our business, financial condition, results of operations or cash flows. We have liabilities for site investigation and/or remediation at 68 sites that we own or control. In addition, while we believe that we maintain adequate accruals to cover the costs of site investigation and/or remediation, there can be no assurance that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect our business or operations in the future.

Our environmental accruals cover anticipated costs, including investigation, remediation, and operation and maintenance of clean-up sites. Our estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. Accordingly, our estimates may change based on future developments, including new or changes in existing environmental laws or policies, differences in costs required to complete anticipated actions from estimates provided, future findings of investigation or remediation actions, or alteration to the expected remediation plans. It is our policy to realize a change in estimate once it becomes probable and can be reasonably

estimated. In determining our accruals, we do not discount environmental or other legal accruals and do not reduce them by anticipated insurance recoveries. We do take into account third-party indemnification from financially viable parties in determining our accruals where there is no dispute regarding the right to indemnification.

In the case of contamination at offsite, non-owned facilities, we have been notified that we are potentially responsible and have received other notices of potential liability pursuant to various environmental laws at 24 sites, only 12 of which have been active in the past few years. These laws may impose liability on certain persons that are considered jointly and severally liable for the costs of investigation and remediation of hazardous substances present at these sites, regardless of fault or legality of the original disposal. These persons include the present or former owners or operators of the site and companies that generated, disposed of or arranged for the disposal of hazardous substances at the site. We are considered a "*de minimis*" potentially responsible party at most of the sites, and we estimate the aggregate probable remaining liability at these sites is immaterial.

In connection with our acquisitions or dispositions, we may assume or retain significant environmental liabilities, some of which we may be unaware. The potential costs related to these environmental matters and the possible impact on future operations are uncertain due in part to the complexity of government laws and regulations and their interpretations, the varying costs and effectiveness of various clean-up technologies, the uncertain level of insurance or other types of recovery, and the questionable level of our responsibility. We account for these assumed liabilities in accordance with SFAS No. 5 "Accounting for Contingencies" and, therefore, record the liability when it is both probable and the amount can be reasonably estimated.

In our opinion, after considering accruals established for such purposes, remedial actions for compliance with the present laws and regulations governing the protection of the environment are not expected to have a material adverse impact on our business, financial condition, results of operations or cash flows.

Self-Insurance

We are primarily self-insured for workers' compensation, automobile, product and general liability, and health costs, and we believe that we maintain adequate accruals to cover our retained liability. Our accruals for self-insurance liabilities are determined by management, are based on claims filed and an estimate of claims incurred but not yet reported, and are not discounted. Management considers a number of factors, including third-party actuarial valuations, when making these determinations. We maintain third-party stop-loss insurance policies to cover certain liability costs in excess of predetermined retained amounts.

Executive Severance Agreements

Our Board of Directors has adopted executive severance agreements, which create certain liabilities in the event of the termination of executives following a change of control. As of March 1, 2006, the estimated total cash severance obligation under the executive severance agreements should all seven current executive officers be terminated following a change of control was approximately \$38.3, which includes for each executive officer an amount equal to three times (for officers appointed prior to August 23, 2005) or two times (for officers appointed on or after August 23, 2005): (i) the executive officer's bonus amount as specified in his severance agreement; and (ii) the executive officer's annual base salary.

In addition, three executive officers have outstanding non-interest bearing 20-year relocation home loans totaling \$4.5 granted in connection with the 2001 move of our corporate headquarters. In the event of the death or permanent disability of the employee or a change in control of SPX, we will forgive the note and pay the employee or his estate an amount equal to the employee's tax liability as a result of the loan forgiveness.

Our Board of Directors also approved employment agreements for the executive officers. These agreements have rolling terms of either one year or two years and specify the executive's current compensation, benefits and perquisites, the executive's entitlements upon termination of employment, and other employment rights and responsibilities.

In connection with the retirement and resignation of our then Chairman, Chief Executive Officer, and President in December 2004, we entered into a separation agreement with him that resulted in a charge in 2004 of approximately \$7.3, which is net of a credit of \$8.2 associated with compensation previously recorded for restricted stock that was forfeited as part of the separation agreement. Amounts still due to our former Chairman, Chief Executive Officer, and President under the separation agreement totaled approximately \$8.0 at December 31, 2005 and are payable in 2008.

Notes to Consolidated Financial Statements
December 31, 2005
(All dollar and share amounts in millions, except per share and per LYON data)

(15) Shareholders' Equity

Earnings Per Share

The following table sets forth the computations of basic and diluted earnings per share:

	Year Ended December 31,		
	2005	2004	2003
Numerator:			
Income (loss) from continuing operations for calculating basic earnings per share	\$ (19.6)	\$ (116.5)	\$ 135.2
Interest on convertible LYONs, net of tax	—	—	15.8
Income (loss) from continuing operations for calculating diluted earnings per share	\$ (19.6)	\$ (116.5)	\$ 151.0
Net income (loss) for calculating basic earnings per share	\$ 1,090.0	\$ (17.1)	\$ 236.0
Interest on convertible LYONs, net of tax	—	—	15.8
Net income (loss) for calculating diluted earnings per share	\$ 1,090.0	\$ (17.1)	\$ 251.8
Denominator:			
Weighted average number of common shares used in basic earnings per share	71.084	74.271	76.802
Dilutive Securities — Employee stock options, restricted stock and restricted stock units	—	—	0.882
Conversion of convertible LYONs	—	—	10.964
Weighted average number of common shares and dilutive securities used in diluted earnings per share	71.084	74.271	88.648

The total number of stock options that were not included in the computation of dilutive earnings per share because their exercise price was greater than the average market price of common shares was 9.5, 13.7 and 15.5 at December 31, 2005, 2004 and 2003, respectively.

The potential common shares excluded from the 2005 and 2004 diluted earnings per share calculation due to their anti-dilutive effect were 1.1 and 0.8, respectively. Of these amounts, 0.7 and 0.1 related to restricted stock and restricted stock units, and 0.4 and 0.7 related to employee stock options for 2005 and 2004, respectively.

In October 2004, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings Per Share" ("EITF No. 04-8"). Under the EITF's conclusion, instruments that are convertible to common stock based on achieving a market price trigger are to be included in the calculation of diluted earnings per share regardless of whether the contingency has been met. At its November 2004 meeting, the EITF declared EITF No. 04-8 effective for all periods ending after December 15, 2004 and required retroactive adoption for all historical periods presented. The impact of the inclusion of the contingent convertible common shares was a reduction in both income from continuing operations and net income per share of \$0.04 and \$0.20 respectively for 2003. For the years ended December 31, 2005 and 2004, the impact of the inclusion of the LYONs was anti-dilutive.

Accumulated Other Comprehensive Income (Loss)

The components of the balance sheet caption accumulated other comprehensive income (loss) are as follows:

	December 31, 2005	December 31, 2004
Foreign currency translation adjustment	\$ 137.7	\$ 428.9
Unrealized gains (losses) on qualifying cash flow hedges, net of tax (expense) benefit of \$(0.2) and \$9.7, respectively	0.3	(15.3)
Minimum pension liability adjustment, net of tax benefit of \$190.9 and \$49.8, respectively	(311.8)	(86.1)
Accumulated other comprehensive income (loss)	\$ (173.8)	\$ 327.5

Common Stock and Treasury Stock

At December 31, 2005, we had 200.0 authorized shares of common stock (par value \$10.00). Common shares issued, treasury shares, and shares outstanding are summarized in the table below.

	Common Stock Issued	Treasury Stock	Shares Outstanding
Balance at December 31, 2002	86.769	(6.143)	80.626
Stock options exercised	0.502	—	0.502
Share repurchases	—	(7.317)	(7.317)
Other	0.504	—	0.504
Balance at December 31, 2003	87.775	(13.460)	74.315
Stock options exercised	1.356	—	1.356
Share repurchases	—	(1.144)	(1.144)
Restricted stock and restricted stock units	0.353	(1.143)	(0.790)
Other	0.505	—	0.505
Balance at December 31, 2004	89.989	(15.747)	74.242
Stock options exercised	1.063	—	1.063
Share repurchases	—	(13.657)	(13.657)
Restricted stock and restricted stock units	0.613	(0.109)	0.504
Other	0.411	—	0.411
Balance at December 31, 2005	92.076	(29.513)	62.563

Stock Based Compensation

Stock Compensation Plans

Under the 2002 Stock Compensation Plan, the successor plan to the 1992 Stock Compensation Plan, up to 20.0 shares of our common stock may be granted to key employees and 6.0 of these shares were available for grant at December 31, 2005.

Stock options may be granted to key employees in the form of incentive stock options or nonqualified stock options, vest ratably over three years, and expire no later than 10 years from the date of grant. The option price per share may be no less than the fair market value of our common stock on the date of grant. Upon exercise, the employee has the option to surrender previously owned shares at current value in payment of the exercise price and/or for withholding tax obligations, and, subject to certain restrictions, may receive a reload option having an exercise price equal to the current market value for the number of shares so surrendered. The reload option expires at the same time that the exercised option would have expired.

Restricted stock or restricted stock units may be granted to certain eligible employees in accordance with applicable equity compensation plan documents and agreements. Subject to participants' continued employment and other plan terms and conditions, the restrictions lapse and units vest over three years. The 2004 grants vest ratably. In December 2004, the Compensation Committee of the Board of Directors announced changes to our stock based employee compensation program. Under the announced changes, performance thresholds have been instituted for vesting of substantially all restricted stock and restricted stock units in 2005 and future years. This vesting is based on SPX shareholder return versus the S&P 500 composite index. Pursuant to the terms of the plan, the share grant will vest if the company outperforms the S&P 500 index on an annual basis. In the event the share grant does not vest in any year, the company's shareholder return versus the S&P 500 index for the cumulative periods will serve as the basis for vesting.

Special Option Awards

In 2005, 2004, and 2003, no special options were awarded. At December 31, 2005, 7.3 of the total options outstanding were granted outside of the 2002 Stock Compensation Plan.

In December 2004, four members of our executive management team elected to voluntarily surrender outstanding stock options to purchase 2.5 shares of common stock granted to them in August 2000, with exercise prices ranging from \$105.00 to

\$150.00. In addition, certain members of our senior leadership team, who left the company in 2004, forfeited unvested options to purchase 0.7 shares of common stock, with exercise prices ranging from \$60.00 to \$150.00.

The following table shows stock option activity from December 31, 2002 through December 31, 2005:

	Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2002	18,410	\$ 76.36
Granted	3,184	38.72
Exercised	(0.502)	37.05
Terminated	(1.163)	—
Options outstanding at December 31, 2003	19,929	\$ 72.82
Granted	0.019	53.15
Exercised	(1.356)	30.93
Terminated	(4.051)	—
Options outstanding at December 31, 2004	14,541	\$ 66.42
Granted	—	—
Exercised	(1.063)	36.01
Terminated	(0.513)	62.29
Options outstanding at December 31, 2005	12,965	\$ 69.07
Exercisable at December 31, 2005	12,506	70.19
Exercisable at December 31, 2004	12,652	69.14
Exercisable at December 31, 2003	6,818	46.53

Stock options outstanding and exercisable at December 31, 2005 and related weighted average exercise price and remaining average life information follows:

Range of Exercise Prices	Options Outstanding			Exercisable Options	
	Shares	Remaining Life-Years (Wtd. Avg.)	Exercise Price (Wtd. Avg.)	Shares	Exercise Price (Wtd. Avg.)
\$ 7.38 - \$ 30.98	0.098	2.7	\$ 29.13	0.097	\$ 29.13
\$ 31.95 - \$ 47.76	4.226	3.2	39.99	3.768	40.17
\$ 48.44 - \$ 72.50	4.889	3.2	63.29	4.889	63.29
\$ 74.75 - \$105.00	2.252	1.8	94.03	2.252	94.03
\$120.00 - \$150.00	1.500	0.9	135.00	1.500	135.00

Restricted Stock and Restricted Stock Unit Awards

Upon vesting, the restricted stock units are converted into shares of our common stock and are free of any restrictions. In 2005, we issued 0.435 shares of restricted stock and 0.878 of restricted stock units to certain business leaders and other employees. Expense for restricted stock and restricted stock units is recognized over the vesting period in accordance with APB Opinion No. 25. Compensation expense associated with restricted stock and restricted stock unit awards totaled \$28.3, \$9.1 and \$5.4 in 2005, 2004 and 2003, respectively. The non-cash compensation expense in 2004, was net of a credit of \$8.2 relating to compensation expense previously recorded for restricted stock that was forfeited in connection with the December 2004 retirement and resignation of our then Chairman, Chief Executive Officer and President. The amount associated with the unvested portion of the restricted stock and restricted stock unit awards is recorded, net of tax, as "unearned compensation" within shareholders' equity. Additionally, 0.084 shares of restricted stock and 0.140 restricted stock units were forfeited during 2005.

Treasury Stock

In 2005, we repurchased 13.7 shares of our common stock on the open market, for a total cash consideration of \$624.7. Additionally, at December 31, 2005, we had committed to purchase an additional 1.1 shares for cash of \$50.6, which settled in January 2006 but were reflected as outstanding shares at December 31, 2005. Through February 28, 2006, we have repurchased 17.8 shares with a value of \$818.2, inclusive of the amounts previously noted. The covenants under our new senior credit facilities contain certain restrictions on the payment of dividends and the repurchase of our common stock. See Note 12 for discussion of our ability to repurchase shares under our current senior credit facilities.

Preferred Stock

None of our 3.0 shares of authorized, no par value preferred stock was outstanding at December 31, 2005, 2004 and 2003.

Shareholder Rights Plan

Pursuant to our Shareholder Rights Agreement, each share of our common stock carries one preferred stock purchase right. Each right entitles the holder, upon the occurrence of certain events, to purchase one-half of one one-thousandth of a share of a new series of junior participating preferred stock for \$200.00 per share. Furthermore, if we are 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 us by means of a reverse merger in which the company and its stock survive, or engages in self-dealing transactions with us, or if any person acquires 20% or more of our common stock, then each right not owned by a 20% or more shareholder will become exercisable for the number of shares of our common stock having a market value of twice the then current exercise price of each right. The rights, which do not have voting rights, expire on June 25, 2006, and we may redeem them at a price of \$.005 per right at any time prior to any person or affiliated group of persons acquiring 20% or more of our common stock.

Change in Incentive Compensation Plan

In July 2005, we implemented a new incentive compensation plan, which has been approved by the Compensation Committee of the Board of Directors and became effective January 1, 2005, for our executive and management teams that replaces the Economic Value Added ("EVA") plan. Incentive payments under the new plan are based generally on financial metrics such as operating profit margin and operating cash flows. In conjunction with the adoption of this new plan, the historical individual employee balances under the EVA plan were converted to restricted stock and restricted stock units, and in the case of less significant employee balances, cash. The restricted stock, restricted stock units, and cash amounts represent fixed awards that vest ratably over a three-year period, generally beginning in July 2005. The adoption of this plan did not have a significant impact on our results of operations for 2005.

(16) Quarterly Results (Unaudited)

	First ⁽⁴⁾⁽⁵⁾		Second ⁽⁴⁾⁽⁵⁾		Third ⁽⁴⁾⁽⁵⁾		Fourth ⁽⁴⁾⁽⁵⁾	
	2005	2004	2005	2004	2005	2004	2005	2004
Operating revenues ⁽³⁾	\$ 977.6	\$ 940.3	\$ 1,061.1	\$ 1,015.3	\$ 1,060.2	\$ 1,023.1	\$ 1,193.3	\$ 1,117.2
Gross profit	246.4	256.2	277.4	261.5	281.9	267.9	326.4	300.4
Income (loss) from continuing operations ⁽¹⁾								
(2)	(58.5)	19.1	(0.5)	38.3	56.3	(35.5)	(16.9)	(138.4)
Income (loss) from discontinued operations, net of tax	741.9	17.8	322.3	16.3	(18.9)	37.7	64.3	27.6
Net income (loss)	\$ 683.4	\$ 36.9	\$ 321.8	\$ 54.6	\$ 37.4	\$ 2.2	\$ 47.4	\$ (110.8)
Basic earnings (loss) per share of common stock:								
Continuing operations	\$ (0.78)	\$ 0.26	\$ (0.01)	\$ 0.51	\$ 0.79	\$ (0.48)	\$ (0.26)	\$ (1.87)
Discontinued operations, net of tax	9.95	0.24	4.34	0.22	(0.26)	0.51	0.99	0.37
Net income (loss)	\$ 9.17	\$ 0.50	\$ 4.33	\$ 0.73	\$ 0.53	\$ 0.03	\$ 0.73	\$ (1.50)
Diluted earnings (loss) per share of common stock:								
Continuing operations	\$ (0.78)	\$ 0.25	\$ (0.01)	\$ 0.48	\$ 0.72	\$ (0.48)	\$ (0.26)	\$ (1.87)
Discontinued operations, net of tax	9.95	0.24	4.34	0.19	(0.23)	0.51	0.99	0.37
Net income (loss)	\$ 9.17	\$ 0.49	\$ 4.33	\$ 0.67	\$ 0.49	\$ 0.03	\$ 0.73	\$ (1.50)

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

- (1) For 2005, includes charges (credits) of \$4.8, \$5.4, \$(5.4) and \$4.4 associated with restructuring initiatives in the first, second, third and fourth quarters, respectively. The fourth quarter also includes an impairment charge of \$78.2. See Notes 6 and 8 for additional information. Additionally, includes charges of \$103.5, \$6.9, and \$3.2 associated with losses on the early extinguishment of debt in the first, second and fourth quarters, respectively. See Note 12 for additional information.
- (2) For 2004, includes charges of \$1.7, \$10.0, \$6.3 and \$26.1 associated with restructuring initiatives in the first, second, third and fourth quarters, respectively. Additionally, for the third and fourth quarters, includes \$71.5 and \$175.3 for impairment charges, respectively. See Notes 6 and 8 for additional information.
- (3) During the fourth quarter of 2005, revenues for our Test and Measurement segment were reduced by \$19.9 for program incentives and rebates earned by certain customers throughout 2005. Prior to the fourth quarter of 2005, these incentives and rebates were classified as cost of products sold and selling, general, and administrative expenses. Had these amounts been classified as a reduction to revenues prior to the fourth quarter of 2005 (versus cost of products sold and selling, general, and administrative expenses), revenues for the first, second, and third quarters of 2005 would have been reduced by \$4.5, \$4.8, and \$4.7, respectively, while revenues for the fourth quarter of 2005 would have increased by \$14.0. In addition, revenues for the first, second, third, and fourth quarters of 2004 would have been reduced by \$3.8, \$3.3, \$2.5, and \$5.0, respectively, resulting in a cumulative reduction in 2004 revenues of \$14.6.
- (4) Amounts presented differ from amounts previously reported in our quarterly reports on Form 10-Q due to the classification of certain of our businesses as discontinued operations in accordance with SFAS No. 144.
- (5) We label our quarterly information using a calendar convention. It is our practice to establish actual interim closing dates using a "fiscal" calendar, which requires our businesses to close their books on the Saturday closest to the end of the calendar quarter for efficiency purposes. The effects of this practice only impact the quarterly reporting periods and not the annual reporting period. We had two fewer days in the first quarter of 2005 and one additional day in the fourth quarter of 2005 when compared to the respective 2004 periods.

ITEM 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls And Procedures

Disclosure Controls and Procedures

SPX management, including the Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b), as of December 31, 2005. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective and no changes are required at this time.

Changes in Internal Control Over Financial Reporting

In connection with the evaluation by SPX management, including the Chief Executive Officer and Chief Financial Officer, of our internal control over financial reporting, pursuant to Exchange Act Rule 13a-15(d), no changes during the quarter ended December 31, 2005 were identified that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report On Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control framework and processes were designed to provide reasonable assurance to management and the Board of Directors regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time.

Management assessed the effectiveness of our internal control over financial reporting and concluded that, as of December 31, 2005, such internal control is effective. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report included in this Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of SPX Corporation:

We have audited management's assessment, included in the accompanying MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING, that SPX Corporation and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2005 of the Company and our report dated March 15, 2006 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
March 15, 2006

ITEM 9B. Other Information

Not applicable.

PART III

ITEM 10. Directors and Executive Officers of the Registrant

(a) Directors of the company.

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Election of Directors" and is incorporated herein by reference.

(b) Executive Officers of the company.

Christopher J. Kearney, 50, was named President, Chief Executive Officer and a director in December 2004. He joined SPX in February 1997 as Vice President, Secretary and General Counsel and an officer of the company. He had previously served as Senior Vice President and General Counsel of Grimes Aerospace Company.

Patrick J. O'Leary, 48, was named Executive Vice President, Treasurer and Chief Financial Officer in December 2004. He joined SPX in September 1996 as Vice President, Finance, Treasurer and Chief Financial Officer and an officer of the company. He had previously served as Chief Financial Officer and a director of Carlisle Plastics, Inc.

Thomas J. Riordan, 49, was named Executive Vice President and Co-Chief Operating Officer in December 2004 and Chief Operating Officer in August 2005. He joined SPX in February 1996 as President of a business within our Test and Measurement segment, and was elected an officer in August 1997.

Robert B. Foreman, 48, was named Executive Vice President, Human Resources and Asia in December 2005. He joined SPX Corporation in April 1999 as Vice President, Human Resources and an officer of the company. Previously he spent 14 years with PepsiCo, most recently serving as Vice President Human Resources for Frito-Lay International.

Don L. Canterna, 55, was named Segment President, Flow Technology and an officer in August 2005. He joined SPX in 2001 when SPX acquired United Dominion Industries, where he had been General Manager of Waukesha Cherry-Burrell since 1997. He was promoted to President of Waukesha Cherry-Burrell in 2001 and was named President of SPX Process Equipment in 2003 when Waukesha Cherry-Burrell, Lightnin and Bran+Luebbe were consolidated.

David A. Kowalski, 47, was named Segment President, Test and Measurement and an officer in August 2005. He joined SPX in 1999 as the Vice President and General Manager of Tools and Equipment at Service Solutions and was named President of Service Solutions in 2004. Before joining SPX he held positions with American National Can Company, J.I. Case, Picker International and Warner Swasey.

Kevin L. Lilly, 52, was named Vice President, Secretary and General Counsel and an officer of the company in January 2006. Mr. Lilly joined SPX in 2003 as General Counsel for the company's publicly traded subsidiary, Inrange Technologies Corporation. After the sale of Inrange, he was Group General Counsel for the technical and industrial systems businesses and most recently Associate General Counsel for SPX business operations. Previously, Mr. Lilly served as partner at Archer & Greiner, partner at Jamieson, Moore, Peskin & Spicer, and Staff Attorney for the United States Court of Appeals for the Seventh Circuit in Chicago.

(c) Audit Committee Financial Expert.

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Meetings and Committees of the Board of Directors" and is incorporated herein by reference.

(d) Identification and Composition of the Audit Committee.

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Meetings and Committees of the Board of Directors" and is incorporated herein by reference.

(e) Section 16(a) Beneficial Ownership Reporting Compliance.

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

(f) Code of Ethics.

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Corporate Governance" and is incorporated herein by reference.

ITEM 11. Executive Compensation

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the headings "Executive Compensation" and "Director Compensation" and is incorporated herein by reference.

ITEM 12. Security Ownership Of Certain Beneficial Owners And Management And Related Stockholder Matters

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the headings "Ownership of Common Stock" and "Equity Compensation Plan Information" and is incorporated herein by reference.

ITEM 13. Certain Relationships And Related Transactions

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Executive Compensation" and is incorporated herein by reference.

ITEM 14. Principal Accountant Fees And Services

This information is included in our definitive proxy statement for the 2006 Annual Meeting of Stockholders under the heading "Ratification of the Appointment of the Public Accountants" and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits And Financial Statement Schedules

The following documents are filed as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements on page 42 of this Form 10-K.
2. Financial Statement Schedules. None required. See page 42 of this Form 10-K.
3. Exhibits. See Index to Exhibits.

INDEX TO EXHIBITS

Item No.	Description
2.1	— International Share Sale Agreement dated October 28, 2004, between Bomag Holding GmbH, Bomag U.L.M. GmbH, Radiodetection Limited, SPX Corporation and Fayat SA., incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (file no. 1-6948).
2.2	— Purchase and Sale Agreement, dated November 15, 2004 by and among the Company, Edwards Systems Technology, Inc., GSBS Development Corporation, Ziton (Pty) Limited, SPX Canada Partner II Co., SPX Canada (GP), Maxivox, Inc., SPX Australia Pty. Ltd., GE and General Electric Canada, incorporated herein by reference from our Current Report on Form 8-K filed on November 18, 2004 (file no. 1-6948).
2.3	— Purchase Agreement, dated as of January 19, 2005, by and among the Company, Kendro GP II, LLC, SPX Europe GmbH, General Signal Ireland B.V., and GSLE Development Corporation and Thermo and Thermo Electron (Oberhausen) GmbH, incorporated herein by reference from our Current Report on Form 8-K filed on January 21, 2005 (file no. 1-6948).
2.4	— Amendment to Purchase Agreement, dated as of May 6, 2005, by and among SPX Corporation, Kendro GP II, LLC, SPX Europe GmbH, General Signal Ireland B.V., and GSLE Development Corporation and Thermo, Thermo Electron (Oberhausen) GmbH, Thermo Electron SA, and Thermo Electron Beteiligungsverwaltungs GmbH, incorporated herein by reference from our Current Report on Form 8-K/A filed on May 16, 2005 (file no. 1-6948).
3.1	— Restated Certificate of Incorporation, as amended, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (file no. 1-6948).
3.2	— Certificate of Ownership and Merger dated April 25, 1988, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 1988 (file no. 1-6948).
3.3	— By-Laws as amended and restated effective April 1, 2003, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (file no. 1-6948).
4.1	— Indenture between SPX Corporation and The Chase Manhattan Bank, dated as of February 6, 2001, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-56364) filed on February 28, 2001.
4.2	— Form of Liquid Yield Option™ Note due 2021 (Zero Coupon-Senior), incorporated herein by reference from our Form S-3 Registration Statement (No. 333-56364) filed on February 28, 2001.
4.3	— Registration Rights Agreement dated as of February 6, 2001, by and between SPX Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-56364) filed on February 28, 2001.
4.4	— Rights Agreement, dated as of June 25, 1996 between SPX Corporation and The Bank of New York, as Rights Agent, relating to Rights to purchase preferred stock under certain circumstances, incorporated herein by reference from our Registration Statement on Form 8-A filed on June 26, 1996 (file no. 1-6948).
4.5	— Amendment No. 1 to Rights Agreement, effective October 22, 1997, between SPX Corporation and The Bank of New York, incorporated herein by reference from our Registration Statement on Form 8-A filed on January 9, 1998 (file no. 1-6948).
4.6	— Indenture between SPX Corporation and The Chase Manhattan Bank, dated as of May 9, 2001, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68648) filed on August 29, 2001.
4.7	— Form of Liquid Yield Option(TM) Note due 2021 (Zero Coupon-Senior), incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68648) filed on August 29, 2001.
4.8	— Registration Rights Agreement dated as of May 9, 2001, by and between SPX Corporation and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68648) filed on August 29, 2001.
4.9	— Form of Senior Indenture, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68652) filed on August 29, 2001.
4.10	— Form of Subordinated Indenture, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68652) filed on August 29, 2001.

- 4.11 — Form of Debt Security, incorporated herein by reference from our Form S-3 Registration Statement (No. 333-68652) filed on August 29, 2001.
 - 4.12 — Amendment No. 2 to Rights Agreement dated as of June 26, 2002, incorporated herein by reference from our Quarterly Report on Form 10-Q for the Quarter ended June 30, 2002 (file no. 1-6948).
 - 4.13 — Indenture between SPX Corporation and JPMorgan Chase Bank, as Trustee, dated as of December 27, 2002, incorporated herein by reference from our Current Report on Form 8-K filed on January 3, 2003 (file no. 1-6948).
 - 4.14 — First Supplemental Indenture between SPX Corporation and JPMorgan Chase Bank, as Trustee, dated as of December 27, 2002, incorporated herein by reference from our Current Report on Form 8-K filed on January 3, 2003 (file no. 1-6948).
 - 4.15 — Second Supplemental Indenture between SPX Corporation and JPMorgan Chase Bank, as Trustee, dated as of June 16, 2003, incorporated herein by reference from our Current Report on Form 8-K filed on June 18, 2003 (file no. 1-6948).
 - 4.16 — Third Supplemental Indenture, dated as of March 24, 2005, between SPX Corporation and JPMorgan Chase Bank, N.A. (f/k/a JPMorgan Chase Bank), as trustee, incorporated herein by reference from our Current Report on Form 8-K/A filed on November 7, 2005 (file no. 1-6948).
 - 4.17 — Fourth Supplemental Indenture, dated as of March 24, 2005, between SPX Corporation and JPMorgan Chase Bank, N.A. (f/k/a JPMorgan Chase Bank), as trustee, incorporated herein by reference from our Current Report on Form 8-K/A filed on November 7, 2005 (file no. 1-6948).
 - 4.18 — Copies of the instruments with respect to our other long-term debt are available to the Securities and Exchange Commission upon request.
 - *10.1 — SPX Corporation Retirement Plan for Directors, as amended and restated, incorporated herein by reference from our Amendment No. 1 on Form 8 to the Annual Report on Form 10-K for the year ended December 31, 1988 (file no. 1-6948).
 - *10.2 — SPX Corporation Supplemental Individual Account Retirement Plan, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2005 (file no. 1-6948).
 - *10.3 — SPX Corporation Supplemental Retirement Savings Plan, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2005 (file no. 1-6948).
 - *10.4 — SPX Corporation 1997 Non-Employee Director's Compensation Plan, incorporated herein by reference from Exhibit A to the Proxy Statement contained in our Schedule 14A filed on March 25, 1997 (file no. 1-6948).
 - *10.5 — Stock Option Award dated as of May 10, 1999 between SPX Corporation and Robert B. Foreman, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (file no. 1-6948).
 - *10.6 — Stock Option Award dated as of August 26, 1998 between SPX Corporation and Christopher J. Kearney, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (file no. 1-6948).
 - *10.7 — Stock Option Award dated as of April 23, 1997 between SPX Corporation and Patrick J. O'Leary, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (file no. 1-6948).
 - *10.8 — Stock Option Award dated as of June 23, 1999 between SPX Corporation and Patrick J. O'Leary, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (file no. 1-6948).
 - *10.9 — Stock Option Award dated as of December 10, 1997 between SPX Corporation and Thomas J. Riordan, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (file no. 1-6948).
 - *10.10 — Nonqualified Stock Option Agreement dated as of October 14, 1996 between SPX Corporation and Patrick J. O'Leary, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (file no. 1-6948).
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- *10.11 — SPX Corporation Supplemental Retirement Plan for Top Management, as amended and restated January 1, 2002, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2001 (file no. 1-6948).
 - 10.12 — Form of Loan Note (Primary Residence) for certain executive officers, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2001 (file no. 1-6948).
 - *10.13 — Amended and Restated Deferred Compensation Plan of United Dominion Industries, Inc., effective as of May 24, 2001, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2001 (file no. 1-6948).
 - *10.14 — SPX Corporation 2002 Stock Compensation Plan, as amended and restated, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (file no. 1-6948).
 - *10.15 — Form of Restricted Stock Agreement under the SPX Corporation 2002 Stock Compensation Plan, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (file no. 1-6948).
 - *10.16 — Form of Restricted Stock Agreement under the SPX Corporation 2002 Stock Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on January 6, 2005 (file no. 1-6948).
 - *10.17 — Amendment to SPX Corporation Supplemental Retirement Plan for Top Management dated June 23, 2004, incorporated herein by reference from our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (file no. 1-6948).
 - *10.18 — Amendment to the SPX Corporation 1997 Non-Employee Directors' Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.19 — SPX Corporation 2005 Non-Employee Directors' Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.20 — Employment Agreement between SPX Corporation and Christopher J. Kearney executed on February 28, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.21 — Employment Agreement between SPX Corporation and Patrick J. O'Leary executed on February 28, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.22 — Employment Agreement between SPX Corporation and Thomas J. Riordan executed on February 28, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.23 — Employment Agreement between SPX Corporation and Jay Caraviello executed on February 28, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.24 — Employment Agreement between SPX Corporation and Robert B. Foreman executed on February 28, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.25 — SPX Corporation Retirement Health Plan for Top Management, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2004 (file no. 1-6948).
 - *10.26 — Executive Change of Control Agreement between SPX Corporation and Christopher J. Kearney dated February 15, 1999, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2004 (file no. 1-6948).
 - *10.27 — Executive Change of Control Agreement between SPX Corporation and Patrick J. O'Leary dated February 15, 1999, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2004 (file no. 1-6948).
 - *10.28 — Executive Change of Control Agreement between SPX Corporation and Robert B. Foreman dated May 10, 1999, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2004 (file no. 1-6948).
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- *10.29 — Executive Change of Control Agreement between SPX Corporation and Thomas J. Riordan dated February 15, 1999, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2004 (file no. 1-6948).
 - *10.30 — Executive Change of Control Agreement between SPX Corporation and Jay Caraviello dated February 15, 1999, incorporated herein by reference from our Annual Report on Form 10-K for the year ended December 31, 2004 (file no. 1-6948).
 - *10.31 — Supplemental Form of Restricted Stock Agreement under the SPX Corporation 2002 Stock Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on March 1, 2005 (file no. 1-6948).
 - *10.32 — Employment Agreement between SPX Corporation and Ross B. Bricker dated as of April 11, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on April 15, 2005 (file no. 1-6948).
 - *10.33 — Change of Control Agreement between SPX Corporation and Ross B. Bricker dated as of April 11, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on April 15, 2005 (file no. 1-6948).
 - *10.34 — SPX Corporation Supplemental Retirement Plan for Top Management, as amended, incorporated herein by reference from our Current Report on Form 8-K filed on May 11, 2005 (file no. 6948).
 - *10.35 — SPX Corporation 2005 Executive Bonus Plan, incorporated herein by reference from our Current Report on Form 8-K filed on June 28, 2005 (file no. 1-6948).
 - *10.36 — Amendment to the SPX Corporation 1997 Non-Employee Directors' Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on June 28, 2005 (file no. 1-6948).
 - *10.37 — Amendment to the SPX Corporation 2005 Non-Employee Directors' Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on June 28, 2005 (file no. 1-6948).
 - *10.38 — Amendment to the SPX Corporation 2005 Non-Employee Directors' Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on August 29, 2005 (file no. 1-6948).
 - *10.39 — Separation Agreement, dated September 23, 2005, by and between Jay Caraviello and SPX Corporation, incorporated herein by reference from our Current Report on Form 8-K filed on September 28, 2005 (file no. 1-6948).
 - *10.40 — Amendment to the SPX Corporation Supplemental Retirement Plan for Top Management, incorporated herein by reference from our Current Report on Form 8-K filed on December 19, 2005 (file no. 1-6948).
 - *10.41 — SPX Corporation Executive Long-Term Disability Plan, incorporated herein by reference from our Current Report on Form 8-K filed on December 19, 2005 (file no. 1-6948).
 - 10.42 — Credit Agreement among SPX Corporation, The Bank of Nova Scotia, Bank of America, N.A., Wachovia Bank, National Association, The Bank of Nova Scotia, Deutsche Bank AG, JPMorgan Chase Bank, N.A. and the lenders party thereto, dated as of November 18, 2005.
 - *10.43 — Employment Agreement between SPX Corporation and Don L. Canterna dated as of December 21, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on December 28, 2005 (file no. 1-6948).
 - *10.44 — Employment Agreement between SPX Corporation and David A. Kowalski dated as of December 21, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on December 28, 2005 (file no. 1-6948).
 - *10.45 — Change-of-Control Severance Agreement between SPX Corporation and Don L. Canterna dated as of December 21, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on December 28, 2005 (file no. 1-6948).
 - *10.46 — Change-of-Control Severance Agreement between SPX Corporation and David A. Kowalski dated as of December 21, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on December 28, 2005 (file no. 1-6948).
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- *10.47 — Amendments to Employment Agreements Regarding Vacation Accrual Between SPX Corporation and each of Christopher Kearney, Patrick O'Leary, Robert Foreman and Thomas Riordan dated as of December 21, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on December 28, 2005 (file no. 1-6948).
- *10.48 — Amendments to Change-of-Control Severance Agreements to Conform Bonus Plan References between SPX Corporation and each of Christopher Kearney, Patrick O'Leary, Robert Foreman and Thomas Riordan dated as of December 21, 2005, incorporated herein by reference from our Current Report on Form 8-K filed on December 28, 2005 (file no. 1-6948).
- *10.49 — Employment Agreement between SPX Corporation and Kevin Lilly, executed on January 6, 2006, incorporated herein by reference from our Current Report on Form 8-K filed on January 6, 2006 (file no. 1-6948).
- *10.50 — Relocation Agreement between SPX Corporation and Kevin Lilly, executed on January 6, 2006, incorporated herein by reference from our Current Report on Form 8-K filed on January 6, 2006 (file no. 1-6948).
- *10.51 — Change-of-Control Severance Agreement between SPX Corporation and Kevin Lilly, executed on January 6, 2006, incorporated herein by reference from our Current Report on Form 8-K filed on January 6, 2006 (file no. 1-6948).
- *10.52 — Separation and Consulting Agreement between SPX Corporation and Ross B. Bricker, executed on January 6, 2006, incorporated herein by reference from our Current Report on Form 8-K filed on January 6, 2006 (file no. 1-6948).
- *10.53 — Amendments to Employment Agreements regarding Retiree Medical Benefits between SPX Corporation and each of Christopher Kearney, Patrick O'Leary, Robert Foreman and Thomas Riordan, dated as of February 2, 2006, incorporated herein by reference from our Current Report on Form 8-K filed on February 6, 2006.
- *10.54 — Amendments to Employment Agreements regarding Retiree Medical Benefits between SPX Corporation and each of Don Canterna and David Kowalski, dated as of February 2, 2006, incorporated herein by reference from our Current Report on Form 8-K filed on February 6, 2006.
- *10.55 — Amendment to SPX Corporation Supplemental Retirement Plan for Top Management, incorporated herein by reference from our Current Report on Form 8-K filed on February 24, 2006 (file no. 1-6948).
- *10.56 — SPX 2006 Executive Bonus Plan, incorporated herein by reference from our Current Report on Form 8-K filed on February 24, 2006 (file no. 1-6948).
- *10.57 — Amendment to Restricted Stock Agreement Regarding Performance Measurement Periods, dated as of February 24, 2006, between the Company and each of Christopher Kearney, Patrick O'Leary, Robert Foreman, Thomas Riordan, Kevin Lilly, Don Canterna and David Kowalski, incorporated herein by reference from our Current Report on Form 8-K filed on February 24, 2006 (file no. 1-6948).
- *10.58 — Amendment to SPX Corporation 2005 Non-Employee Directors' Compensation Plan, incorporated herein by reference from our Current Report on Form 8-K filed on February 24, 2006 (file no. 1-6948).
- *10.59 — Amendment to SPX Corporation 2002 Stock Option Plan.
- *10.60 — Forms of Restricted Stock Unit Agreements Under the 2002 Stock Compensation Plan.
 - 11.1 — Statement regarding computation of earnings per share. See Consolidated Statements of Operations and Comprehensive Income, page 44 of this Form 10-K.
 - 21.1 — Subsidiaries.
 - 23.1 — Consent of Independent Registered Public Accounting Firm — Deloitte & Touche LLP.
 - 23.2 — Consent of Independent Registered Public Accounting Firm — KPMG LLP.
 - 24.1 — Power of Attorney (included on signature page).
 - 31.1 — Rule 13a-14(a) Certifications.
 - 32.1 — Section 1350 Certifications.
 - 99.1 — Report of Independent Registered Public Accounting Firm — KPMG LLP.

* Denotes management contract or compensatory plan or arrangement.

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CREDIT AGREEMENT

dated as of November 18, 2005,

among

SPX CORPORATION,

The Foreign Subsidiary Borrowers Party Hereto,

The Lenders Party Hereto,

**THE BANK OF NOVA SCOTIA,
as Syndication Agent,**

BANK OF AMERICA, N.A.

and

**WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agents,
and**

**JPMORGAN CHASE BANK, N.A.,
as Administrative Agent**

**DEUTSCHE BANK AG,
DRESDNER KLEINWORT WASSERSTEIN,
the Investment Banking Division of Dresdner Bank AG,
and**

**J.P. MORGAN SECURITIES INC.
as Foreign Trade Facility Bookrunners and Mandated Arrangers,**

and

**J.P. MORGAN SECURITIES INC.,
as Sole Lead Arranger and Sole Bookrunner**

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E	Form of Addendum
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I	Form of Incremental Facility Activation Notice
J	Form of New Lender Supplement
K	Form of Utilization Request

CREDIT AGREEMENT, dated as of November 18, 2005, among SPX CORPORATION, a Delaware corporation (the "Parent Borrower"), the Foreign Subsidiary Borrowers (as hereinafter defined) party hereto, the Lenders party hereto, THE BANK OF NOVA SCOTIA, as Syndication Agent, BANK OF AMERICA, N.A. and WACHOVIA BANK, NATIONAL ASSOCIATION, as Documentation Agents, THE BANK OF NOVA SCOTIA, as Canadian Administrative Agent, DEUTSCHE BANK AG, as Foreign Trade Facility Agent, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. *Defined Terms.* As used in this Agreement, the following terms have the meanings specified below:

"*ABR*": when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"*Adjusted LIBO Rate*": with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next $\frac{1}{16}$ of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"*Administrative Agent*": JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder; it being understood that (a) matters concerning Qualified Global Currency Loans (other than Canadian Dollar Loans) will be administered by Chase Manhattan International Limited and therefore all notices concerning such Loans will be required to be given at the London Administrative Office, (b) matters concerning Canadian Dollar Loans will be administered by The Bank of Nova Scotia and therefore all notices concerning such Loans will be required to be given at the Canadian Administrative Office and (c) matters concerning Foreign Credit Instruments will be administered by Deutsche Bank AG (the "*Foreign Trade Facility Agent*") and therefore all notices concerning such Foreign Credit Instruments will be required to be given at the Foreign Trade Administrative Office.

"*Administrative Office*": the New York Administrative Office, the London Administrative Office, the Canadian Administrative Office or the Foreign Trade Administrative Office, as applicable.

"*Administrative Questionnaire*": an Administrative Questionnaire in a form supplied by the Administrative Agent.

"*Advance Payment Guarantee*": a customary standby letter of credit or bank guarantee or surety issued by a Foreign Issuing Lender in favor of customers of the Parent Borrower or any of its Subsidiaries for the purpose of securing the obligation to refund advance payments made by such customers in the case contractual obligations *vis-à-vis* such customers are not fulfilled.

"*Affected Foreign Issuing Lender*": as defined in Section 2.6(m)(i).

"*Affiliate*": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"*Alternate Base Rate*": for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus $\frac{1}{2}$ of 1%. If for any reason the Administrative Agent shall

have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in respect thereof, the Alternate Base Rate shall be determined without regard to clause (c) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate, the Base CD Rate or the Federal Funds Effective Rate, respectively.

"*Alternative Currency*": any currency that is freely available, freely transferable and freely convertible into Dollars and in which dealings in deposits are carried on in the London interbank market, *provided* that such currency is reasonably acceptable to the Administrative Agent and the applicable Issuing Lender.

"*Alternative Currency LC Exposure*": at any time, the sum of (a) the Dollar Equivalent of the aggregate undrawn and unexpired amount of all outstanding Alternative Currency Letters of Credit at such time plus (b) the Dollar Equivalent of the aggregate principal amount of all LC Disbursements in respect of Alternative Currency Letters of Credit that have not yet been reimbursed at such time.

"*Alternative Currency Letter of Credit*": a Letter of Credit denominated in an Alternative Currency.

"*Applicable Percentage*": with respect to any Domestic Revolving Lender, the percentage of the total Domestic Revolving Commitments represented by such Lender's Domestic Revolving Commitment. If the Domestic Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Domestic Revolving Commitments most recently in effect, giving effect to any assignments.

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"*Applicable Rate*": (a) with respect to any Loans (other than Incremental Term Loans), Commitments and Foreign Credit Instruments, for any day, the applicable rate per annum set forth below in the applicable grid, based upon the Consolidated Leverage Ratio as of the most recent determination date:

Consolidated Leverage Ratio	Applicable Rate for Eurocurrency Loans and Foreign Credit Instruments	Applicable Rate for ABR Loans	Commitment Fee Rate
Greater than or equal to 3.00 to 1.0	1.500%	0.500%	0.300%
Greater than or equal to 2.00 to 1.0 and less than 3.00 to 1.0	1.250%	0.250%	0.250%
Greater than or equal to 1.50 to 1.0 and less than 2.00 to 1.0	1.000%	0.000%	0.200%
Greater than or equal to 1.00 to 1.0 and less than 1.50 to 1.0	0.875%	0.000%	0.175%
Less than 1.00 to 1.0	0.750%	0.000%	0.150%

and (b) for Incremental Term Loans, such per annum rates as shall be agreed to by the Parent Borrower and the applicable Incremental Term Lenders as shown in the applicable Incremental Facility Activation Notice; *provided* that, at the time of the making of any Incremental Term Loans, the Applicable Rate for the other Term Loans shall automatically be increased if and to the extent required by Section 2.1(b).

For purposes of the foregoing, (a) the Consolidated Leverage Ratio shall be determined as of the end of each fiscal quarter of the Parent Borrower's fiscal year based upon the Parent Borrower's consolidated financial statements delivered pursuant to Section 5.1(a) or (b), and (b) each change in

the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change; *provided* that (i) subject to clause (ii) below, until the delivery pursuant to Section 5.1(b) of the Parent Borrower's consolidated financial statements for the first two full fiscal quarters of the Parent Borrower occurring after the Effective Date, the Consolidated Leverage Ratio shall be deemed to be greater than or equal to 1.00 to 1.0 and less than 1.50 to 1.0, and (ii) the Consolidated Leverage Ratio shall be deemed to be greater than or equal to 3.00 to 1.0 (A) at any time that an Event of Default has occurred and is continuing or (B) at the option of the Administrative Agent or at the request of the Required Lenders, if the Parent Borrower fails to deliver the consolidated financial statements required to be delivered by it pursuant to Section 5.1(a) or (b), during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.

"*Assessment Rate*": for any day, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund classified as "well-capitalized" and within supervisory subgroup "B" (or a comparable successor risk classification) within the meaning of 12 C.F.R. Part 327 (or any successor provision) to the Federal Deposit Insurance Corporation for insurance by such Corporation of time deposits made in Dollars at the offices of such member in the United States; *provided* that if, as a result of any change in any law, rule or regulation, it is no longer possible to determine the Assessment Rate as aforesaid, then the Assessment Rate shall be such annual rate as shall be determined by the Administrative Agent to be representative of the cost of such insurance to the Lenders.

"*Asset Swap*": the exchange by the Parent Borrower or a Subsidiary of any portion of its assets for other assets which, or Capital Stock of a Person all or substantially all of the assets of which, are of a type used in the business of the Parent Borrower or in a related business, or a combination of any such assets or Capital Stock of such a Person and cash or Permitted Investments, *provided* that in the case of any such exchange involving the exchange of assets having an aggregate fair market value in excess of \$100,000,000, either (a) the Board of Directors of the Parent Borrower or (b) the chief financial officer of the Parent Borrower shall have determined in good faith that the aggregate fair market value of the assets and other consideration received in connection therewith shall at least equal the aggregate fair market value of the assets so exchanged.

"*Assignment and Acceptance*": an assignment and acceptance in the form of Exhibit C or any other form approved by the Administrative Agent.

"*Attributable Debt*": in respect of a Sale/Leaseback Transaction, as at the time of determination, the present value (discounted at the interest rate assumed in making calculations in accordance with FAS 13) of the total obligations of the Parent Borrower or the relevant Subsidiary, as lessee, for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"*Available Global Revolving Commitments*": as at any date of determination with respect to any Global Revolving Lender, an amount in Dollars equal to the excess, if any, of (a) the amount of such Lender's Global Revolving Commitment in effect on such date over (b) the Global Revolving Exposure of such Lender on such date.

"*Available Term Loan Commitment*": as at any date of determination with respect to any Initial Term Loan Lender, an amount equal to the excess, if any, of (a) such Lender's Term Loan Commitment then in effect over (b) such Lender's Initial Term Loans then outstanding.

"*Base CD Rate*": the sum of (a) the Three-Month Secondary CD Rate multiplied by the Statutory Reserve Rate *plus* (b) the Assessment Rate.

"Board": the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowers": the collective reference to the Parent Borrower and the Foreign Subsidiary Borrowers.

"Borrowing": (a) Loans of the same Class and Type, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request": a request by the relevant Borrower for a Borrowing in accordance with Section 2.3.

"Borrowing Subsidiary Agreement": a Borrowing Subsidiary Agreement, substantially in the form of Exhibit G.

"Borrowing Subsidiary Termination": a Borrowing Subsidiary Termination, substantially in the form of Exhibit H.

"Business Day": any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or (except in the case of Dollar-denominated Loans) London are authorized or required by law to remain closed; *provided* that (a) with respect to any borrowings, disbursements and payments in respect of and calculations, interest rates and Interest Periods pertaining to Eurocurrency Loans, such day is also a day on which banks are open for general business in the principal financial center of the country of the relevant currency, (b) with respect to notices and determinations in connection with, and payments of principal and interest on, Loans denominated in Euros, such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Administrative Agent to be a suitable replacement) is open for settlement of payment in Euros, (c) with respect to the issuance of any Foreign Credit Instrument by a Foreign Issuing Lender, such day is also a day on which banks are open for general business at the Foreign Trade Administrative Office and the Lending Office of such Foreign Issuing Lender, (d) with respect to any Utilization Reduction Notice given by a Foreign Issuing Lender, such day is also a day on which banks are open for general business at the Lending Office of such Foreign Issuing Lender, (e) with respect to any calculation of the Euro Equivalent pursuant to Section 2.6(l), the distribution of reports pursuant to Section 2.6(q) and the determination of a Rebasing Date, such day is also a day on which banks are open for general business at the Foreign Trade Administrative Office and (f) in all other cases with respect to the Foreign Trade Facility, such day is also a day on which banks are open for general business in Düsseldorf.

"Calculation Date": two Business Days prior to the last Business Day of each calendar quarter (or any other day selected by the Administrative Agent (each, an "Optional Calculation Date")); *provided* that each date that is on or about the date of any borrowing request or rollover request with respect to any Qualified Global Currency Loan or of any issuance or maturity extension of a Letter of Credit denominated in an Alternative Currency shall also be a "Calculation Date" with respect to the relevant Qualified Global Currency or Alternative Currency, as the case may be.

"Canadian Administrative Office": as defined in Schedule 1.7.

"Canadian B/A": a Bankers' Acceptance as defined in Schedule 1.7.

"Canadian Commitment": as defined in Schedule 1.7.

"Canadian Contract Period": with respect to any Canadian B/A, the term thereof pursuant to subsection 2.3(b)(4) of Schedule 1.7.

"Canadian Lender": as defined in Schedule 1.7.

"*Canadian Dollar Loan*": a C\$ Loan as defined in Schedule 1.7.

"*Canadian dollars*": lawful currency of Canada.

"*Capital Lease Obligations*": with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"*Capital Stock*": shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any and all warrants, rights or options to purchase any of the foregoing (other than any Indebtedness convertible into Capital Stock, until such conversion).

"*Cash Cover*": as defined in Section 2.6(m)(v).

"*Cash Cover Extension*": as defined in Section 2.6(b)(iv).

"*Change in Law*": (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender, Issuing Lender or Foreign Issuing Lender (or, for purposes of Section 2.17(b), by any lending office of such Lender, Issuing Lender or Foreign Issuing Lender or by such Person's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"*Change of Control*": (a) the acquisition of ownership, directly or indirectly, beneficially, by any "person" or "group" (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of Capital Stock representing more than 35% of either the aggregate ordinary voting power or the aggregate equity value represented by the issued and outstanding Capital Stock of the Parent Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Parent Borrower by Persons who were neither (i) nominated by the board of directors of the Parent Borrower nor (ii) appointed by directors so nominated; or (c) the occurrence of a "Change of Control" (or any comparable concept) as defined in any Subordinated Debt Documents, any LYONs Documents or any Other Permitted Debt Documents.

"*Class*": when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Domestic Revolving Loans, Global Revolving Loans, Initial Term Loans, Incremental Term Loans or Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Domestic Revolving Commitment, a Global Revolving Commitment, a Foreign Trade Commitment or a Term Loan Commitment.

"*Code*": the Internal Revenue Code of 1986, as amended from time to time.

"*Collateral*": all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"*Collateral Date*": each date on which, pursuant to Section 5.1, the Parent Borrower delivers annual financial statements in respect of its fiscal year or quarterly financial statements in respect of the second quarter of its fiscal year.

"*Commercial Lifetime*": with respect to any Foreign Credit Instrument that does not provide for a specific expiration date, the period from the date of issuance thereof until the expected maturity of such Foreign Credit Instrument as indicated by the relevant Borrower in its reasonable discretion in the relevant Utilization Request determined on the basis of the lifetime of the underlying obligations.

"*Commitment*": a Domestic Revolving Commitment, a Global Revolving Commitment, a Term Loan Commitment, a Foreign Trade Commitment or any combination thereof (as the context requires).

"*Consideration*": in connection with any acquisition or Investment, the consideration paid by the Parent Borrower or any of its Subsidiaries in connection therewith (including consideration in the form of issuance of Capital Stock of the Parent Borrower or any Subsidiary and assumption of Indebtedness but excluding, for the purposes of any calculation made pursuant to Section 6.5, consideration in the form of issuance of Capital Stock of the Parent Borrower).

"*Consolidated EBITDA*": for any period, Consolidated Net Income for such period *plus*, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or write-off of debt discount and debt issuance costs and commissions, discounts and other premiums, fees and charges associated with Indebtedness, whether in connection with the Incurrence, prepayment, redemption, termination or winddown thereof or otherwise associated with Indebtedness (including the Loans, Foreign Credit Instruments, letters of credit, bankers' acceptances and net costs under Hedging Agreements), (c) depreciation and amortization expense, (d) amortization or write-off of intangibles (including, but not limited to, goodwill) and organization costs, (e) any extraordinary or non-recurring non-cash expenses or non-cash losses, *provided* that in the event that the Parent Borrower or any Subsidiary makes any cash payment in respect of any such extraordinary or non-recurring non-cash expense, such cash payment shall be deducted from Consolidated EBITDA in the period in which such cash payment is made, (f) losses on Dispositions of assets outside of the ordinary course of business, (g) extraordinary or non-recurring cash charges resulting from severance, integration and other adjustments made as a result of Permitted Acquisitions, *provided* that the amounts referred to in this clause (g) reported in any fiscal period ending after the Effective Date shall not, in the aggregate during the term of this Agreement, exceed \$40,000,000 on an after-tax basis, and (h) non-cash compensation expenses, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), and *minus*, to the extent included in the statement of such Consolidated Net Income for such period, (a) any extraordinary or non-recurring non-cash income or non-cash gains and (b) gains on Dispositions of assets outside of the ordinary course of business, all as determined on a consolidated basis; *provided* that in determining Consolidated EBITDA for such period, the cumulative effect of any change in accounting principles (effected either through cumulative effect adjustment or a retroactive application) shall be excluded. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "*Reference Period*") pursuant to any determination of the Consolidated Leverage Ratio, if during such Reference Period (or, in the case of *pro forma* calculations, during the period from the last day of such Reference Period to and including the date as of which such calculation is made) the Parent Borrower or any Subsidiary shall have made a Material Disposition or Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving *pro forma* effect thereto as if such Material Disposition or Material Acquisition occurred on the first day of such Reference Period (with the Reference Period for the purposes of *pro forma* calculations being the most recent period of four consecutive fiscal quarters for which the relevant financial information is available), without giving effect (unless permitted for *pro forma* financial statements prepared in accordance with Regulation S-X) to cost savings. As used in this definition, "*Material Acquisition*" means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves Consideration in excess of \$25,000,000; and "*Material Disposition*" means any Disposition of property or series of related Dispositions of property that (a) involves assets comprising all or substantially all of an operating unit of a business or constitutes all

or substantially all of the common stock of a Subsidiary and (b) yields gross proceeds to the Parent Borrower or any of its Subsidiaries in excess of \$25,000,000.

"*Consolidated Interest Coverage Ratio*": for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"*Consolidated Interest Expense*": for any period, the sum of (a) total cash interest expense (including that attributable to Capital Lease Obligations) of the Parent Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Parent Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to Foreign Credit Instruments, letters of credit and bankers' acceptance financing and net cash costs or net cash income under Hedging Agreements in respect of such Indebtedness to the extent such net cash costs or net cash income, as the case may be, are allocable to such period in accordance with GAAP), (b) total dividend payments made by the Parent Borrower or any of its Subsidiaries to any Person (other than the Parent Borrower or any Wholly Owned Subsidiary Guarantor) during such period in respect of preferred Capital Stock and (c) to the extent not otherwise included in "interest expense" (or any like caption) on a consolidated income statement of the Parent Borrower and its Subsidiaries for such period, any other discounts, fees and expenses comparable to or in the nature of interest under any Qualified Receivables Transaction; *provided that*, notwithstanding the foregoing, in no event shall any of the following constitute "Consolidated Interest Expense": (i) premiums or fees paid by the Parent Borrower or its Subsidiaries in connection with the prepayment or redemption of Indebtedness or (ii) any net cash costs or any net cash income, as the case may be, of the Parent Borrower or its Subsidiaries in connection with termination or winddown of any Hedging Agreement.

"*Consolidated Leverage Ratio*": as at the last day of any period, the ratio of (a) Consolidated Total Debt on such day to (b) Consolidated EBITDA for such period.

"*Consolidated Net Income*": for any period, the consolidated net income (or loss) of the Parent Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; *provided that* there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Parent Borrower or is merged into or consolidated with the Parent Borrower or any of its Subsidiaries and (b) the income (or deficit) of any Person (other than a Subsidiary of the Parent Borrower) in which the Parent Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Parent Borrower or such Subsidiary in the form of dividends or similar distributions; *provided further that*, solely for purposes of calculating Consolidated Net Income pursuant to clause (e)(i)(B)(II) of Section 6.8, there shall be excluded (i) (A) any gain or loss realized upon the sale or other disposition of any property, plant or equipment of the Parent Borrower or its consolidated Subsidiaries (including pursuant to any Sale/Leaseback Transaction) which is not sold or otherwise Disposed of in the ordinary course of business, (B) any gain or loss recorded in connection with the designation of a discontinued operation (exclusive of its operating income or loss) and (C) any gain or loss realized upon the sale or other disposition of any Capital Stock of any Person, (ii) any extraordinary gain or loss, (iii) the cumulative effect of a change in accounting principles (effected either through cumulative effect adjustment or a retroactive application), (iv) any restructuring or special charges appearing on the face of the statement of operations of the Parent Borrower, (v) any non-cash compensation charges, or other non-cash expenses or charges, arising from the grant of or issuance or repricing of stock, stock options or other equity-based awards or any amendment, modification, substitution or change of any such stock, stock options or other equity-based awards and (vi) any increase in the cost of sales or other write-offs or other increased costs resulting from purchase accounting in relation to any acquisitions occurring after October 1, 2004, net of taxes.

"*Consolidated Total Debt*": at any date, the sum of (a) the aggregate principal amount of all Indebtedness of the Parent Borrower and its Subsidiaries at such date (excluding the face amount of undrawn letters of credit and other Foreign Credit Instruments), determined on a consolidated basis in accordance with GAAP, calculated net of the amount of cash and cash equivalents, in excess of \$50,000,000, that would (in conformity with GAAP) be set forth on a consolidated balance sheet of the Parent Borrower and its Subsidiaries for such date, *provided* that, for purposes of Section 6.8(e), "Consolidated Total Debt" shall be calculated without netting such cash and cash equivalents, *plus* (b) without duplication of amounts included in clause (a) above, an amount equal to the aggregate amount of Receivables Transaction Attributed Indebtedness associated with any Qualified Receivables Transaction which is outstanding at such date.

"*Contractual Obligation*": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"*Control*": the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "*Controlling*" and "*Controlled*" have meanings correlative thereto.

"*Counter-Guarantee*": a guarantee payable on first demand by a Foreign Issuing Lender as security for a Foreign Credit Instrument issued by an Indirect Foreign Issuing Lender, a Fronting Lender or an Affected Foreign Issuing Lender.

"*Daily Report*": as defined in Section 2.6(q).

"*DB Direct Internet Agreement*": the db direct internet agreement, dated the date hereof, between the Parent Borrower and the Foreign Trade Facility Agent regarding the use of the db-direct internet communication facility, as such agreement may be amended, modified or otherwise supplemented from time to time.

"*Default*": any event or condition which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default (including, in any event, a "Default" under and as defined in the Senior Note Indenture, any Subordinated Debt Documents or any Other Permitted Debt Documents).

"*Determination Date*": each date that is two Business Days after any Calculation Date or Optional Calculation Date.

"*Disclosed Matters*": the matters disclosed in Schedule 3.4.

"*Dispensable Requirements*": the requirements under Part B of Schedule 1.1C.

"*Disposition*": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. "*Dispose*" and "*Disposed of*" have meanings correlative thereto.

"*Documentation Agents*": the collective reference to Bank of America, N.A. and Wachovia Bank, National Association, in their capacity as documentation agents.

"*Dollar Equivalent*": on any date of determination, (a) for the purposes of determining compliance with Article VI or the existence of an Event of Default under Article VII (other than for the purpose of determining amounts outstanding hereunder, in which case clause (b) below shall govern), with respect to any amount denominated in a currency other than Dollars, the equivalent in Dollars of such amount, determined in good faith by the Parent Borrower in a manner consistent with the way such amount is or would be reflected on the Parent Borrower's audited consolidated financial statements for the fiscal year in which such determination is made, (b) with respect to any amount hereunder denominated in an Alternative Currency or a Qualified Global Currency, the amount of Dollars that may be purchased with such amount of such currency at the Exchange Rate (determined as of the most

recent Calculation Date) with respect to such currency on such date and (c) for the purposes of determining the amount of the Foreign Credit Instruments and any Foreign Trade Exposure that is denominated in a currency other than Dollars, the amount of Dollars that may be purchased with the Euro Equivalent for such Foreign Credit Instruments or Foreign Trade Exposure, as applicable (as determined in accordance with Section 2.6(l)), at the Exchange Rate (determined as of the most recent Calculation Date) with respect to Euros on such date.

"Dollars" or "\$" refers to lawful money of the United States of America.

"Domestic Revolving Availability Period": the period from and including the Effective Date to but excluding the earlier of the Domestic Revolving Maturity Date and the date of termination of the Domestic Revolving Commitments.

"Domestic Revolving Commitment": with respect to each Lender, the commitment, if any, of such Lender to make Domestic Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, as such commitment may be changed from time to time pursuant to this Agreement. The amount of each Lender's Domestic Revolving Commitment as of the Effective Date is set forth on Schedule 1.1A, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Domestic Revolving Commitment, as applicable. The aggregate amount of the Domestic Revolving Commitments is \$350,000,000 as of the Effective Date.

"Domestic Revolving Exposure": with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Domestic Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Domestic Revolving Facility": as defined in the definition of Facility.

"Domestic Revolving Lender": a Lender with a Domestic Revolving Commitment or with Domestic Revolving Exposure.

"Domestic Revolving Loan": a Loan made pursuant to Section 2.1(a)(ii).

"Domestic Revolving Maturity Date": November 18, 2010.

"Domestic Subsidiary": any Subsidiary other than a Foreign Subsidiary.

"Effective Date": the date on which the conditions precedent set forth in Section 4.1 shall be satisfied, which date is November 18, 2005.

"Emerson JV": EGS LLC.

"EMU": Economic and Monetary Union as contemplated in the Treaty.

"Environmental Laws": all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability": any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Parent Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"EONIA": the European Overnight Index Average for deposits in Euros as calculated on a daily basis under the supervision of the European Network of Central Banks and, as at the date of this

Agreement, broadcast on the immediately following day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) (or, if such clearing system ceases to be operative, such other clearing system (if any) is operating, on page EONIA of the Reuters Monitor Money Rates Service.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate": any trade or business (whether or not incorporated) that, together with the Parent Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event": (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Parent Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Parent Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Parent Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Parent Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Parent Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Euro": the single currency of Participating Member States introduced in accordance with the provisions of Article 109(1)4 of the Treaty and, in respect of all payments to be made under this Agreement in Euros, means immediately available, freely transferable funds.

"Eurocurrency": when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Euro Equivalent": with respect to Foreign Credit Instruments or sums denominated in Euros, the Face Amount or the amount of such sum and, with respect to Foreign Credit Instruments or sums not denominated in Euros, such Face Amount or other sum as converted into Euros in accordance with the conversion rules set forth under Section 2.6(l).

"Event of Default": as defined in Article VII.

"Excess Amount": as defined in Section 2.6(m)(i).

"Exchange Rate": on any day, with respect to any Alternative Currency or Qualified Global Currency, the rate at which such Alternative Currency or Qualified Global Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., London time, on such day on the applicable Reuters World Spot Page. In the event that any such rate does not appear on any Reuters World Spot Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates reasonably selected by the Administrative Agent in consultation with the Parent Borrower for such purpose or, at the discretion of the Administrative Agent in consultation with the Parent Borrower, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such Alternative Currency are then being conducted, at or about 11:00 a.m., local time, on

such day for the purchase of the applicable Alternative Currency for delivery two Business Days later, *provided* that, if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any other reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

"Excluded Taxes": with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Borrower is located, (c) in the case of any Borrowing by the Parent Borrower or any Foreign Subsidiary Borrower (other than any Foreign Subsidiary Borrower that becomes a Borrower hereunder after the Effective Date), with respect to any Lender (other than an assignee pursuant to a request by a Borrower under Section 2.21(b)), any withholding tax imposed by the jurisdiction in which such Borrower is located that is (i) imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement or (ii) attributable to such Lender's failure to comply with Section 2.19(e) or 2.19(i), except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from any Borrower with respect to such withholding tax pursuant to Section 2.19(a) and (d) withholding taxes imposed other than as a result of an addition of a Foreign Subsidiary Borrower after the Effective Date or a Change in Law (it being understood that for this purpose the term Change in Law shall not include final Treasury regulations under Section 1441 of the Code becoming effective).

"Existing Credit Agreement": the Credit Agreement, dated as of October 6, 1998, as amended and restated through February 12, 2004, and as further amended through the date hereof, among the Parent Borrower, the several banks and other financial institutions or entities parties thereto, the agents parties thereto and JPMorgan Chase Bank, N.A. (formerly The Chase Manhattan Bank), as administrative agent.

"Existing Foreign Credit Instruments": any outstanding standby letter of credit, bank guarantee or surety which (a) is issued by a Foreign Issuing Lender and listed on Schedule 2.6(a) or (b) would meet the criteria to qualify as a Warranty Guarantee, a Performance Guarantee, an Advance Payment Guarantee, a Tender Guarantee or a General Purpose Guarantee if it had been issued hereunder by a Foreign Issuing Lender under bilateral facilities maintained with the Parent Borrower or any of its Subsidiaries and designated, by written notice from the Parent Borrower and such Foreign Issuing Lender to the Foreign Trade Facility Agent, to constitute an Existing Foreign Credit Instrument.

"Existing Letters of Credit": as defined in Section 2.5(a).

"Extended Foreign Trade Maturity Date": as defined in Section 2.6(b)(i).

"Extending Lenders": as defined in Section 2.6(b)(i).

"Extension Acceptance Notice": as defined in Section 2.6(b)(i).

"Extension Date": as defined in Section 2.6(b)(i).

"Extension Notice": as defined in Section 2.6(b)(i).

"Face Amount": with respect to any Foreign Credit Instrument issued by a Foreign Issuing Lender, the principal face amount of such Foreign Credit Instrument in Euros or, as the case may be, any other currency in which such Foreign Credit Instrument has been issued, such amount representing the maximum liability of such Lender under such Foreign Credit Instrument which may only be increased by fees and interest payable with respect to the secured obligation if, and to the extent, so provided for under the terms of such Foreign Credit Instrument.

"*Facility*": each of (a) the Term Loan Commitments and the Initial Term Loans made hereunder (the "*Term Loan Facility*"), (b) the Domestic Revolving Commitments and the extensions of credit made thereunder (the "*Domestic Revolving Facility*"), (c) the Global Revolving Commitments and the Global Revolving Loans made thereunder (the "*Global Revolving Facility*"), (d) the Foreign Trade Commitments and the extensions of credit made thereunder (the "*Foreign Trade Facility*" and, together with the Domestic Revolving Facility and the Global Revolving Facility, the "*Revolving Facilities*") and (e) the Incremental Term Loans (the "*Incremental Term Loan Facility*").

"*Federal Funds Effective Rate*": for any day, the weighted average (rounded upwards, if necessary, to the next $\frac{1}{100}$ of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next $\frac{1}{100}$ of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"*Financial Officer*": the chief financial officer, principal accounting officer, treasurer or controller of the Parent Borrower.

"*Foreign Credit Commission*": as defined in Section 2.6(n)(i).

"*Foreign Credit Commitment Fee*": as defined in Section 2.6(n)(ii).

"*Foreign Credit Disbursement*": as defined in Section 2.6(h)(i).

"*Foreign Credit Fronting Fee*": as defined in Section 2.6(n)(iv).

"*Foreign Credit Handling Fee*": as defined in Section 2.6(n)(iii).

"*Foreign Credit Instrument*": a Warranty Guarantee, a Performance Guarantee, an Advance Payment Guarantee, a Tender Guarantee, a General Purpose Guarantee or a Counter-Guarantee, including (subject to the provisions of Section 2.6(a)) any Existing Foreign Credit Instrument.

"*Foreign Credit Instrument Requirements*": the Dispensable Requirements and the Mandatory Requirements.

"*Foreign Credit Instrument Termination Date*": as defined in Section 2.6(i)(i).

"*Foreign Credit Reimbursement Obligation*": the obligation of each relevant Borrower to reimburse the relevant Foreign Issuing Lender pursuant to Section 2.6(h) for Foreign Credit Disbursements.

"*Foreign Issuing Lender*": a Lender with a Foreign Trade Commitment or with Foreign Trade Exposure.

"*Foreign Subsidiary*": any Subsidiary (a) that is organized under the laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia or (b) that is a Foreign Subsidiary Holdco.

"*Foreign Subsidiary Borrower*": (a) with respect to the Global Revolving Facility, any Foreign Subsidiary of the Parent Borrower designated as a Foreign Subsidiary Borrower by the Parent Borrower pursuant to Section 2.23(a) that has not ceased to be a Foreign Subsidiary Borrower pursuant to such Section and (b) with respect to the Foreign Trade Facility, any Foreign Subsidiary of the Parent Borrower designated as a Foreign Subsidiary Borrower by the Parent Borrower pursuant to Section 2.23(b) that has not ceased to be a Foreign Subsidiary Borrower pursuant to such Section.

"*Foreign Subsidiary Holdco*": any Domestic Subsidiary that has no material assets other than the Capital Stock of one or more Foreign Subsidiaries, and other assets relating to an ownership interest in any such Capital Stock.

"*Foreign Subsidiary Opinion*": with respect to any Foreign Subsidiary Borrower, a legal opinion of counsel to such Foreign Subsidiary Borrower addressed to the Administrative Agent and the Lenders covering the matters set forth on Exhibit D-3, with such assumptions, qualifications and deviations therefrom as the Administrative Agent shall approve (such approval not to be unreasonably withheld).

"*Foreign Trade Administrative Office*": the office of the Foreign Trade Facility Agent located at Trade Center, Königsallee 45 - 47, 40212 Düsseldorf, Germany, or such other office as may be designated by the Foreign Trade Facility Agent by written notice to the Parent Borrower, the Administrative Agent and the Lenders.

"*Foreign Trade Commitment*": with respect to each Lender, the commitment, if any, of such Lender to issue Foreign Credit Instruments, as such commitment may be changed from time to time pursuant to this Agreement. The amount of each Lender's Foreign Trade Commitment as of the Effective Date is set forth on Schedule 1.1A, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Foreign Trade Commitment, as applicable. The aggregate principal amount of the Foreign Trade Commitments as of the Effective Date is €361,887,500.00.

"*Foreign Trade Exposure*": with respect to any Lender at any time, the Euro Equivalent (or, for purposes of any determination of Required Lenders, the Dollar Equivalent) of the sum of (a) the aggregate outstanding amount of such Lender's obligations in respect of Foreign Credit Instruments at such time *plus* (b) the aggregate amount of all Foreign Credit Disbursements made by such Lender that have not yet been reimbursed by or on behalf of the relevant Borrower at such time.

"*Foreign Trade Facility*": as defined in the definition of Facility.

"*Foreign Trade Facility Agent*": as defined in the definition of Administrative Agent.

"*Foreign Trade Maturity Date*": November 18, 2010, as such date may be extended pursuant to Section 2.6(b).

"*Fronted Foreign Credit Instrument*": a Foreign Credit Instrument that is issued or continued under one or more Counter-Guarantees of a Fronting Guarantor.

"*Fronting Cover*": as defined in Section 2.6(m)(i).

"*Fronting Guarantor*": as defined in Section 2.6(j)(ii).

"*Fronting Lender*": any Lender that has issued a Fronted Foreign Credit Instrument.

"*GAAP*": generally accepted accounting principles in the United States of America.

"*General Purpose Guarantee*": a customary standby letter of credit or bank guarantee or surety issued by a Foreign Issuing Lender for the purpose of securing any obligations of the Parent Borrower or any of its Subsidiaries, other than (a) Advance Payment Guarantees, (b) Warranty Guarantees, (c) Performance Guarantees, (d) Tender Guarantees and (e) any other Foreign Credit Instrument issued to secure obligations to financial creditors, but including, *inter alia*, customs guarantees, guarantees for rental payments and for the benefit of tax authorities and guarantees used as collateral in connection with court proceedings.

"*Global Revolving Availability Period*": the period from and including the Effective Date to but excluding the earlier of the Global Revolving Maturity Date and the date of termination of the Global Revolving Commitments.

"*Global Revolving Facility*": as defined in the definition of Facility.

"*Global Revolving Commitment*": with respect to each Lender, the commitment, if any, of such Lender to make Global Revolving Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Global Revolving Exposure hereunder, as such

commitment may be changed from time to time pursuant to this Agreement. The amount of each Lender's Global Revolving Commitment as of the Effective Date is set forth on Schedule 1.1A, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Global Revolving Commitment, as applicable. The aggregate amount of the Global Revolving Commitments is \$100,000,000 as of the Effective Date.

"*Global Revolving Exposure*": with respect to any Lender at any time, the sum of (a) the aggregate outstanding principal amount of such Lender's Global Revolving Loans at such time that are denominated in Dollars *plus* (b) the Dollar Equivalent at such time of the aggregate outstanding principal amount of such Lender's Global Revolving Loans at such time that are denominated in Qualified Global Currencies.

"*Global Revolving Lender*": a Lender with a Global Revolving Commitment or with Global Revolving Exposure.

"*Global Revolving Loan*": a Loan made pursuant to Section 2.1(a)(iii), including Canadian Dollar Loans and any Canadian B/A accepted in accordance with Schedule 1.7.

"*Global Revolving Maturity Date*": November 18, 2010.

"*Governmental Authority*": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government (including, without limitation, any European central bank or other similar agency, authority or regulatory body), any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"*Guarantee*": with respect to any Person (the "*guarantor*"), any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; *provided*, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business, purchaser or customer arrangements in the ordinary course of business, Standard Receivables Undertakings or "comfort" letters delivered to auditors in connection with statutory audits.

"*Guarantee and Collateral Agreement*": the Guarantee and Collateral Agreement to be executed and delivered by the Parent Borrower and the Subsidiary Guarantors in favor of the Administrative Agent, in substantially the form of Exhibit A, as the same may be amended, supplemented or otherwise modified from time to time.

"*Hazardous Materials*": all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"*Hedging Agreement*": any interest rate agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price swap or hedging arrangement or option.

"*Incremental Facility Activation Notice*": a notice substantially in the form of Exhibit I.

"*Incremental Term Lenders*": each Lender with an outstanding Incremental Term Loan.

"*Incremental Term Loan Facility*": as defined in the definition of Facility.

"*Incremental Term Loan Maturity Date*": with respect to the Incremental Term Loans to be made pursuant to any Incremental Facility Activation Notice, the maturity date specified in such Incremental Facility Activation Notice, which date shall be a date no earlier than the final maturity of the other Term Loans.

"*Incremental Term Loans*": as defined in Section 2.1(b).

"*Incur*": as defined in Section 6.2. "Incurrence" and "Incurred" shall have correlative meanings.

"*Indebtedness*": with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person (other than current trade payables Incurred in the ordinary course of business and payable in accordance with customary practices), (d) all obligations of such Person in respect of the deferred purchase price of property or services (other than (i) current trade payables or liabilities for deferred payment for services to employees and former employees, in each case Incurred in the ordinary course of business and payable in accordance with customary practices and (ii) unsecured Payables Programs in respect of current trade payables Incurred in the ordinary course of business, so long as the aggregate amount at any time outstanding that is owed in respect of such Payables Programs does not exceed an amount equal to the current trade payables so financed plus interest (or equivalent), yield, indemnities, fees and expenses in connection therewith), (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (j) all preferred and/or redeemable Capital Stock of any Subsidiary of such Person that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is six months after the latest maturity date for Loans hereunder, (k) Receivables Transaction Attributed Indebtedness and (l) for the purposes of Section 6.2 only, all obligations of such Person in respect of Hedging Agreements. The Indebtedness of any Person (i) shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor and (ii) shall exclude customer deposits in the ordinary course of business.

"*Indemnified Taxes*": Taxes other than Excluded Taxes.

"*Indirect Foreign Credit Instrument*": as defined in Section 2.6(g)(iv).

"*Indirect Foreign Issuing Lender*": as defined in Section 2.6(g)(iv).

"*Information Memorandum*": the Confidential Information Memorandum, dated October 2005, relating to the Parent Borrower and the Facilities.

"*Initial Term Loan*": a Loan made pursuant to Section 2.1(a)(i).

"Initial Term Loan Lender": a Lender with a Term Loan Commitment or with an outstanding Initial Term Loan.

"Interest Election Request": a request by the relevant Borrower to convert or continue a Revolving Borrowing or Term Loan Borrowing in accordance with Section 2.8.

"Interest Payment Date": (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period": with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the relevant Borrower may elect; *provided*, that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Invalid First Demand Feature": as defined in Section 2.6(h)(iv).

"Investments": as defined in Section 6.5.

"Issuing Lender": as the context may require, (a) JPMorgan Chase Bank, N.A., with respect to Letters of Credit issued by it, (b) any other Domestic Revolving Lender that becomes an Issuing Lender pursuant to Section 2.5(l), with respect to Letters of Credit issued by it, and (c) any Domestic Revolving Lender that has issued an Existing Letter of Credit, with respect to such Existing Letter of Credit and, in each case its successors in such capacity as provided in Section 2.5(i). Any Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Lender, in which case the term "Issuing Lender" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Joint Foreign Issuing Lenders": as defined in Section 2.6(k)(i).

"Joint Foreign Trade Facility Agent": as defined in Section 2.6(k)(ii).

"Joint Signature Foreign Credit Instrument": a Foreign Credit Instrument issued by two or more Foreign Issuing Lenders acting as several debtors in accordance with Section 2.6(k).

"Judgment Currency": as defined in Section 9.15(a).

"Judgment Currency Conversion Rate": as defined in Section 9.15(a).

"Latest Notification Day": as defined in Section 2.6(g)(i).

"LC Disbursement": a payment made by the applicable Issuing Lender pursuant to a Letter of Credit.

"LC Exposure": at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit that are denominated in Dollars at such time plus (b) the aggregate amount of all LC Disbursements that are denominated in Dollars that have not yet been reimbursed by or on behalf of

the relevant Borrower at such time *plus* (c) the Alternative Currency LC Exposure at such time. The LC Exposure of any Domestic Revolving Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"*Lender Affiliate*": (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"*Lenders*": the Persons listed on Schedule 1.1A and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender, each Issuing Lender and each Foreign Issuing Lender.

"*Lending Office*": with respect to any Foreign Issuing Lender, the office designated by such Lender by written notice to the Foreign Trade Facility Agent, the Administrative Agent and the relevant Borrower.

"*Letter of Credit*": any letter of credit (other than a Foreign Credit Instrument) issued pursuant to this Agreement, including the Existing Letters of Credit.

"*LIBO Rate*": with respect to any Eurocurrency Borrowing, for any Interest Period, the rate appearing on the relevant page of the Telerate screen (or any successor to or substitute for such screen, providing rate quotations comparable to those currently provided on such page of such screen, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars or the relevant Qualified Global Currency, as the case may be, in the relevant interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in such currency with a maturity comparable to such Interest Period. If such rate is not available at such time for any reason, and in all cases in the case of sterling-denominated Loans, the "*LIBO Rate*" with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which deposits in the relevant currency of \$5,000,000 (or the appropriate equivalent thereof) and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period *plus* in each case, the cost imputed to the Lenders of sterling-denominated Loans of compliance with the mandatory liquid assets requirements of the Bank of England during such Interest Period, as such cost is reasonably determined by the Administrative Agent.

"*Lien*": with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"*Loan*": any loan made by any Lender pursuant to this Agreement.

"*Loan Documents*": this Agreement, the Security Documents, each Borrowing Subsidiary Agreement and each Borrowing Subsidiary Termination.

"*Loan Parties*": the Borrowers and the Subsidiary Guarantors.

"*London Administrative Office*": the Administrative Agent's office located at 125 London Wall, London, or such other office in London as may be designated by the Administrative Agent by written notice to the Parent Borrower and the Lenders.

"*LYONs*": the collective reference to (a) the LYONs described in (i) the offering memorandum dated March 10, 2001 and (ii) the offering memorandum dated May 9, 2001 (collectively, the "*LYONs Offering Memoranda*") and (b) the notes issued upon conversion of the LYONs upon the occurrence of a Tax Event (as defined in the LYONs Documents) on the terms described in the LYONs Offering Memoranda.

"*LYONs Contingent Interest*": the payment of contingent interest on or after February 1, 2006, as described in the Summary section of the LYONs Offering Memoranda under the caption "Contingent Interest".

"*LYONs Documents*": all indentures, instruments, agreements and other documents evidencing or governing the LYONs or providing for any Guarantee or other right in respect thereof.

"*LYONs Offering Memoranda*": as defined in the definition of LYONs.

"*LYONs Put/Conversion Rights*": the collective reference to (a) the ability of holders of the LYONs to require purchase of the LYONs through the payment of cash or issuance of common stock or a combination of cash and common stock on specified scheduled dates, as described in the Summary section of the LYONs Offering Memoranda under the caption "Purchase of the LYONs at the Option of the Holder" (or on substantially similar terms on later dates) and (b) the ability of the holders of the LYONs to surrender LYONs for conversion into common stock of the Parent Borrower if specific conditions are satisfied, as described in the Summary section of the LYONs Offering Memoranda under the caption "Conversion Rights" (or on substantially similar terms on later dates).

"*Majority Facility Lenders*": with respect to any Facility, the holders of more than 50% of the sum of (a) the undrawn Commitments under such Facility and (b) the aggregate unpaid principal amount of the Term Loans or Revolving Exposure, as the case may be, outstanding under such Facility.

"*Mandatory Requirements*": the requirements under Part A of Schedule 1.1C.

"*Material Adverse Effect*": a material adverse effect on (a) the business, property, operations or condition (financial or otherwise) of the Parent Borrower and its Subsidiaries taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to perform any of their obligations under any Loan Document or (c) the rights of or benefits available to the Lenders under any Loan Document.

"*Material Indebtedness*": Indebtedness (other than the Loans, Letters of Credit and Foreign Credit Instruments), or obligations in respect of one or more Hedging Agreements, of any one or more of the Parent Borrower and its Subsidiaries in an aggregate principal amount exceeding \$75,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Parent Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Parent Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"*Material Subsidiary*": (a) any Subsidiary listed on Schedule 1.1B as a Material Subsidiary and (b) any other Subsidiary of the Parent Borrower created or acquired after the Effective Date that, together with its Subsidiaries, has aggregate assets (excluding assets that would be eliminated upon consolidation in accordance with GAAP), at the time of determination, in excess of \$50,000,000.

"*Moody's*": Moody's Investors Service, Inc.

"*Multiemployer Plan*": a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"*Net Proceeds*": with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds, but only as and when received,

(ii) in the case of a casualty, insurance proceeds, and (iii) in the case of a casualty or a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid by the Parent Borrower and the Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a Disposition of an asset (including pursuant to a condemnation or similar proceeding), the amount of all payments required to be made by the Parent Borrower and the Subsidiaries as a result of such event to repay Indebtedness (other than Loans) or to pay any other Contractual Obligation secured by such asset or otherwise subject to mandatory prepayment or repayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by the Parent Borrower and the Subsidiaries (including all taxes paid in connection with the repatriation of the Net Proceeds of a Disposition), and the amount of any reserves established by the Parent Borrower and the Subsidiaries to fund contingent liabilities reasonably estimated to be payable, in each case that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of the Parent Borrower).

"New Lender Supplement": a supplement substantially in the form of Exhibit J.

"New York Administrative Office": the Administrative Agent's office located at 270 Park Avenue, New York, New York, or such other office in New York City as may be designated by the Administrative Agent by written notice to the Parent Borrower and the Lenders.

"Non-Extending Lender Maturity Date": as defined in Section 2.6(b)(iii).

"Non-Extending Lenders": as defined in Section 2.6(b)(i).

"Notice Date": as defined in Section 2.6(b)(i).

"Obligation Currency": as defined in Section 9.15(a).

"Obligations": the collective reference to the unpaid principal of and interest (and premium, if any) on the Loans, Reimbursement Obligations and Foreign Credit Reimbursement Obligations and all other obligations and liabilities of the Borrowers (including, without limitation, interest accruing at the then applicable rate provided herein after the maturity of the Loans, Reimbursement Obligations and Foreign Credit Reimbursement Obligations and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Administrative Agent or any Lender (or, in the case of any Hedging Agreement or Specified Cash Management Agreement, any Lender or any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter Incurred, which may arise under, out of, or in connection with, this Agreement, the other Loan Documents, any Hedging Agreement or Specified Cash Management Agreement with any Lender or any Affiliate of any Lender or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, premium, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by any Borrower pursuant to the terms of any of the foregoing agreements).

"Optional Calculation Date": as defined in the definition of Calculation Date.

"Other Permitted Debt": any unsecured Indebtedness Incurred by the Parent Borrower as permitted by Section 6.2(l).

"Other Permitted Debt Documents": all indentures, instruments, agreements and other documents evidencing or governing Other Permitted Debt or providing for any Guarantee or other right in respect thereof.

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise charges or similar levies arising from the execution, delivery or enforcement of any Loan Document.

"Parent Borrower": as defined in the preamble.

"Participant": as defined in Section 9.4(e).

"Participating Member State": each state so described in any EMU legislation.

"Payables Programs": payables programs established to enable the Parent Borrower or any Subsidiary to purchase goods and services from vendors.

"PBGC": the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Performance Guarantee": a customary standby letter of credit or bank guarantee or surety issued by a Foreign Issuing Lender in favor of customers of the Parent Borrower or any of its Subsidiaries for the purpose of securing the fulfillment of such parties' performance obligations under any construction, service or similar agreement.

"Permitted Acquisition": any acquisition by the Parent Borrower or any Subsidiary of all or substantially all of the Capital Stock of, or all or substantially all of the assets of, or of a business, unit or division of, any Person; *provided* that (a) the Parent Borrower shall be in compliance, on a *pro forma* basis after giving effect to such acquisition, with the covenants contained in Section 6.1, in each case recomputed as at the last day of the most recently ended fiscal quarter of the Parent Borrower for which the relevant information is available as if such acquisition had occurred on the first day of each relevant period for testing such compliance (as demonstrated, in the case of any acquisition for which the aggregate Consideration is greater than or equal to \$100,000,000, in a certificate of a Financial Officer delivered to the Administrative Agent prior to the consummation of such acquisition), (b) no Default or Event of Default shall have occurred and be continuing, or would occur after giving effect to such acquisition, (c) substantially all of the property so acquired (including substantially all of the property of any Person whose Capital Stock is directly or indirectly acquired) is useful in the business of the general type conducted by the Parent Borrower and its Subsidiaries on the Effective Date or businesses reasonably related thereto, (d) the Capital Stock so acquired (other than any Capital Stock that is not required by Section 5.11 to become Collateral) shall constitute and become Collateral, (e) if the Ratings Event shall have occurred, substantially all of the property other than Capital Stock so acquired (including substantially all of the property of any Person whose Capital Stock is directly or indirectly acquired when such Person becomes a direct or indirect Wholly Owned Subsidiary of the Parent Borrower in accordance with clause (f), below, but excluding any assets to the extent such assets are not required by Section 5.11 to become Collateral) shall constitute and become Collateral, (f) any Person whose Capital Stock is directly or indirectly acquired shall be, after giving effect to such acquisition, a majority owned Subsidiary and within ninety (90) days of such acquisition shall be a direct or indirect Wholly Owned Subsidiary of the Parent Borrower and (g) any such acquisition shall have been approved by the Board of Directors or comparable governing body of the relevant Person (unless such relevant Person is a majority owned Subsidiary prior to such acquisition).

"Permitted Currencies": Dollars, pounds sterling and Euros.

"Permitted Encumbrances": (a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.5; (b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 90 days or are being contested in compliance with Section 5.5; (c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations; (d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety, indemnity, release and appeal bonds, performance or warranty bonds and other obligations of a like nature, and guarantees thereof, in each case in the ordinary course of business; (e) deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements; (f) judgment Liens not giving rise to an Event of Default so long as such Liens are adequately bonded; (g) banker's Liens,

rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution, *provided* that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Parent Borrower or any Subsidiary in excess of those set forth by regulations promulgated by the Board or other applicable Governmental Authority and (ii) such deposit account is not intended by the Parent Borrower or any Subsidiary to provide collateral to the depository institution; (h) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases or consignments entered into by the Parent Borrower and any Subsidiary in the ordinary course of business; (i) customary restrictions imposed on the transfer of copyrighted or patented materials or other intellectual property and customary provisions in agreements that restrict the assignment of such agreements or any rights thereunder; (j) easements, leases, subleases, ground leases, zoning restrictions, building codes, rights-of-way, minor defects or irregularities in title and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Parent Borrower or any Subsidiary; and (k) customary unperfected Liens Incurred in the ordinary course of business that secure current trade payables Incurred in the ordinary course of business and payable in accordance with customary practices, *provided* that such Liens encumber only the assets related to such current trade payables. Notwithstanding the foregoing, the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments": (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency or instrumentality thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof; (b) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, credit ratings from S&P or from Moody's of at least "A-2" or "P-2", respectively; (c) investments in certificates of deposit, banker's acceptances, overnight bank deposits, eurodollar time deposits and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000 or, in the case of Foreign Subsidiaries, any local office of any commercial bank organized under the laws of the relevant local jurisdiction or any OECD country or any political subdivision thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000 and cash pooling arrangements among Foreign Subsidiaries (sometimes intermediated by a commercial bank); (d) marketable general obligations issued by any State of the United States of America or any political subdivision of any such State or any public instrumentality thereof maturing within one year from the date of acquisition and, at the time of acquisition, having a credit rating of "A" or better from either S&P or Moody's; (e) repurchase agreements with a term of not more than 30 days for securities described in clause (a), (c) or (d) above and entered into with a financial institution satisfying the criteria described in clause (c) above; (f) interests in any investment company or money market fund which invests substantially all of its assets in instruments of the type specified in clauses (a) through (e) above; and (g) in the case of Foreign Subsidiaries (other than any Foreign Subsidiary Holdco), substantially similar Investments to those set forth in clauses (a) through (f) above denominated in foreign currencies, *provided* that references to the United States of America (or any agency, instrumentality or State thereof) shall be deemed to mean foreign countries having a sovereign rating of "A" or better from either S&P or Moody's.

"Permitted Maturity": with respect to any Foreign Credit Instrument, a maximum tenor of 60 months following the respective issuance date; *provided* that (a) not more than 33¹/₃% of the total Foreign Trade Commitments may be used for Foreign Credit Instruments with a tenor of 48 months or more and (b) no Foreign Credit Instrument may have a maximum tenor that is more than 24 months after the then effective Foreign Trade Maturity Date. For purposes of this definition, "tenor" shall

mean the period remaining from time to time until the maturity of the relevant Foreign Credit Instrument determined on the basis of the expiration date specified in the relevant Foreign Credit Instrument in accordance with Section 2.6(c)(iv), or, in the absence of such specific expiration date, the remaining Commercial Lifetime.

"*Person*": any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"*Plan*": any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Parent Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"*Prepayment Event*":

- (a) any Disposition of property or series of related Dispositions of property (excluding any such Disposition permitted by paragraph (a), (b), (c) or (e) of Section 6.6) that yields aggregate gross proceeds to the Parent Borrower or any of the Subsidiary Guarantors (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of \$10,000,000; or
- (b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property of the Parent Borrower or any Subsidiary Guarantor that yields Net Proceeds in excess of \$10,000,000; or
- (c) the Incurrence by the Parent Borrower or any Subsidiary of any Indebtedness, other than Indebtedness permitted by Section 6.2.

"*Prime Rate*": the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"*Qualified Foreign Global Currency*": any Qualified Global Currency other than Dollars borrowed in the United States of America.

"*Qualified Global Currency*": (a) pounds sterling, Euros, Dollars (borrowed in the United States of America) and Canadian dollars (borrowed in London), (b) any other eurocurrency designated by the Parent Borrower with the consent of the Administrative Agent and each Global Revolving Lender and (c) with respect to Loans made by Canadian Lenders, Canadian dollars (borrowed in Canada).

"*Qualified Global Currency Borrowing*": any Borrowing comprised of Qualified Global Currency Loans.

"*Qualified Global Currency Loan*": any Loan denominated in a Qualified Global Currency.

"*Qualified Receivables Transaction*": any transaction or series of transactions that may be entered into by the Parent Borrower or any Subsidiary pursuant to which the Parent Borrower or any Subsidiary may sell, convey or otherwise transfer to a Receivables Entity or any other Person, or may grant a security interest in, any Receivables (whether now existing or arising in the future) of the Parent Borrower or any Subsidiary, and any assets related thereto including, without limitation, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such Receivables, the proceeds of such Receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with sales, factoring or securitizations involving Receivables.

"*Ratings Event*": as defined in Section 5.11(b).

"*Rebasing Date*": as defined in Section 2.6(m)(i).

"*Receivable*": a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account", "chattel paper", a "payment intangible" or an "instrument" under the Uniform Commercial Code as in effect in the State of New York and any "supporting obligations" (as so defined) of such items.

"*Receivables Entity*": either (a) any Subsidiary or (b) another Person to which the Parent Borrower or any Subsidiary transfers Receivables and related assets, in either case which engages in no activities other than in connection with the financing of Receivables:

(i) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(A) is guaranteed by the Parent Borrower or any Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Receivables Undertakings);

(B) is recourse to or obligates the Parent Borrower or any Subsidiary in any way other than pursuant to Standard Receivables Undertakings;
or

(C) subjects any property or asset of the Parent Borrower or any Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Receivables Undertakings;

(ii) with which neither the Parent Borrower nor any Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a purchase money note or Qualified Receivables Transaction permitted by Section 6.6(c) other than (A) on terms, taken as a whole, no less favorable to the Parent Borrower or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Parent Borrower or (B) for the payment of fees in the ordinary course of business in connection with servicing Receivables; and

(iii) to which neither the Parent Borrower nor any Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"*Receivables Transaction Attributed Indebtedness*": (a) in the case of any Receivables securitization (including any Qualified Receivables Transaction, but excluding any sale or factoring of Receivables), the amount of obligations outstanding under the legal documents entered into as part of such Receivables securitization on any date of determination that would be characterized as principal if such Receivables securitization were structured as a secured lending transaction rather than as a purchase and (b) in the case of any sale or factoring of Receivables, the cash purchase price paid by the buyer in connection with its purchase of Receivables (including any bills of exchange) less the amount of collections received in respect of such Receivables and paid to such buyer, excluding any amounts applied to purchase fees or discount or in the nature of interest, in each case as determined in good faith and in a consistent and commercially reasonable manner by the Parent Borrower (*provided* that if such method of calculation is not applicable to such sale or factoring of Receivables, the amount of Receivables Transaction Attributed Indebtedness associated therewith shall be determined in a manner mutually acceptable to the Parent Borrower and the Administrative Agent).

"*Register*" has the meaning set forth in Section 9.4(c).

"*Reimbursement Obligation*": the obligation of each relevant Borrower to reimburse the applicable Issuing Lender pursuant to Section 2.5 for amounts drawn under Letters of Credit.

"*Related Parties*": with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, trustees and advisors of such Person and such Person's Affiliates.

"*Release Date*": as defined in Section 9.14.

"*Required Lenders*": at any time, Lenders having Revolving Exposures, Term Loans and unused Commitments representing at least 51% of the sum of the total Revolving Exposures, outstanding Term Loans and unused Commitments at such time.

"*Requirement of Law*": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"*Reset Date*": as defined in Section 1.5(a).

"*Restricted Payment*": (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of the Parent Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Capital Stock of the Parent Borrower or any Subsidiary or any option, warrant or other right to acquire any such Capital Stock of the Parent Borrower or any Subsidiary and (b) any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on the LYONs, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation, conversion or termination of the LYONs.

"*Revolving Commitments*": the aggregate of the Domestic Revolving Commitments, the Global Revolving Commitments and the Foreign Trade Commitments.

"*Revolving Exposure*": with respect to any Lender at any time, the sum of such Lender's Domestic Revolving Exposure, Global Revolving Exposure and Foreign Trade Exposure.

"*Revolving Facility*": as defined in the definition of Facility.

"*Revolving Lenders*": Domestic Revolving Lenders, Global Revolving Lenders and Foreign Issuing Lenders.

"*Revolving Loans*": Domestic Revolving Loans and Global Revolving Loans.

"*Risk Management Subsidiary*": any Subsidiary (a) that is formed for the purpose of better controlling the costs associated with certain post-retirement benefit obligations, workers' compensation claims, severance, deferred compensation, key man life insurance reserves, environmental liabilities and other liabilities, (b) that is a Subsidiary Guarantor and a "Grantor" for the purposes of the Guarantee and Collateral Agreement and (c) all of the Capital Stock of which, to the extent owned by the Parent Borrower or any Domestic Subsidiary, is pledged as Collateral under the Guarantee and Collateral Agreement.

"*S&P*": Standard & Poor's.

"*Sale/Leaseback Transaction*": as defined in Section 6.7.

"*Security Documents*": the Guarantee and Collateral Agreement and any other security documents granting a Lien on any property of any Person to secure the obligations of any Loan Party under any Loan Document.

"*Senior Note Indenture*": the Indenture entered into by the Parent Borrower in connection with the issuance of the Senior Notes, together with all supplemental indentures, instruments and other

agreements entered into by the Parent Borrower in connection therewith so long as the foregoing do not increase the aggregate principal amount of Senior Notes outstanding thereunder.

"*Senior Notes*": the collective reference to (a) the 7.5% senior notes due 2013 of the Parent Borrower having an aggregate initial principal amount of \$500,000,000 issued on or about December 27, 2002 and (b) the 6.25% senior notes due 2011 of the Parent Borrower having an aggregate initial principal amount of \$300,000,000 issued on or about June 15, 2003; *provided* that the aggregate outstanding principal amount of Senior Notes shall not exceed \$50,000,000.

"*Specified Cash Management Agreement*": any agreement providing for treasury, depository or cash management services, including in connection with any automated clearing house transfers of funds or any similar transactions between the Parent Borrower or any Subsidiary Guarantor and any Lender or Affiliate thereof, which has been designated by the Parent Borrower, by notice to the Administrative Agent not later than 90 days after the execution and delivery of such agreement by the Parent Borrower or such Subsidiary Guarantor, as a "Specified Cash Management Agreement".

"*Specified Indebtedness*": (a) any Indebtedness Incurred as permitted by Section 6.2(g), (h) or (k), and (b) any secured Indebtedness Incurred as permitted by Section 6.2(j) or (p).

"*Standard Receivables Undertakings*": representations, warranties, covenants and indemnities entered into by the Parent Borrower or any Subsidiary which are reasonably customary in sale, factoring or securitization of Receivables transactions.

"*Statutory Reserve Rate*": a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board or by any other Governmental Authority, domestic or foreign, with jurisdiction over the Administrative Agent or any Lender (including any branch, Affiliate or other funding office thereof making or holding a Loan) (a) with respect to the Base CD Rate, for new negotiable nonpersonal time deposits in Dollars of over \$100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate applicable to any Borrowing, for any category of liabilities which includes deposits by reference to which the Adjusted LIBO Rate in respect of such Borrowing is determined. Such reserve percentages shall include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"*Subordinated Debt*": any Indebtedness Incurred by the Parent Borrower as permitted by Section 6.2(b).

"*Subordinated Debt Documents*": all indentures, instruments, agreements and other documents evidencing or governing the Subordinated Debt or providing for any Guarantee or other right in respect thereof.

"*Subsidiary*": with respect to any Person (the "*parent*") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent. Unless

otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Parent Borrower.

"*Subsidiary Guarantor*": any Subsidiary that has guaranteed the Obligations pursuant to the Guarantee and Collateral Agreement. For the avoidance of doubt, no Foreign Subsidiary, Subsidiary of a Foreign Subsidiary, or Receivables Entity shall be required to become a Subsidiary Guarantor.

"*Swingline Exposure*": at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"*Swingline Lender*": JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"*Swingline Loan*": a Loan made pursuant to Section 2.4.

"*Syndication Agent*": The Bank of Nova Scotia, in its capacity as syndication agent.

"*Taxes*": any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"*Tender Guarantee*": a customary standby letter of credit or bank guarantee or surety issued by a Foreign Issuing Lender in favor of (actual or prospective) counterparties of the Parent Borrower or any of its Subsidiaries for the purpose of securing the obligations assumed under any tender, for construction work or other services.

"*Term Loan Commitment*": with respect to each Lender, the commitment, if any, of such Lender to make an Initial Term Loan to the Parent Borrower hereunder during the Term Loan Commitment Period in a principal amount not to exceed the amount set forth under the heading "Term Loan Commitment" opposite such Lender's name on Schedule 1.1A hereto or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate principal amount of the Lenders' Term Loan Commitments is \$750,000,000 as of the Effective Date.

"*Term Loan Commitment Period*": the period from and including the Effective Date to and including the earlier of (a) the date that is six months after the Effective Date and (b) the date of termination of the Term Loan Commitments.

"*Term Loan Facility*": as defined in the definition of Facility.

"*Term Loan Maturity Date*": November 18, 2010.

"*Term Loans*": Initial Term Loans and Incremental Term Loans.

"*Three-Month Secondary CD Rate*": for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day is not a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate is not so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day is not a Business Day, on the next preceding Business Day) by the Administrative Agent from three negotiable certificate of deposit dealers of recognized standing selected by it.

"*Total Consolidated Assets*": as at any date of determination, the total assets of the Parent Borrower and its consolidated Subsidiaries, determined in accordance with GAAP, as of the last day of the fiscal quarter ended immediately prior to the date of such determination for which financial

statements have been (or are required pursuant to Section 5.1(a) or (b) to have been) delivered to the Administrative Agent pursuant to Section 5.1(a) or (b).

"*Total Domestic Exposure*": at any time, the sum of the total Domestic Revolving Exposures.

"*Total Foreign Trade Exposure*": at any time, the sum of the total Foreign Trade Exposures.

"*Total Global Exposure*": at any time, the sum of the total Global Revolving Exposures.

"*Transactions*": the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit and Foreign Credit Instruments hereunder.

"*Treaty*": the Treaty establishing the European Economic Community, being the Treaty of Rome of March 25, 1957 as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed on February 7, 1992 and came into force on November 1, 1993) and as may from time to time be further amended, supplemented or otherwise modified.

"*Type*": when used in reference to any Loan or Borrowing, refers to the rate by reference to which interest on such Loan, or on the Loans comprising such Borrowing, is determined and the currency in which such Loan, or the Loans comprising such Borrowing, are denominated. For purposes hereof, "rate" shall include the Adjusted LIBO Rate, the Alternate Base Rate and any interest rate applicable to Canadian Dollar Loans, and "currency" shall include Dollars and any Qualified Global Currency permitted hereunder.

"*UCC*": for any jurisdiction, the Uniform Commercial Code applicable in such jurisdiction.

"*Utilization Date*": as defined in Section 2.6(g)(i).

"*Utilization Reduction Notice*": as defined in Section 2.6(i)(i).

"*Utilization Request*": as defined in Section 2.6(c).

"*Warranty Guarantee*": a customary standby letter of credit or bank guarantee or surety issued by a Foreign Issuing Lender in favor of customers of the Parent Borrower or any of its Subsidiaries for the purpose of securing any warranty obligations of the Parent Borrower or such Subsidiary.

"*Wholly Owned Domestic Subsidiary*": any Domestic Subsidiary that is a Wholly Owned Subsidiary of the Parent Borrower.

"*Wholly Owned Subsidiary*": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"*Wholly Owned Subsidiary Guarantor*": any Subsidiary Guarantor that is a Wholly Owned Subsidiary of the Parent Borrower, *provided* that, in any event, each Risk Management Subsidiary shall be deemed to constitute a Wholly Owned Subsidiary Guarantor for the purposes of Sections 6.2 and 6.5.

"*Withdrawal Liability*": liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. *Classification of Loans and Borrowings.* For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "*Revolving Loan*") or by Type (e.g., a "*Eurocurrency Loan*") or by Class and Type (e.g., a "*Eurocurrency Revolving Loan*"). Borrowings also may be classified and referred to by Class (e.g., a "*Revolving Borrowing*") or by Type (e.g., a "*Eurocurrency Borrowing*") or by Class and Type (e.g., a "*Eurocurrency Revolving Borrowing*").

SECTION 1.3. *Terms Generally.* The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (f) where applicable, any amount (including, without limitation, minimum borrowing, prepayment or repayment amounts) expressed in Dollars shall, when referring to any currency other than Dollars, be deemed to mean an amount of such currency having a Dollar Equivalent approximately equal to such amount.

SECTION 1.4. *Accounting Terms; GAAP.* Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that if at any time after September 30, 2005 there shall occur any change in respect of GAAP from that used in the preparation of audited financial statements referred to in Section 5.1 in a manner that would have a material effect on any matter under Article VI, the Parent Borrower and the Administrative Agent will, within five Business Days of notice from the Administrative Agent or the Parent Borrower, as the case may be, to that effect, commence, and continue in good faith, negotiations with a view towards making appropriate amendments to the provisions hereof acceptable to the Required Lenders, to reflect as nearly as possible the effect of Article VI as in effect on the date hereof; *provided further* that, until such notice shall have been withdrawn or the relevant provisions amended in accordance herewith, Article VI shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective.

SECTION 1.5. *Exchange Rates.* (a) Not later than 1:00 p.m., New York City time, on each Calculation Date, the Administrative Agent shall (i) determine the Exchange Rate as of such Calculation Date to be used for calculating the Dollar Equivalent amounts of each currency in which a Global Revolving Loan, Alternative Currency Letter of Credit or unreimbursed LC Disbursement is denominated and (ii) give notice thereof to the Parent Borrower. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a "*Reset Date*"), shall remain effective until the next succeeding Reset Date and shall for all purposes of this Agreement (other than for the purpose of converting into Dollars, under Sections 2.5(d), (e), (h), (j) and (k) and 2.14(b), the obligations of the Borrowers and the Domestic Revolving Lenders in respect of LC Disbursements that have not been reimbursed when due) be the Exchange Rates employed in converting any amounts between the applicable currencies.

(b) Not later than 5:00 p.m., New York City time, on each Reset Date, the Administrative Agent shall (i) determine the Global Revolving Exposure or the Alternative Currency LC Exposure, as the case may be, on such date (after giving effect to any Global Revolving Loans to be made or any Alternative Currency Letters of Credit to be issued, renewed, extended or terminated in connection with such determination) and (ii) notify the Parent Borrower and, if applicable, each Issuing Lender of the results of such determination.

SECTION 1.6. *Currency Conversion.* (a) If more than one currency or currency unit are at the same time recognized by the central bank of any country as the lawful currency of that country, then (i) any reference in the Loan Documents to, and any obligations arising under the Loan Documents in, the currency of that country shall be translated into or paid in the currency or currency unit of that country designated by the Administrative Agent and (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognized by the central bank for conversion of that currency or currency unit into the other, rounded up or down by the Administrative Agent as it deems appropriate.

(b) If a change in any currency of a country occurs, this Agreement shall be amended (and each party hereto agrees to enter into any supplemental agreement necessary to effect any such amendment) to the extent that the Administrative Agent specifies to be necessary to reflect the change in currency and to put the Lenders in the same position, so far as possible, that they would have been in if no change in currency had occurred.

SECTION 1.7. *Canadian Borrowing Provisions.* Certain borrowing and administrative provisions applicable to Canadian Dollar Loans are set forth in Schedule 1.7 and, in the event of any inconsistency between Schedule 1.7 and the other provisions of this Agreement as they relate to Canadian Dollar Loans, Schedule 1.7 shall govern.

ARTICLE II

THE CREDITS

SECTION 2.1. *Commitments; Incremental Facilities.* (a) Subject to the terms and conditions set forth herein, each relevant Lender agrees (i) to severally make Initial Term Loans in Dollars to the Parent Borrower from time to time during the Term Loan Commitment Period in an aggregate principal amount not exceeding the Term Loan Commitment of such Lender, *provided* that, at 1:00 p.m., New York City time, on the last day of the Term Loan Commitment Period, the Available Term Loan Commitment of each Lender, if any, automatically shall be reduced to zero, (ii) to severally make Domestic Revolving Loans in Dollars to the Parent Borrower from time to time during the Domestic Revolving Availability Period in an aggregate principal amount that will not result in such Lender's Domestic Revolving Exposure exceeding such Lender's Domestic Revolving Commitment and (iii) to severally make Global Revolving Loans in Dollars or one or more Qualified Global Currencies (as specified in the Borrowing Requests with respect thereto) to any Borrower from time to time during the Global Revolving Availability Period in an aggregate principal amount that will not result in (A) such Lender's Global Revolving Exposure exceeding such Lender's Global Revolving Commitment or (B) the aggregate outstanding principal amount of such Lender's Canadian Dollar Loans at such time exceeding such Lender's Canadian Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Parent Borrower may borrow, prepay and reborrow Domestic Revolving Loans and any Borrower may borrow, prepay and reborrow Global Revolving Loans. Amounts repaid in respect of Term Loans may not be reborrowed.

(b) So long as no Default or Event of Default (including, on a *pro forma* basis, pursuant to Section 6.1) shall be in existence or would be caused thereby, the Parent Borrower and any one or more Lenders may from time to time agree that such Lenders (or any other additional bank, financial institution or other entity which becomes a Lender pursuant to this Section 2.1(b)) shall add an

additional term loan facility (the loans thereunder, the "*Incremental Term Loans*") and/or increase the Commitments in respect of any of the Facilities by executing and delivering to the Administrative Agent an Incremental Facility Activation Notice specifying (i) the amount of such Incremental Term Loans and/or Commitment increase, and (ii) in the case of any Incremental Term Loans, (A) the applicable Incremental Term Loan Maturity Date, (B) the amortization schedule for such Incremental Term Loans, which shall comply with Section 2.11(b) and (C) the Applicable Rate for such Incremental Term Loans; *provided* that the aggregate principal amount of borrowings of Incremental Term Loans and Commitment increases shall not exceed \$250,000,000; *provided, further*, that, notwithstanding the foregoing proviso, the aggregate principal amount of the Foreign Trade Commitments may be further increased by an amount not to exceed €21,287,500.00. If the Applicable Rate for such Incremental Term Loans (which, for such purposes only, shall be deemed to include all upfront or similar fees or original issue discount payable to all Lenders providing such Incremental Loans, with such fees or discount being equated to the interest rates in a manner reasonably determined by the Administrative Agent in consultation with the Parent Borrower based on an assumed four-year life to maturity) exceeds the Applicable Rate for the other Term Loans by more than 0.50%, the Applicable Rate relating to such other Term Loans shall be adjusted to be equal to the Applicable Rate for such Incremental Term Loans (which, for such purposes only, shall be deemed to include all upfront or similar fees or original issue discount payable to all Lenders providing such Incremental Loans, calculated in the manner provided above) *minus* 0.50%. Except for pricing, amortization and maturity, the terms of the Incremental Term Loans will be the same as the terms of the Initial Term Loans. In the case of any increase in the Commitments under any Facility (other than any Incremental Term Loan Facility), the terms applicable to such increased Commitments and the Loans thereunder shall be the same as the terms applicable to the Facility being so increased. In the case of any increase of the Foreign Trade Facility, any new Lender added in connection with such increase must be reasonably acceptable to the Administrative Agent and the Foreign Trade Facility Agent. No Lender shall have any obligation to participate in any Incremental Term Loan or other increase described in this paragraph unless it agrees to do so in its sole discretion. Any additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a "Lender" under this Agreement in connection with the making of any Incremental Term Loan or the making of any additional Commitment shall execute a New Lender Supplement, whereupon such bank, financial institution or other entity shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

SECTION 2.2. *Loans and Borrowings.* (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class; *provided* that (i) each Global Revolving Loan (other than Canadian Dollar Loans) shall be made by the Global Revolving Lenders ratably in accordance with their respective Available Global Revolving Commitments and (ii) each Canadian Dollar Loan shall be made by the Canadian Lenders ratably in accordance with their respective Canadian Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder.

(b) Subject to Section 2.16, (i) each Revolving Borrowing denominated in Dollars and each Term Loan Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the relevant Borrower may request in accordance herewith and (ii) each Qualified Global Currency Borrowing shall be comprised entirely of Eurocurrency Loans. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the relevant Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000; *provided* that (i) an ABR Domestic Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Domestic Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.5(e) and (ii) an ABR Global Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Global Revolving Commitments. Each Swingline Loan shall be in an amount that is an integral multiple of \$500,000 and not less than \$1,000,000. No more than 20 Eurocurrency Borrowings may be outstanding at any one time under the Facilities other than the Global Revolving Facility. Unless otherwise agreed by the Administrative Agent, no more than 10 Eurocurrency Borrowings may be outstanding at any one time under the Global Revolving Facility.

(d) Notwithstanding any other provision of this Agreement, a Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Domestic Revolving Maturity Date, Global Revolving Maturity Date, Term Loan Maturity Date or Incremental Term Loan Maturity Date, as applicable.

SECTION 2.3. *Requests for Borrowings.* To request a Revolving Borrowing or a Term Loan Borrowing, the relevant Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time (or if the request is delivered in London, 11:00 a.m., London time), three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; *provided* that any such notice of an ABR Domestic Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.5(e) may be given not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by delivery to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and (x) signed by the Parent Borrower and, in the case of Borrowings by a Foreign Subsidiary Borrower, such Foreign Subsidiary Borrower or (y) in the case of Borrowings by a Foreign Subsidiary Borrower, signed by the Parent Borrower or such Foreign Subsidiary Borrower, as specified by the Parent Borrower by prior written notice to the Administrative Agent. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.2: (i) the Borrower requesting such Borrowing (and be signed on behalf of such Borrower); (ii) the Class and Type of the requested Borrowing; (iii) the aggregate amount of such Borrowing; (iv) the date of such Borrowing, which shall be a Business Day; (v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto; (vi) the location and number of the relevant Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.7; and (vii) the currency of such Borrowing (which shall be in Dollars in the case of Term Loans, Domestic Revolving Loans and Swingline Loans, and otherwise shall be in Dollars or a Qualified Global Currency). If no election as to the currency of a Global Revolving Borrowing is specified in any such notice, then the requested Borrowing shall be denominated in Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing if denominated in Dollars or a Eurocurrency Borrowing if denominated in a Qualified Global Currency. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each relevant Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.4. *Swingline Loans.* (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Parent Borrower from time to time during the Domestic Revolving Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding \$40,000,000 or (ii) the sum of the total Domestic Revolving Exposures exceeding the total Domestic Revolving Commitments; *provided* that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Parent Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Parent Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy promptly thereafter), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Parent Borrower. The Swingline Lender shall make each Swingline Loan available to the Parent Borrower by means of a credit to the general deposit account of the Parent Borrower with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.5(e), by remittance to the applicable Issuing Lender) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 12:00 noon, New York City time, on any Business Day require the Domestic Revolving Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Domestic Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Domestic Revolving Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loans. Each Domestic Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loans. Each Domestic Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Domestic Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.7 with respect to Loans made by such Lender (and Section 2.7 shall apply, *mutatis mutandis*, to the payment obligations of the Domestic Revolving Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Domestic Revolving Lenders. The Administrative Agent shall notify the Parent Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Parent Borrower (or other party on behalf of the Parent Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Domestic Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Parent Borrower of its obligation to repay such Swingline Loan.

SECTION 2.5. *Letters of Credit.* (a) *General.* Subject to the terms and conditions set forth herein, any Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Lender, at any time and from time to time during the Domestic Revolving Availability Period. Notwithstanding the foregoing, the account party for each Letter of Credit shall be the Parent Borrower or the relevant Foreign Subsidiary Borrower, as specified by the Administrative Agent and the applicable Issuing Lender in consultation with the Parent Borrower. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by a Borrower to, or entered into by a Borrower with, the applicable Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control. The letters of credit described on Schedule 2.5 (the "*Existing Letters of Credit*") shall be deemed to be "Letters of Credit" for all purposes of this Agreement and the other Loan Documents.

(b) *Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions.* To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the relevant Borrower shall deliver to the applicable Issuing Lender and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice specifying the name of the relevant Borrower and requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the currency in which such Letter of Credit is to be denominated (which shall be Dollars or, subject to Section 2.22, an Alternative Currency), the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the applicable Issuing Lender, the relevant Borrower also shall submit a letter of credit application on such Issuing Lender's standard form in connection with any request for a Letter of Credit. Following receipt of such notice and prior to the issuance of the requested Letter of Credit, the Administrative Agent shall calculate the Dollar Equivalent of such Letter of Credit and shall notify the Parent Borrower, the relevant Borrower and the applicable Issuing Lender of the amount of the Total Domestic Exposure after giving effect to (i) the issuance of such Letter of Credit, (ii) the issuance or expiration of any other Letter of Credit that is to be issued or will expire prior to the requested date of issuance of such Letter of Credit and (iii) the borrowing or repayment of any Domestic Revolving Loans or Swingline Loans that (based upon notices delivered to the Administrative Agent by the Parent Borrower) are to be borrowed or repaid prior to the requested date of issuance of such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Parent Borrower and the relevant Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed \$275,000,000, (ii) the LC Exposure with respect to Letters of Credit denominated in Dollars, pounds sterling and Euros shall not exceed \$275,000,000, (iii) the Alternative Currency LC Exposure with respect to Letters of Credit denominated in any Alternative Currency (other than pounds sterling or Euros) shall not exceed \$75,000,000 and (iv) the Total Domestic Exposure shall not exceed the total Domestic Revolving Commitments.

(c) *Expiration Date.* Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Domestic Revolving Maturity Date, *provided* that notwithstanding the foregoing, Letters of Credit having an aggregate face amount not in excess of \$75,000,000 may provide for an expiration date that is more than one year after the date of issuance, so long as such expiration date does not extend beyond the date referred to in clause (ii) above.

(d) *Participations.* By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Lender or the Lenders, the applicable Issuing Lender hereby grants to each Domestic Revolving Lender, and each Domestic Revolving Lender hereby acquires from such Issuing Lender, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Domestic Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent in Dollars, for the account of such Issuing Lender, such Lender's Applicable Percentage of (i) each LC Disbursement made by such Issuing Lender in Dollars and (ii) the Dollar Equivalent, using the Exchange Rates on the date such payment is required, of each LC Disbursement made by such Issuing Lender in an Alternative Currency and, in each case, not reimbursed by the relevant Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to such Borrower for any reason (or, if such reimbursement payment was refunded in an Alternative Currency, the Dollar Equivalent thereof using the Exchange Rates on the date of such refund). Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Reimbursement.* If the applicable Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit, the relevant Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement in Dollars, or (subject to the two immediately succeeding sentences) the applicable Alternative Currency, not later than 12:00 noon, New York City time or the relevant local time, as applicable, on the date that such LC Disbursement is made, if such Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time or the relevant local time, as applicable, on such date, or, if such notice has not been received by such Borrower prior to such time on such date, then not later than 12:00 noon, New York City time or the relevant local time, as applicable, on the Business Day immediately following the day that such Borrower receives such notice; *provided that*, in the case of any LC Disbursement made in Dollars, the relevant Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.3 or 2.4 that such payment be financed in Dollars with an ABR Domestic Revolving Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, such Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Domestic Revolving Borrowing or Swingline Loan. If the relevant Borrower's reimbursement of, or obligation to reimburse, any amounts in any Alternative Currency would subject the Administrative Agent, the applicable Issuing Lender or any Lender to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in Dollars, such Borrower shall, at its option, either (x) pay the amount of any such tax requested by the Administrative Agent, the relevant Issuing Lender or Lender or (y) reimburse each LC Disbursement made in such Alternative Currency in Dollars, in an amount equal to the Dollar Equivalent, calculated using the applicable Exchange Rate on the date such LC Disbursement is made, of such LC Disbursement. If the relevant Borrower fails to make such payment when due, then (i) if such payment relates to an Alternative Currency Letter of Credit, automatically and with no further action required, such Borrower's obligation to reimburse the applicable LC Disbursement shall be permanently converted into an obligation to reimburse the Dollar Equivalent, calculated using the Exchange Rates on the date when such payment was due, of such LC Disbursement and (ii) the Administrative Agent shall promptly notify the applicable Issuing Lender and each other Domestic Revolving Lender of the applicable LC Disbursement, the Dollar Equivalent thereof (if such LC Disbursement relates to an Alternative Currency Letter of Credit), the payment then due from such Borrower in respect thereof

and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Domestic Revolving Lender shall pay to the Administrative Agent in Dollars its Applicable Percentage of the payment then due from the relevant Borrower (determined as provided in clause (i) above, if such payment relates to an Alternative Currency Letter of Credit), in the same manner as provided in Section 2.7 with respect to Loans made by such Lender (and Section 2.7 shall apply, *mutatis mutandis*, to the payment obligations of the Domestic Revolving Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Lender in Dollars the amounts so received by it from the Domestic Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from any Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Lender or, to the extent that Domestic Revolving Lenders have made payments pursuant to this paragraph to reimburse such Issuing Lender, then to such Lenders and such Issuing Lender as their interests may appear. Any payment made by a Domestic Revolving Lender pursuant to this paragraph to reimburse any Issuing Lender for any LC Disbursement (other than the funding of ABR Domestic Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve any Borrower of its obligation to reimburse such LC Disbursement.

(f) *Obligations Absolute.* A Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any application for the issuance of a Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, such Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Lender, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Lender; *provided* that neither of the foregoing sentences shall be construed to excuse such Issuing Lender from liability to a Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by such Issuing Lender's gross negligence, willful misconduct or failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Lender (as finally determined by a court of competent jurisdiction), such Issuing Lender shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuing Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) *Disbursement Procedures.* The applicable Issuing Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Lender shall promptly notify the Administrative Agent and the relevant Borrower by telephone (confirmed by telecopy promptly thereafter) of such demand for payment and whether such Issuing Lender has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve the relevant Borrower of its obligation to reimburse such Issuing Lender and the Domestic Revolving Lenders with respect to any such LC Disbursement.

(h) *Interim Interest.* If an Issuing Lender shall make any LC Disbursement, then, unless the relevant Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that such Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Domestic Revolving Loans; *provided* that, if such Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.15(c) shall apply; *provided further* that, in the case of an LC Disbursement made under an Alternative Currency Letter of Credit, the amount of interest due with respect thereto shall (i) in the case of any LC Disbursement that is reimbursed on or before the Business Day immediately succeeding such LC Disbursement, (A) be payable in the applicable Alternative Currency and (B) if not reimbursed on the date of such LC Disbursement, bear interest at a rate equal to the rate reasonably determined by the applicable Issuing Lender to be the cost to such Issuing Lender of funding such LC Disbursement plus the Applicable Margin applicable to Eurocurrency Revolving Loans at such time and (ii) in the case of any LC Disbursement that is reimbursed after the Business Day immediately succeeding such LC Disbursement (A) be payable in Dollars, (B) accrue on the Dollar Equivalent, calculated using the Exchange Rates on the date such LC Disbursement was made, of such LC Disbursement and (C) bear interest at the rate per annum then applicable to ABR Revolving Loans, subject to Section 2.15(c). Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Lender, except that interest accrued on and after the date of payment by any Domestic Revolving Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Lender shall be for the account of such Lender to the extent of such payment.

(i) *Replacement of any Issuing Lender.* Any Issuing Lender may be replaced at any time by written agreement among the Parent Borrower, the Administrative Agent, the replaced Issuing Lender and the successor Issuing Lender. The Administrative Agent shall notify the Lenders of any such replacement of such Issuing Lender. At the time any such replacement shall become effective, the Parent Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Lender pursuant to Section 2.14(b). From and after the effective date of any such replacement, (i) the successor Issuing Lender shall have all the rights and obligations of such Issuing Lender under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Lender" shall be deemed to refer to such successor or to any previous Issuing Lender, or to such successor and all previous Issuing Lenders, as the context shall require. After the replacement of an Issuing Lender hereunder, the replaced Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) *Cash Collateralization.* If any Event of Default shall occur and be continuing, on the Business Day that a Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Domestic Revolving Lenders with LC Exposure representing at least 51% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, such Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Domestic Revolving Lenders, an amount

in Dollars and in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; *provided* that (i) the portions of such amount attributable to undrawn Alternative Currency Letters of Credit or LC Disbursements in an Alternative Currency that the Borrowers are not late in reimbursing shall be deposited in the applicable Alternative Currencies in the actual amounts of such undrawn Letters of Credit and LC Disbursements and (ii) the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in paragraph (h) or (i) of Article VII. For the purposes of this paragraph, the Alternative Currency LC Exposure shall be calculated using the Exchange Rates on the date notice demanding cash collateralization is delivered to a Borrower. Each Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.12(c). Each such deposit pursuant to this paragraph or pursuant to Section 2.12(c) shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of each Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the relevant Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the relevant Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Domestic Revolving Lenders with LC Exposure representing at least 51% of the total LC Exposure), be applied to satisfy other obligations of such Borrower under this Agreement. If a Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to such Borrower within three Business Days after all Events of Default have been cured or waived. If a Borrower is required to provide an amount of cash collateral hereunder pursuant to Section 2.12(c), such amount (to the extent not applied as aforesaid) shall be returned to such Borrower as and to the extent that, after giving effect to such return, such Borrower would remain in compliance with Section 2.12(c), and no Event of Default shall have occurred and be continuing.

(k) *Conversion.* In the event that the Loans become immediately due and payable on any date pursuant to Article VII, all amounts (i) that a Borrower is at the time or thereafter becomes required to reimburse or otherwise pay to the Administrative Agent in respect of LC Disbursements made under any Alternative Currency Letter of Credit (other than amounts in respect of which such Borrower has deposited cash collateral pursuant to Section 2.5(j), if such cash collateral was deposited in the applicable Alternative Currency to the extent so deposited or applied), (ii) that the Domestic Revolving Lenders are at the time or thereafter become required to pay to the Administrative Agent and the Administrative Agent is at the time or thereafter becomes required to distribute to the applicable Issuing Lender pursuant to paragraph (e) of this Section in respect of unreimbursed LC Disbursements made under any Alternative Currency Letter of Credit and (iii) of each Domestic Revolving Lender's participation in any Alternative Currency Letter of Credit under which an LC Disbursement has been made shall, automatically and with no further action required, be converted into the Dollar Equivalent, calculated using the Exchange Rates on such date (or in the case of any LC Disbursement made after such date, on the date such LC Disbursement is made), of such amounts. On and after such conversion, all amounts accruing and owed to the Administrative Agent, the applicable Issuing Lender or any Lender in respect of the Obligations described in this paragraph shall accrue and be payable in Dollars at the rates otherwise applicable hereunder.

(l) *Additional Issuing Lenders.* The Parent Borrower may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and

such Domestic Revolving Lender, designate one or more additional Domestic Revolving Lenders to act as an issuing lender under the terms of this Agreement, *provided* that the total number of Domestic Revolving Lenders so designated at any time plus the total number of Issuing Lenders pursuant to clause (c) of the definition of the term "Issuing Lenders" at such time shall not exceed five. Any Domestic Revolving Lender designated as Issuing Lender pursuant to this paragraph (1) shall be deemed to be an "Issuing Lender" for the purposes of this Agreement (in addition to being a Domestic Revolving Lender) with respect to Letters of Credit issued by such Domestic Revolving Lender.

(m) *Reporting.* Each Issuing Lender will report in writing to the Administrative Agent (i) on the first Business Day of each week, the aggregate face amount of Letters of Credit issued by it and outstanding as of the last Business Day of the preceding week, (ii) on or prior to each Business Day on which such Issuing Lender expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance or amendment, and the aggregate face amount of Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and such Issuing Lender shall advise the Administrative Agent on such Business Day whether such issuance, amendment, renewal or extension occurred and whether the amount thereof changed), (iii) on each Business Day on which such Issuing Lender makes any LC Disbursement, the date of such LC Disbursement and the amount of such LC Disbursement and (iv) on any Business Day on which any Borrower fails to reimburse an LC Disbursement required to be reimbursed to such Issuing Lender on such day, the date of such failure, the relevant Borrower and amount of such LC Disbursement.

SECTION 2.6. *Foreign Credit Instruments.* (a) *Foreign Trade Commitments.* Subject to the terms and conditions set forth herein, each Foreign Issuing Lender severally agrees to issue bilateral Foreign Credit Instruments, Fronted Foreign Credit Instruments and Joint Signature Foreign Credit Instruments in an aggregate principal amount not exceeding the Foreign Trade Commitment of such Lender. Each Existing Foreign Credit Instrument issued by a Foreign Issuing Lender shall be deemed for all purposes of this Agreement to constitute a Foreign Credit Instrument issued by such Lender and the Foreign Trade Commitment of such Lender shall be deemed utilized in an amount equal to the Euro Equivalent of all Existing Foreign Credit Instruments issued by it and determined as of the Effective Date, subject to subsequent determinations of such Euro Equivalent pursuant to Section 2.6(l); *provided* that (i) with respect to any Existing Foreign Credit Instrument listed on Part B of Schedule 2.6(a), until the execution and delivery, in accordance with Section 2.23(b), of a Borrowing Subsidiary Agreement by the relevant account party under such Foreign Credit Instrument, the Parent Borrower, the Administrative Agent and the Foreign Trade Facility Agent, the rights and obligations of such account party and the relevant Foreign Issuing Lender shall be governed by the documents and instruments evidencing or governing such Foreign Credit Instrument immediately prior to the Effective Date and (ii) with respect to any standby letter of credit, bank guarantee or surety which is not listed on Schedule 2.6(a) and which has been designated an Existing Foreign Credit Instrument as provided under clause (b) of the definition thereof, such instrument shall be deemed to be an Existing Foreign Credit Instrument as of the date of such designation (subject to compliance with all other provisions contained herein (including Section 2.6(d)) and such Foreign Issuing Lender's Foreign Trade Commitment not being exceeded due to the operation of this clause (ii)). Each Foreign Issuing Lender hereby confirms that the Existing Foreign Credit Instruments issued by it conform to the Mandatory Requirements.

(b) *Extension Option.* (i) The Parent Borrower may, not more than twice during the term of this Agreement, by written notice to the Administrative Agent and the Foreign Trade Facility Agent (such notice being an "*Extension Notice*") delivered no later than 90 and not more than 180 days prior to the second anniversary of the Effective Date (or, in the case of the second such notice, no later than 90 and not more than 180 days prior to the date that is two years after such second anniversary) (the date of such notice, the "*Notice Date*"), request the Foreign Issuing Lenders to extend the then applicable Foreign Trade Maturity Date for an additional two years (the "*Extended Foreign Trade Maturity Date*"). The Foreign Trade Facility Agent shall promptly transmit any Extension Notice to each Foreign Issuing Lender. Each Foreign Issuing Lender shall notify the Foreign Trade Facility Agent whether it wishes to extend the then applicable Foreign Trade Maturity Date at least 60 days prior to such anniversary of the Effective Date, and any such notice given by a Foreign Issuing Lender to the Foreign Trade Facility Agent, once given, shall be irrevocable as to such Lender. The Foreign Trade Facility Agent shall promptly notify the Administrative Agent and the Parent Borrower of each Foreign Issuing Lender's notice that it wishes to extend (each, an "*Extension Acceptance Notice*"). Any Lender which does not expressly notify the Foreign Trade Facility Agent on or before the date that is 60 days prior to the then applicable anniversary of the Effective Date that it wishes to so extend the then applicable Foreign Trade Maturity Date shall be deemed to have rejected the Parent Borrower's request for extension of such Foreign Trade Maturity Date. Foreign Issuing Lenders consenting to extend the then applicable Foreign Trade Maturity Date are hereinafter referred to as "*Extending Lenders*", and Foreign Issuing Lenders declining to consent to extend such Foreign Trade Maturity Date (or Lenders deemed to have so declined) are hereinafter referred to as "*Non-Extending Lenders*". If the Majority Facility Lenders in respect of the Foreign Trade Facility have elected (in their sole and absolute discretion) to so extend the then applicable Foreign Trade Maturity Date, the Foreign Trade Facility Agent shall notify the Administrative Agent and the Parent Borrower of such election by such Majority Facility Lenders no later than five Business Days after the date when Extension Acceptance Notices are due, and effective on the date of such notice by the Foreign Trade Facility Agent to the Administrative Agent and the Parent Borrower (the "*Extension Date*"), the Foreign Trade Maturity

Date shall be automatically and immediately so extended to the Extended Foreign Trade Maturity Date. No extension will be permitted hereunder without the consent of the Majority Facility Lenders under the Foreign Trade Facility. Upon the delivery of an Extension Notice and upon the extension of the Foreign Trade Maturity Date pursuant to this Section 2.6(b)(i), the Parent Borrower shall be deemed to have represented and warranted on and as of the Notice Date and the Extension Date, as the case may be, that no Default or Event of Default has occurred and is continuing. Notwithstanding anything contained in this Agreement to the contrary, no Lender shall have any obligation to extend the Foreign Trade Maturity Date, and each Lender may at its option, unconditionally and without cause, decline to extend the Foreign Trade Maturity Date. Upon request of the Parent Borrower, each Extending Lender may, by written notice to the Parent Borrower, the Administrative Agent and the Foreign Trade Facility Agent, increase its Foreign Trade Commitment to an amount agreed with the Parent Borrower, *provided* that the aggregate amount of the Foreign Trade Commitments of all Foreign Issuing Lenders following such increase does not exceed an amount equal to the amount of the Foreign Trade Facility at the time the relevant Extension Notice is given.

(ii) If the Foreign Trade Maturity Date shall have been extended in accordance with Section 2.6(b)(i), all references herein to the "Foreign Trade Maturity Date" shall refer to the Extended Foreign Trade Maturity Date.

(iii) The Foreign Trade Commitment of each Non-Extending Lender shall be cancelled and reduced to zero on the Foreign Credit Maturity Date applicable immediately prior to the relevant extension (the "*Non-Extending Lender Maturity Date*") and, from and after the date such Lender becomes a Non-Extending Lender, such Lender shall not issue any Foreign Credit Instrument that matures after such Non-Extending Lender Maturity Date.

(iv) To the extent any Foreign Credit Instruments (including Fronted Foreign Credit Instruments) issued by a Non-Extending Lender are outstanding on the Non-Extending Lender Maturity Date, the relevant Non-Extending Lender may, in its discretion and with at least 30 days' prior written notice to the relevant Borrower, require that such Borrower provide Cash Cover (or any other credit support (including Counter-Guarantees) to be agreed upon with the Parent Borrower at such Lender's full discretion) not later than the Non-Extending Lender Maturity Date (the "*Cash Cover Extension*").

(v) Each outstanding Foreign Credit Instrument issued by a Non-Extending Lender shall, as of the Non-Extending Lender Maturity Date, cease to be treated as a Foreign Credit Instrument issued under this Agreement. Except to the extent otherwise agreed by such Non-Extending Lender and the Parent Borrower, Sections 2.6(h), 2.6(m)(v), 2.6(m)(vi), 2.6(n)(iii), 2.6(n)(v) and 2.10(a) of this Agreement shall be applicable *mutatis mutandis* with respect to the outstanding Foreign Credit Instruments issued by such Non-Extending Lender as if such provisions had been agreed in a bilateral agreement between the relevant Borrower and the Non-Extending Lender. In the case of a Cash Cover Extension, the relevant Non-Extending Lender shall pay, at the end of each month, interest on the amount deposited by the relevant Borrower with it pursuant to Section 2.6(m)(v), to be calculated on a daily basis (A) if the deposited amount is in Euros, at a rate of EONIA and (B) in the case of any other currency, the rate reasonably determined by such Lender as the rate such Lender would receive for overnight deposits in the relevant currency from any other bank or financial institution, in each case *minus* 0.15% per annum.

(c) *Procedure for Issuance and Reversals.* Each Borrower may, at any time and from time to time during the period from the Effective Date until the Foreign Trade Maturity Date, request the issuance of Foreign Credit Instruments or an extension or other amendment of any outstanding Foreign Credit Instrument by sending to the Foreign Trade Facility Agent a duly completed request for issuance (each, a "*Utilization Request*") by electronic transfer using the db direct internet in accordance with the terms of the DB Direct Internet Agreement. Only if for technical reasons it should not be possible to make a request for issuance through db direct internet, such request may be made (to be pre-advised by

telephone by the relevant Borrower) via fax or by letter, in substantially the form of Exhibit K, in each case to a fax number or address agreed with the Foreign Trade Facility Agent for this purpose, receipt of such fax or letter to be promptly confirmed by the Foreign Trade Facility Agent by telephone to a number agreed with the relevant Borrower for this purpose, *provided* that in such case explicit reference has to be made to this Agreement and the Foreign Trade Facility Agent shall in such case not be held responsible for a delayed processing of such Utilization Request unless such delayed processing is caused by gross negligence or willful misconduct on the part of the Foreign Trade Facility Agent following the confirmation of the receipt of the relevant fax or letter. As the Foreign Trade Facility Agent will not, in the event a Utilization Request is submitted by telefax, be in a position to verify whether such Utilization Request has been duly authorized and sent by the relevant Borrower, each Borrower hereby agrees that the Foreign Trade Facility Agent shall be entitled to execute all Utilization Requests received by telefax if on their face such telefax letters seem to be duly authorized and executed by persons acting on behalf of such Borrower who have been identified as authorized signatories in annex 1.3.1 to the DB Direct Internet Agreement or in the officer's certificate furnished pursuant to Section 4.1(i). Neither the Foreign Trade Facility Agent nor any of the Lenders shall be held liable for the execution of any forged Utilization Request received by telefax except where the forgery is evident or the Foreign Trade Facility Agent or the respective Foreign Issuing Lender acted in gross negligence or willful misconduct. No Utilization Request will be regarded as having been duly completed unless:

- (i) the requested Foreign Credit Instrument would constitute a Warranty Guarantee, a Performance Guarantee, an Advance Payment Guarantee, a Tender Guarantee, a Counter-Guarantee or a General Purpose Guarantee;
- (ii) the proposed wording (if any) for the requested Foreign Credit Instrument is in accordance with the Mandatory Requirements;
- (iii) the requested Foreign Credit Instrument is denominated in a Permitted Currency or any other currency agreed by the Foreign Issuing Lender determined by the Foreign Trade Facility Agent as the Foreign Issuing Lender to issue the requested Foreign Credit Instrument in accordance with Section 2.6(g);
- (iv) the specific expiry date of the requested Foreign Credit Instrument, which must not be linked to any events in the underlying contract and which is not subject to any interpretation, or, if the requested Foreign Credit Instrument does not provide for such determination of a specific expiry date, the Commercial Lifetime, shall fall within the Permitted Maturity;
- (v) the obligor of the obligations to be secured by the requested Foreign Credit Instrument is named; and
- (vi) upon issuance of the requested Foreign Credit Instrument (for this purpose such Foreign Credit Instrument is deemed to be issued at the time of receipt of the Utilization Request therefor by the Foreign Trade Facility Agent), the thresholds for the different types of Foreign Credit Instruments set forth under Section 2.6(d) would not be exceeded.

Only one Foreign Credit Instrument may be requested in each Utilization Request. A Utilization Request may only be revoked by the relevant Borrower (x) until the Foreign Trade Facility Agent has forwarded the Utilization Request to the relevant Foreign Issuing Lender in accordance with Section 2.6(g), by giving notice to the Foreign Trade Facility Agent or (y) thereafter, by giving notice to the relevant Foreign Issuing Lender which has to be received by such Lender at a time when such Lender will, with reasonable efforts, still be in a position to stop the delivery of the relevant Foreign Credit Instrument to the relevant beneficiary or any other Person as instructed by such Borrower. In such case, the relevant Foreign Issuing Lender shall promptly inform the Foreign Trade Facility Agent and the relevant Borrower that the requested Foreign Credit Instrument has not been issued. No

Foreign Issuing Lender shall be required to issue a Foreign Credit Instrument in any jurisdiction that would impose withholding taxes on any payments in respect of such Foreign Credit Instrument.

(d) *Limitations on Use.* The Borrowers may only request the issuance of Foreign Credit Instruments if:

(i) the Euro Equivalent of the requested Foreign Credit Instrument, when aggregated with the Euro Equivalent of all other outstanding Foreign Credit Instruments and unreimbursed Foreign Credit Disbursements as of the time of receipt of the relevant Utilization Request, does not exceed the total Foreign Trade Commitments;

(ii) if the requested Foreign Credit Instrument constitutes a Warranty Guarantee, the Euro Equivalent of such Foreign Credit Instrument, when aggregated with the Euro Equivalent of all other outstanding Warranty Guarantees and unreimbursed Foreign Credit Disbursements in respect of Warranty Guarantees as of the time of receipt of the relevant Utilization Request, does not exceed 30% of the total Foreign Trade Commitments;

(iii) if the requested Foreign Credit Instrument constitutes a Performance Guarantee, the Euro Equivalent of such Foreign Credit Instrument, when aggregated with the Euro Equivalent of all other outstanding Performance Guarantees and unreimbursed Foreign Credit Disbursements in respect of Performance Guarantees as of the time of receipt of the relevant Utilization Request, does not exceed 60% of the total Foreign Trade Commitments;

(iv) if the requested Foreign Credit Instrument constitutes an Advance Payment Guarantee, the Euro Equivalent of such Foreign Credit Instrument, when aggregated with the Euro Equivalent of all other outstanding Advance Payment Guarantees and unreimbursed Foreign Credit Disbursements in respect of Advance Payment Guarantees as of the time of receipt of the relevant Utilization Request, does not exceed 45% of the total Foreign Trade Commitments;

(v) if the requested Foreign Credit Instrument constitutes a Tender Guarantee, the Euro Equivalent of such Foreign Credit Instrument, when aggregated with the Euro Equivalent of all other outstanding Tender Guarantees and unreimbursed Foreign Credit Disbursements in respect of Tender Guarantees as of the time of receipt of the relevant Utilization Request, does not exceed 10% of the total Foreign Trade Commitments; and

(vi) if the requested Foreign Credit Instrument constitutes a General Purpose Guarantee, the Euro Equivalent of such Foreign Credit Instrument, when aggregated with the Euro Equivalent of all other outstanding General Purpose Guarantees and unreimbursed Foreign Credit Disbursements in respect of General Purpose Guarantees as of the time of receipt of the relevant Utilization Request, does not exceed 10% of the total Foreign Trade Commitments.

If the Foreign Trade Facility Agent is of the opinion that a requested Foreign Credit Instrument is not of the type as specified in the Utilization Request by a Borrower or if the type of Foreign Credit Instrument is not clearly specified in the relevant Utilization Request, the Foreign Trade Facility Agent shall reasonably determine the type of the requested Foreign Credit Instrument based on the purpose (or, if such Foreign Credit Instrument is intended to serve more than one purpose, the primary purpose) assumed by the Foreign Trade Facility Agent on the basis of the wording of the relevant requested Foreign Credit Instrument and the facts and circumstances known to it at the time of the receipt of such Utilization Request, and the Foreign Trade Facility Agent shall inform such Borrower accordingly of such determination. If the Foreign Trade Facility Agent and the relevant Borrower mutually determine at a later stage that a Foreign Credit Instrument shall fall into another category, such re-qualification shall be taken into account for the purpose of this Section 2.6(d). No Foreign Credit Instruments shall be issued (and no Borrower shall make such a Utilization Request) which serve as security for obligations of any Person other than a Borrower or a Subsidiary.

(e) *Deviations from Foreign Credit Instrument Requirements.* No Foreign Credit Instrument shall be issued by any Foreign Issuing Lender if the Mandatory Requirements are not fulfilled. No Foreign Issuing Lender shall be obliged to issue a Foreign Credit Instrument (i) which does not fulfill the Dispensable Requirements, (ii) which shall be issued in a currency other than a Permitted Currency, or (iii) if the issuance of the relevant Foreign Credit Instrument is not permitted pursuant to its internal rules and guidelines. In order to avoid a rejection of any issuance of a Foreign Credit Instrument requested by a Borrower due to non-compliance of its terms with the Dispensable Requirements, each Borrower hereby undertakes that, with respect to any Foreign Credit Instrument to be issued where the Borrower considers it reasonably likely that it will not be in a position to negotiate with the relevant future beneficiary terms for the relevant Foreign Credit Instrument which will meet the Dispensable Requirements, such Borrower will as soon as possible approach the Foreign Trade Facility Agent which shall determine the Foreign Issuing Lender which should issue such Foreign Credit Instrument by applying Section 2.6(f) *mutatis mutandis*. Each Borrower shall seek advice from the Foreign Issuing Lender determined by the Foreign Trade Facility Agent as the relevant Foreign Issuing Lender with respect to all Foreign Credit Instrument related issues during its negotiations of the underlying contract with the potential beneficiary of such Foreign Credit Instrument. In cases where, in spite of such Borrower's commercially reasonable efforts, fulfillment of the Dispensable Requirements appears unachievable, the relevant Foreign Issuing Lender and such Borrower shall try to reach an agreement on an indemnity in favor of such Lender which allows such Lender to issue the relevant Foreign Credit Instrument in its contractual relationship with such Borrower, *provided* that the right of the relevant Foreign Issuing Lender to reject the issuance of the requested Foreign Credit Instrument shall remain unaffected.

(f) *Determination of Foreign Issuing Lender.* (i) Following the receipt of a Utilization Request, the Foreign Trade Facility Agent shall determine whether in its opinion the requested Foreign Credit Instrument fulfills the conditions under Sections 2.6(c) and 2.6(d). If the Foreign Trade Facility Agent is of the opinion that the requested Foreign Credit Instrument does not fulfill such conditions it shall promptly inform the relevant Borrower and shall liaise with such Borrower with a view to agree on a modification of such Utilization Request. If no such agreement can be reached, the Foreign Trade Facility Agent shall reject the Utilization Request. If the Foreign Trade Facility Agent is of the opinion (as the case may be, following a modification of such Utilization Request) that the conditions under Sections 2.6(c) and 2.6(d) are fulfilled and no specific Foreign Issuing Lender has been determined in accordance with clause (iii) below it shall forward such Utilization Request for issuance of the relevant Foreign Credit Instrument to the Foreign Issuing Lender(s) determined in accordance with clause (ii) below.

(ii) In order to ensure that the Foreign Credit Instruments are issued substantially on a *pro rata* basis, the Foreign Trade Facility Agent shall allocate the Foreign Credit Instrument to the Foreign Issuing Lender with the lowest relative utilization of its Foreign Trade Commitment as of the time of receipt of such Utilization Request and, if two or more Foreign Issuing Lenders have an identical relative utilization of their respective Foreign Trade Commitments, the Foreign Trade Facility Agent shall allocate the Foreign Credit Instrument to one of these Foreign Issuing Lenders in its free discretion.

(iii) If a Borrower informs the Foreign Trade Facility Agent that in its reasonable opinion (or if the Foreign Trade Facility Agent reasonably believes that) the beneficiary of the relevant Foreign Credit Instrument will only accept a specific Foreign Issuing Lender or a Foreign Issuing Lender meeting specific criteria as issuer or if for any other commercial or legal reason a specific Foreign Credit Instrument should, in the reasonable opinion of the Foreign Trade Facility Agent, be issued by a specific Foreign Issuing Lender, the Foreign Trade Facility Agent shall deviate from (ii) above and allocate the requested Foreign Credit Instrument to (A) such Foreign Issuing Lender, *provided* that such Lender has a sufficient unused Foreign Trade Commitment or (B) any Foreign Issuing Lender

meeting the respective criteria which has a sufficient unused Foreign Trade Commitment, *provided* that in the case of this clause (B), the Foreign Trade Facility Agent shall allocate the Foreign Credit Instrument among the qualifying Foreign Issuing Lenders applying the rules set forth under clause (ii) above *mutatis mutandis*.

(iv) If the Foreign Trade Facility Agent determines that, due to the amount of the requested Foreign Credit Instrument, the requested Foreign Credit Instrument cannot be issued by a single Foreign Issuing Lender, it shall promptly inform the relevant Borrower and such Borrower shall then either withdraw the relevant Utilization Request or instruct the Foreign Trade Facility Agent that the relevant Foreign Credit Instrument:

(A) shall be split into two or, if necessary due to the amount of the Foreign Credit Instrument, more Foreign Credit Instruments issued by several Foreign Issuing Lenders (to be determined in accordance with clauses (ii) and (iii) above);

(B) shall be issued as a Joint Signature Foreign Credit Instrument in accordance with Section 2.6(k); or

(C) if in the reasonable opinion of such Borrower the procedures under the foregoing clauses (A) and (B) will not be acceptable to the beneficiary or for other reasons not feasible, shall be issued as a Fronted Foreign Credit Instrument in accordance with Section 2.6(j).

(v) In no event shall the aggregate amount of the sum of the Euro Equivalent of all Foreign Credit Instruments issued by a Foreign Issuing Lender plus the Euro Equivalent of all unreimbursed Foreign Credit Disbursements of such Lender exceed the amount of such Lender's Foreign Trade Commitment.

(g) *Issuance of Foreign Credit Instruments.* (i) The Foreign Trade Facility Agent shall promptly forward each Utilization Request to the respective Foreign Issuing Lender(s) no later than 3:00 p.m., Düsseldorf time, on the Business Day following the day it has received such Utilization Request (or, if such day is not a Business Day, on the Business Day following the first Business Day after the day the Foreign Trade Facility Agent has received the Utilization Request) (the "*Latest Notification Day*"). The Foreign Trade Facility Agent shall determine in its notice to the relevant Foreign Issuing Lender the day on which the requested Foreign Credit Instrument shall be issued (such day being the "*Utilization Date*") which shall be the second Business Day of such Foreign Issuing Lender immediately following its receipt of the Utilization Request. If, on the Utilization Date, banks are not open for business at the place of the Lending Office of the relevant Foreign Issuing Lender determined in accordance with Section 2.6(f)(ii) but are open for business at the place of the Lending Office of any other Foreign Issuing Lender, the Foreign Trade Facility Agent shall allocate the Foreign Credit Instrument in accordance with Section 2.6(f)(ii) to another Foreign Issuing Lender which is open for business at such day which shall then act as the relevant Foreign Issuing Lender to which the Utilization Request shall be forwarded. Such Foreign Issuing Lender(s) shall issue the respective Foreign Credit Instrument(s) on the Utilization Date unless such Foreign Issuing Lender informs the Foreign Trade Facility Agent and the relevant Borrower on or prior to 5:00 p.m., Düsseldorf time, on the Utilization Date that (and for which reasons) (x) it will not be able to issue the relevant Foreign Credit Instrument on the Utilization Date (in which case the Foreign Issuing Lender shall inform the Foreign Trade Facility Agent and such Borrower when it will be able to issue the relevant Foreign Credit Instrument) or (y) it will not be able to issue the Foreign Credit Instrument at all (1) due to its internal rules and guidelines, or (2) due to any applicable law or regulation with which it has to comply, or (3) due to the currency (other than any Permitted Currency) in which the Foreign Credit Instrument shall be issued, (4) because it is of the opinion that the Mandatory Requirements are not fulfilled or (5) because it is of the opinion that the Dispensable Requirements are not fulfilled.

(ii) If a Foreign Credit Instrument shall be issued on the same day the Utilization Request is delivered to the Foreign Trade Facility Agent (or if such day is not a Business Day, the following Business Day), the relevant Borrower shall inform the Foreign Trade Facility Agent in advance by telephone that the requested Foreign Credit Instrument shall be issued on the same day (or if such day is not a Business Day, the following Business Day). The Foreign Trade Facility Agent shall promptly inform the relevant Foreign Issuing Lender accordingly which shall be obliged to use commercially reasonable efforts to issue the Foreign Credit Instrument on the same day as it receives the Utilization Request.

(iii) (A) In the cases referred to in clause (x) or clause (y)(3) of Section 2.6(g)(i) above, the Foreign Trade Facility Agent shall obtain, and follow, instructions from the relevant Borrower, (B) in the cases referred to in clause (y)(1), (2), (4) and (5) of Section 2.6(g)(i) above, the relevant Borrower shall agree with the relevant Foreign Issuing Lender any amendments necessary to the respective Foreign Credit Instrument to enable the relevant Foreign Issuing Lender to issue the relevant Foreign Credit Instrument and, in the case of sub-paragraph (y)(5), Section 2.6(e) shall apply *mutatis mutandis*, (C) if, in the cases referred to under (A) or (B) above, no agreement can be reached between the relevant Foreign Issuing Lender and the relevant Borrower, such Foreign Issuing Lender shall reject the request to issue the requested Foreign Credit Instrument and the Foreign Trade Facility Agent shall promptly allocate the Foreign Credit Instrument to another Foreign Issuing Lender and the time for issuance of the Foreign Credit Instrument shall be postponed to the extent necessary for practical reasons. Such Foreign Issuing Lender shall promptly inform the Foreign Trade Facility Agent about all changes agreed with such Borrower with respect to a Utilization Request in accordance with this clause (iii).

(iv) The relevant Foreign Issuing Lender may either issue the Foreign Credit Instrument directly or, if requested by and agreed with the relevant Borrower, arrange that the Foreign Credit Instrument (an "*Indirect Foreign Credit Instrument*") be issued by a second bank (including one of its affiliates) or financial institution (the "*Indirect Foreign Issuing Lender*") against its corresponding Counter-Guarantee. In case of an Indirect Foreign Credit Instrument, such Foreign Issuing Lender is entitled to receive, for payment to the Indirect Foreign Issuing Lender, separate fees and expenses in respect of such Indirect Foreign Credit Instrument in addition to the fees and expenses pursuant to Section 2.6(n). In line with international practices, the validity of a Counter-Guarantee in favor of the Indirect Foreign Issuing Lender will exceed the validity of the Indirect Foreign Credit Instrument by at least ten calendar days.

(v) If a Utilization Request is made to request an amendment (including an extension) of any outstanding Foreign Credit Instrument, the Foreign Trade Facility Agent shall forward the Utilization Request to the relevant Foreign Issuing Lender if the requirements of Section 2.6(d) are fulfilled. Clauses (i) through (iii) of Section 2.6(g) shall apply *mutatis mutandis*.

(vi) Each Foreign Issuing Lender shall comply at all times with the obligations set forth on Schedule 2.6(g).

(vii) If the relevant Foreign Issuing Lender has not rejected the request to issue a Foreign Credit Instrument, the requested currency of which is not a Permitted Currency, the relevant Borrower assumes all risks related thereto and shall reimburse all costs related to the procurement of such currency for honoring such Foreign Credit Instrument in such specific currency.

(h) *Borrower Liabilities.* (i) If a Foreign Issuing Lender receives a request for payment under any Foreign Credit Instrument (including from a Fronting Guarantor or Indirect Foreign Issuing Lender under a Counter-Guarantee) issued by it, it shall promptly (and before any payment is made in respect thereof) inform the relevant Borrower, the Foreign Trade Facility Agent and the Administrative Agent accordingly. Such Foreign Issuing Lender may, upon receipt of such demand but not earlier than one Business Day following the notification of the relevant Borrower of the request for payment, make any payment (each, a "*Foreign Credit Disbursement*") in accordance with the terms of the relevant

Foreign Credit Instrument without any reference to or further authority from such Borrower or any other investigation or inquiry, *provided* that (A) the demand for payment appears on its face to be in compliance with the terms specified in such Foreign Credit Instrument, (B) the demand is not obviously fraudulent or forged or conclusive evidence is shown thereof and (C) in case of suretyships (other than upon first demand), such Lender will take into consideration permissible objections or defenses relating to the underlying commercial contract with the beneficiary to the extent that such Borrower, after having been advised of the receipt of a payment demand, has promptly given written evidence thereof to such Lender, in order that it can transmit the same to the beneficiary of such Foreign Credit Instrument.

(ii) Each Borrower shall, upon demand from the relevant Foreign Issuing Lender, irrevocably and unconditionally indemnify such Lender against any sum paid in accordance with clause (i) above under a Foreign Credit Instrument issued by such Lender at the request of such Borrower and against all other liabilities, reasonable costs (including any costs incurred in funding any amount paid by such Lender under or in connection with such Foreign Credit Instrument), claims, losses and expenses which such Lender may at any time (whether before, on or after the Foreign Trade Maturity Date) reasonably incur or sustain in connection with or arising out of any such Foreign Credit Instrument.

(iii) If a Foreign Issuing Lender has made payment to another Foreign Issuing Lender in accordance with Section 2.6(s), such Lender shall, in addition to any right assigned to it against the relevant Borrower in connection with such payment, be entitled to demand from such Borrower to be indemnified against any such payment in accordance with clause (ii) above.

(iv) Each Borrower agrees that if (A) it has requested the issuance of a surety payable upon first demand with respect to an obligation in the underlying contract (governed by German law) which provides for warranty and/or performance obligations to be secured by means of a Foreign Credit Instrument and (B) the classification of such obligation to provide for such surety payable upon first demand as an individual agreement between the relevant counterparties is disputed (clauses (A) and (B) together, the "*Invalid First Demand Feature*"), any invalidity of the underlying contract, the instruction to issue such Foreign Credit Instrument or of the Foreign Credit Instrument itself resulting from the Invalid First Demand Feature shall be disregarded for any purposes under and in connection with this Agreement, in particular in connection with the indemnity provided for in this Section 2.6(h), and that it will refrain (x) from taking any steps of any kind which are based on the Invalid First Demand Feature and which are destined to hinder the relevant Foreign Issuing Lender from fulfilling its obligations under and in connection with such Foreign Credit Instrument in compliance with its terms and (y) from disputing any reimbursement claims based on the Invalid First Demand Feature, unless it provides such Foreign Issuing Lender with obvious and undisputable documentary evidence for a fraudulent demand under such Foreign Credit Instrument enabling and giving such Lender the right to refuse to honor such a demand.

(i) *Reversal of Foreign Credit Instruments.* (i) Each Foreign Issuing Lender will notify the Foreign Trade Facility Agent on each Business Day about any expiration or reduction of the Face Amount of any Foreign Credit Instrument or Counter-Guarantee issued by it which became effective the preceding Business Day (the "*Foreign Credit Instrument Termination Date*") (a "*Utilization Reduction Notice*"). With respect to:

(A) a Foreign Credit Instrument (other than a Counter-Guarantee or an Indirect Foreign Credit Instrument) which under its terms expires without any doubt if no demand has been received by such Foreign Issuing Lender on or before a specified expiry date, such Foreign Issuing Lender will, on the next Business Day following the expiry date, give a Utilization Reduction Notice, unless the terms of such Foreign Credit Instrument provide that it shall be governed in accordance with the laws of any country other than a country which has been a member state of

the European Union as of December 2002 (in which case clause (B) below shall apply *mutatis mutandis*);

(B) a Foreign Credit Instrument (other than a Counter-Guarantee or an Indirect Foreign Credit Instrument) which, under its terms either does not provide for a specific expiry date or does not otherwise expire without any doubt if no demand for payment has been received by such Foreign Issuing Lender on or before a definite expiry date or in the case of a release of a Foreign Credit Instrument before the expiry date specified therein, such Foreign Issuing Lender will give a Utilization Reduction Notice (1) as and when the original of the Foreign Credit Instrument including all amendments, if any, is being received by it from the beneficiary or the relevant Borrower, or (2) after having received any explicit notice of release from the beneficiary in form and substance in accordance with the form provided in Schedule 2.6(i);

(C) a Counter-Guarantee, such Foreign Issuing Lender will give a Utilization Reduction Notice only upon being unconditionally discharged in writing from any respective liability by the Indirect Foreign Issuing Lender, or upon such Foreign Issuing Lender having paid the amount available under the Counter-Guarantee to the Indirect Foreign Issuing Lender, *provided* that if the Foreign Issuing Lender has been prevented from effecting such payment without delay, the Utilization Reduction Notice is subject to any assertion of damages on account of delay by the Indirect Foreign Issuing Lender;

(D) a Foreign Credit Instrument (other than a Counter-Guarantee) issued in connection with legal proceedings in Germany, such Foreign Issuing Lender will give a Utilization Reduction Notice only upon receipt of the original of the Foreign Credit Instrument for discharge from the beneficiary or upon the beneficiary's consent to the discharge or upon establishment of the expiry of the Foreign Credit Instrument by an executory order according to §109(2) of the German Code of Civil Procedure;

(E) a Foreign Credit Instrument (including a Counter-Guarantee where the related Indirect Foreign Credit Instrument is), expressly subject to the Uniform Rules for Demand Guarantees of the International Chamber of Commerce in Paris, such Foreign Issuing Lender will give a Utilization Reduction Notice if under said rules a reversal of a letter of credit or guarantee would have to be made;

(F) reductions of a Foreign Credit Instrument or an Indirect Foreign Credit Instrument / Counter-Guarantee, such Foreign Issuing Lender will give a Utilization Reduction Notice only if (1) the terms and conditions of any reduction clause of the terms of the Foreign Credit Instrument are, without any doubt, complied with or if the beneficiary or, in the case of an Indirect Foreign Credit Instrument, the Indirect Foreign Issuing Lender has certified in writing and unconditionally the reduction of the Foreign Credit Instrument or Counter-Guarantee respectively or (2) the Foreign Issuing Lender has effected partial payment pursuant to a demand; and

(G) any Foreign Credit Instrument in relation to which such Foreign Issuing Lender has effected full payment pursuant to a demand so that the beneficiary would not be entitled to claim any further payment, such Foreign Issuing Lender will give a Utilization Reduction Notice.

(ii) If a claim under a Foreign Credit Instrument is lodged with the relevant Foreign Issuing Lender after such Foreign Issuing Lender has given a Utilization Reduction Notice with respect to such Foreign Credit Instrument:

(A) such Foreign Issuing Lender shall effect payment only if such payment is expressly authorized by the relevant Borrower or ordered by a court decision, enforceable in the country where it was rendered; and

(B) the relevant Borrower shall (1) indemnify such Foreign Issuing Lender in accordance with Section 2.6(h) and (2) pay to such Foreign Issuing Lender an amount equal to the Foreign Credit Commission such Lender would have received if the relevant Foreign Credit Instrument would have been outstanding from the date the relevant Utilization Reduction Notice has been given until the date payment is made by such Borrower to the Foreign Issuing Lender in accordance with Section 2.6(h) *minus* the amount of the corresponding Foreign Credit Commitment Fee paid to such Foreign Issuing Lender pursuant to Section 2.6(m) in respect of such Foreign Credit Instrument for that period.

(iii) From and including the day the Utilization Reduction Notice is made, the Foreign Trade Facility Agent and the relevant Foreign Issuing Lender shall treat each Foreign Credit Instrument subject to such Utilization Reduction Notice for any calculations under this Agreement, as non-existing or, as the case may be, as reduced as specified in the Utilization Reduction Notice, *provided* that, for the purpose of calculating the fees in respect of the Foreign Trade Facility pursuant to Section 2.6(n), such Foreign Credit Instrument shall in any case be treated as non-existing, or, as the case may be, as reduced from the day following the Foreign Credit Instrument Termination Date.

(j) *Fronted Foreign Credit Instruments.* (i) If a Foreign Credit Instrument for which a Utilization Request has been made shall be issued as a Fronted Foreign Credit Instrument, the relevant Borrower may request a specific Foreign Issuing Lender to act as Fronting Lender with respect to such Fronted Foreign Credit Instrument and, if no specific Foreign Issuing Lender is nominated by the Borrower as Fronting Lender, the Foreign Issuing Lender which has the Foreign Trade Commitment with the lowest percentage of utilization shall be requested to act as Fronting Lender with respect to such Fronted Foreign Credit Instrument. In case the Foreign Issuing Lender so determined is not in a position to accept such request due to internal policies or insufficient credit lines for the other Foreign Issuing Lenders which would act as Fronting Guarantors, it shall promptly inform such Borrower and the Foreign Trade Facility Agent accordingly. The Foreign Trade Facility Agent shall then, unless requested otherwise by such Borrower, forward the request to all other Foreign Issuing Lenders. The Foreign Issuing Lender whose acceptance will reach the Foreign Trade Facility Agent first shall then act as Fronting Lender with respect to the requested Fronting Foreign Credit Instrument.

(ii) The Foreign Trade Facility Agent shall, with a view to arrange for an equal utilization of each of the Foreign Trade Commitments and in consent with the Fronting Lender, select certain of the Foreign Issuing Lenders to provide Counter-Guarantees to the Fronting Lender with respect to its claim for indemnification against the relevant Borrower pursuant to clause (iii) below (each such Foreign Issuing Lender a "*Fronting Guarantor*"), *provided* that no Foreign Issuing Lender so selected is required to act as Fronting Guarantor if this would not be in accordance with its internal policies. Each such Fronting Guarantor shall be deemed for all purposes hereof to have issued a Counter-Guarantee to the Fronting Lender for the amount counter-guaranteed by it and, with respect to the determination of the utilization of the Foreign Trade Commitment of the Fronting Lender only, the amount not covered by Counter-Guarantees shall be treated as utilized.

(iii) The Fronting Lender shall issue a Fronted Foreign Credit Instrument to the respective beneficiary in its own name. In the event a Fronting Lender receives a request for payment under any Fronted Foreign Credit Instrument issued by it, it shall promptly inform the relevant Borrower, the Foreign Trade Facility Agent and the respective Fronting Guarantors thereof and the Fronting Guarantors shall reimburse the Fronting Lender under the respective Counter-Guarantees accordingly and such Borrower shall indemnify the Fronting Guarantors and the Fronting Lender in accordance with Section 2.6(h).

(k) *Joint Signature Foreign Credit Instruments.* (i) If a Foreign Credit Instrument for which a Utilization Request has been made shall be issued as a Joint Signature Foreign Credit Instrument, then the relevant Borrower will approach the relevant beneficiary to win its preparedness to accept a Joint

Signature Foreign Credit Instrument. In case of the beneficiary's acceptance, the Foreign Trade Facility Agent will, in close coordination with such Borrower and taking account of the allocation rules pursuant to Section 2.6(f), select the relevant Foreign Issuing Lenders (the "*Joint Foreign Issuing Lenders*") prepared to issue the Joint Signature Foreign Credit Instrument and acceptable to the beneficiary.

(ii) The Joint Foreign Issuing Lenders so selected will then appoint one of the Joint Foreign Issuing Lenders to act as their agent (the "*Joint Foreign Trade Facility Agent*") in connection with the Joint Signature Foreign Credit Instrument acting on terms to be agreed between the Joint Foreign Issuing Lenders and the Joint Foreign Trade Facility Agent pursuant to an agreement substantially in the form of Schedule 2.6(k). The Joint Foreign Trade Facility Agent shall be responsible for coordinating the Joint Foreign Issuing Lenders and shall represent the Joint Foreign Issuing Lenders *vis-à-vis* the beneficiary, and the Joint Foreign Trade Facility Agent shall be responsible for processing the Joint Signature Foreign Credit Instrument. In such capacity, the Joint Foreign Trade Facility Agent shall give to the Foreign Trade Facility Agent the notices otherwise to be given by each Foreign Issuing Lender hereunder, in particular under Sections 2.6(i), 2.6(m) and 2.6(n)(i).

(iii) Any liability of the Joint Foreign Issuing Lenders under a Joint Signature Foreign Credit Instrument, and the rights resulting from honoring a demand made thereunder, shall be several. Each Joint Foreign Issuing Lender shall participate in an amount demanded by the beneficiary under a Joint Signature Foreign Credit Instrument in the proportion the amount of the Joint Signature Foreign Credit Instrument allocated to it bears to the total Euro Equivalent of such Joint Signature Foreign Credit Instrument. The Foreign Trade Facility Agent shall, with respect to the determination of the utilization of the individual Foreign Trade Commitment of each Joint Foreign Issuing Lender and with respect to the calculation of any Excess Amount, treat the participation of each Joint Foreign Issuing Lender in the Joint Signature Foreign Credit Instrument as if each Joint Foreign Issuing Lender had issued a Foreign Credit Instrument in the amount equal to the amount of its proportion in the Joint Signature Foreign Credit Instrument.

(l) *Determination of Euro Equivalent.* On each Business Day on which at least one Foreign Credit Instrument is outstanding under this Agreement, or there is any other Foreign Trade Exposure, the Foreign Trade Facility Agent shall determine the amount of the Euro Equivalent of all outstanding Foreign Credit Instruments and unreimbursed Foreign Credit Disbursements (in each case adjusted to reflect any repayment, prepayment or reversal of any relevant Foreign Credit Instrument) on the basis of the foreign exchange rates for the previous Business Day which shall be determined as follows:

(i) if the conversion rate of the respective currency into Euros is published on the internet page "www.db-markets.com" as "Foreign Exchange Fixing Rates" (on the sub-page "Historical Rates", further sub-page "Foreign Exchange Fixing Rates") or on any other internet page replacing such internet page, the calculation shall be based on the rates displayed on such internet page; and

(ii) if the conversion rate of the respective currency into Euros is not published on the internet page "www.db-markets.com" as "Foreign Exchange Fixing Rates" (on the sub-page "Historical Rates", further sub-page "Foreign Exchange Fixing Rates") or on any other internet page replacing such internet page, the calculation shall be based on the previous month's foreign exchange rates published on the same internet page on the sub-page "Historical Rates", further sub-page "End-of-Month prices".

If the relevant exchange rate cannot be determined in accordance with clauses (i) or (ii) above, the Foreign Trade Facility Agent shall determine the appropriate exchange rate in its reasonable discretion.

(m) *Cash Cover; Fronting Cover.* (i) If, pursuant to a Daily Report issued on the last Business Day of any calendar month (each a "*Rebasing Date*"), the aggregate Euro Equivalent of the Foreign

Trade Exposure of a Foreign Issuing Lender exceeds the amount of the Foreign Trade Commitment of such Lender by more than 5% (the exceeding amount being the "Excess Amount"), the relevant Foreign Issuing Lender (the "Affected Foreign Issuing Lender") may request in writing from the relevant Borrower, within a period of five Business Days following receipt of the respective Daily Report, Cash Cover with respect to such Excess Amount, and such Borrower shall, within a period of three Business Days following receipt of the demand from the Affected Foreign Issuing Lender to receive Cash Cover, either provide for Cash Cover in accordance with clause (v) below or request from such Affected Foreign Issuing Lender that it shall, with respect to certain selected Foreign Credit Instruments issued by such Affected Foreign Issuing Lender, act as Fronting Lender for another Foreign Issuing Lender nominated by such Borrower in its request (*provided* that such Foreign Issuing Lender has a sufficient unused Foreign Trade Commitment) which shall act with respect to the relevant Foreign Credit Instruments as Fronting Guarantor in accordance with Section 2.6(j) so that, following the implementation of the fronting structure, the aggregate Euro Equivalent of the Foreign Trade Exposure of such Affected Foreign Issuing Lender which is not covered by Fronted Foreign Credit Instruments does not exceed the amount of its respective Foreign Trade Commitment (the "Fronting Cover"). Such Affected Foreign Issuing Lender shall decide in its sole discretion whether it wants to accept Fronting Cover and, if Fronting Cover is rejected, the relevant Borrower shall provide for Cash Cover within three Business Days following the receipt of a notice from such Affected Foreign Issuing Lender that it does not accept Fronting Cover.

(ii) If an Affected Foreign Issuing Lender elects to receive Fronting Cover, such Affected Foreign Issuing Lender and the relevant Borrower shall inform the Foreign Trade Facility Agent and the Administrative Agent accordingly and such fronting shall be implemented in accordance with Section 2.6(j) within three Business Days.

(iii) Clauses (i) and (ii) above shall be applicable *mutatis mutandis* if, in respect of any Rebasing Date subsequent to a Rebasing Date in respect of which Cash Cover or Fronting Cover had been provided, the Excess Amount has increased by an amount equal to at least 5% of the relevant Affected Foreign Issuing Lender's Foreign Trade Commitment due to fluctuation of currency exchange rates.

(iv) If in respect of any Rebasing Date subsequent to a Rebasing Date in respect of which Cash Cover or Fronting Cover had been provided pursuant to clause (i) above to an Affected Foreign Issuing Lender, the Excess Amount (as shown in the relevant Daily Report) with respect to such Affected Foreign Issuing Lender has been reduced to zero (either through fluctuation of currency exchange rates or through the reduction or expiration of any Foreign Credit Instruments issued by such Affected Foreign Issuing Lender), such Lender shall release the whole or relevant part of the Cash Cover or, as the case may be, the Fronting Cover within three Business Days of the relevant Rebasing Date.

(v) If a Borrower is obliged to provide for Cash Cover under this Agreement, such Borrower shall pay the relevant amount for which it shall provide Cash Cover (A) in the case of clause (i) above, in Euros and (B) in all other cases (if not agreed otherwise with the relevant Foreign Issuing Lender receiving the Cash Cover) in the currency of the respective Foreign Credit Instrument for which Cash Cover has to be provided to an account of the relevant Foreign Issuing Lender (such deposited amount, the "Cash Cover") notified by such Lender to the Foreign Trade Facility Agent and such Borrower for such purpose. Such account shall be an interest bearing account (subject to Section 2.6(b)(v), with the amount of interest to be determined by such Foreign Issuing Lender in accordance with its standard business practice) in the name of the relevant Borrower and such account shall be pledged to the respective Foreign Issuing Lender on the basis of a pledge agreement in form and substance reasonably satisfactory to such Foreign Issuing Lender.

(vi) Notwithstanding the obligation of any Foreign Issuing Lender to release any Cash Cover pursuant to clause (iv) above, any Cash Cover provided by a Borrower with respect to a specific

Foreign Credit Instrument shall, unless otherwise agreed with such Borrower, be released by the Foreign Issuing Lender that received such Cash Cover together with accrued interest thereon to such Borrower as soon as the Foreign Credit Instrument so collateralized has expired (the criteria under Section 2.6(i) shall be applicable *mutatis mutandis*). If only some Foreign Credit Instruments for which Cash Cover has been provided to a specific bank have expired or the obligations under which have only expired in part, the Cash Cover shall be released *pro rata*.

(n) *Commissions and Fees.* (i) *Foreign Credit Commission.* Each Borrower agrees to pay, in accordance with clause (vi) below, with respect to each Foreign Credit Instrument requested by it, a commission (a "*Foreign Credit Commission*") in an amount equal to the greater of (A) €50 per annum and (B) the Applicable Rate for Foreign Credit Instruments calculated on a daily basis on the Euro Equivalent of the outstanding amount of such Foreign Credit Instrument. The Foreign Credit Commission shall be paid in accordance with clause (vi) below in advance for each calendar quarter. In the case of any adjustment of the amount of a Foreign Credit Instrument during a calendar quarter (as the case may be, due to the issuance of a new Foreign Credit Instrument, expiration, amendment, cancellation, extension, return or otherwise), the calculation of the Foreign Credit Commission shall be revised accordingly and, as the case may be, the relevant Foreign Issuing Lender shall credit or debit the relevant amount against the next quarterly payment. In the case of any adjustment to the Applicable Rate during a calendar quarter, (x) the calculation of the Foreign Credit Commission with respect to outstanding Foreign Credit Instruments shall be revised accordingly and the relevant Foreign Issuing Lender shall credit or debit the relevant amount against the next quarterly payment (it being understood and agreed that any revision to the Foreign Credit Commitment due to a change in the Applicable Rate for Foreign Credit Instruments shall be calculated based on the Euro Equivalent of the aggregate outstanding amount of Foreign Credit Instruments issued by such Lender on the date of such change in Applicable Rate) and (y) with respect to any Foreign Credit Instrument issued after any such change in Applicable Rate, the Foreign Credit Commission shall be calculated at the Applicable Rate for Foreign Credit Instruments in effect on the date of such issuance. Where credits or debits as contemplated by the two immediately preceding sentences are not possible, the balance shall be paid by the respective Foreign Issuing Lender or, as the case may be, the relevant Borrower to the Foreign Trade Facility Agent for distribution to the respective recipient in accordance with clause (vi) below.

(ii) *Foreign Credit Commitment Fee.* The Parent Borrower agrees to pay, or to cause the relevant Borrower to pay, at the beginning of each calendar quarter in accordance with clause (vi) below, to the Foreign Trade Facility Agent for the account of each Foreign Issuing Lender, a commitment fee (a "*Foreign Credit Commitment Fee*") which shall accrue at the Applicable Rate on the average daily unused amount of each Foreign Trade Commitment of such Lender during the previous calendar quarter. For purposes of computing the Foreign Credit Commitment Fee, the Foreign Trade Commitment of a Lender shall be deemed to be used to the extent of the outstanding Foreign Trade Exposure of such Lender.

(iii) *Handling Fee.* Each Borrower shall, with respect to the issuance or amendment of any Foreign Credit Instrument by a Foreign Issuing Lender, pay to such Lender, at the beginning of each calendar quarter in accordance with clause (vi) below, a handling fee of €100 with respect to each Foreign Credit Instrument so issued, and €75 with respect to each Foreign Credit Instrument so amended, by such Lender during the previous calendar quarter (the "*Foreign Credit Handling Fee*").

(iv) *Fronting Fee.* With respect to each issuance of a Fronted Foreign Credit Instrument requested by a Borrower, such Borrower shall pay, in advance for each calendar quarter in accordance clause (vi) below, a fronting fee in the amount of 0.125% per annum on the Euro Equivalent of such Fronted Foreign Credit Instrument, calculated in accordance with the general practice of such Lender on the amount of such Fronted Foreign Credit Instrument which is subject to one or more Counter-Guarantees (the "*Foreign Credit Fronting Fee*"). With respect to any such calculation, the last three sentences of clause (i) above shall apply *mutatis mutandis*.

(v) *Other Fees and Expenses.* Each Borrower shall, within three Business Days following written demand from a Foreign Issuing Lender that has issued a Foreign Credit Instrument for such Borrower, reimburse such Lender for all reasonable costs (including internal costs) and expenses (including legal fees) incurred by such Lender and evidenced to such Borrower in connection with the handling of any claims made against such Lender under any Foreign Credit Instrument issued by it.

(vi) *Payment of Foreign Credit Commission and Fees.* Each Foreign Issuing Lender shall notify the Foreign Trade Facility Agent in writing about the amount of all fees payable by any Borrower with respect to each calendar quarter (in the case of the Foreign Credit Commission and any Foreign Credit Fronting Fee) or previous calendar quarter (in the case of the Foreign Credit Handling Fee) not later than on the fifth Business Day of each calendar quarter. In the case of each Foreign Issuing Lender, the notification needs to include only the sum of all such fees payable to such Lender and the respective amounts owing from each Borrower. The Foreign Trade Facility Agent shall calculate the Foreign Credit Commitment Fee payable by the Borrowers with respect to the previous calendar quarter. The Foreign Trade Facility Agent shall, not later than the seventh Business Day of each calendar quarter, inform the Parent Borrower in writing about the amount of the Foreign Credit Commitment Fee payable with respect to the previous quarter and the aggregate amount of the Foreign Credit Commission, Foreign Credit Handling Fee and Foreign Credit Fronting Fee, as notified to it by the Foreign Issuing Lenders pursuant to the first sentence of this clause (vi), and the Parent Borrower shall pay (or shall cause the relevant Borrower to pay) such amounts to the Foreign Trade Facility Agent for distribution to the Foreign Issuing Lenders not later than the fifth Business Day following the receipt by the Parent Borrower of the notification from the Foreign Trade Facility Agent.

(o) *Termination.* With respect to each Foreign Credit Instrument issued and which is or under which claims are still outstanding on the Foreign Trade Maturity Date, the relevant Foreign Issuing Lender may (separately with respect to each such Foreign Credit Instrument), by written notice to the relevant Borrower made not later than 30 days prior to the Foreign Trade Maturity Date, require that such Borrower provide Cash Cover (or other credit support satisfactory to such Lender) which shall then be provided by such Borrower no later than the Foreign Trade Maturity Date. Section 2.6(b)(v) shall apply *mutatis mutandis*.

(p) *Cancellation.* (i) The Parent Borrower may, by giving to the Administrative Agent, with a copy to the Foreign Trade Facility Agent, not less than 15 days' prior written notice, cancel the whole or any part (being a minimum of €10,000,000) of the then unused Foreign Trade Commitments without premium or penalty to the extent a ratable reduction of each Foreign Issuing Lender's Foreign Trade Commitment is possible with respect to the amount so cancelled.

(ii) If any Foreign Issuing Lender claims a payment or indemnification from any Borrower under Section 2.17, the Parent Borrower may, within 30 days thereafter and by not less than 15 days' prior written notice to the Administrative Agent, with a copy to the Foreign Trade Facility Agent, cancel such Foreign Issuing Lender's unused Foreign Trade Commitment whereupon such Foreign Issuing Lender shall cease to be obliged to issue further Foreign Credit Instruments and its unused Foreign Trade Commitment shall be reduced to zero. The remaining amount of such Foreign Issuing Lender's Commitment shall be cancelled automatically in whole, or, as the case may be, in part with the receipt by the Foreign Trade Facility Agent of the Utilization Reduction Notice(s) with respect to the Foreign Credit Instruments issued by such Foreign Issuing Lender and still outstanding.

(iii) Any notice of cancellation given by the Parent Borrower pursuant to clause (i) or (ii) above shall be irrevocable and shall specify the date upon which such cancellation is to be made and the amount of such cancellation.

(iv) Cancelled Foreign Trade Commitments cannot be reinstated.

(q) *Daily and Monthly Reports.* The Foreign Trade Facility Agent shall send to the Foreign Issuing Lenders, the Parent Borrower and the Administrative Agent, via e-mail to the addresses and persons notified for this purpose by such Persons to the Foreign Trade Facility Agent, (i) on each Business Day, a report (the "*Daily Report*") (A) stating the Euro Equivalent for all outstanding Foreign Credit Instruments as determined for such Business Day, (B) listing, for each Foreign Issuing Lender, as of such Business Day, the Euro Equivalent of the outstanding Foreign Credit Instruments issued by such Lender and the percentage of each such Lender's utilized Foreign Trade Commitment, and (C) containing the further information about the utilization of the Foreign Trade Facility as specified on Schedule 2.6(q), and (ii) not later than the fifth Business Day of each calendar month, a report stating all overdue Foreign Credit Instruments and all Foreign Credit Instruments falling due within such month and the following calendar month. The Parent Borrower and each Foreign Issuing Lender shall inform the Foreign Trade Facility Agent by 5:00 p.m., Düsseldorf time, on the fifth Business Day following receipt of a Daily Report if it does not agree with any recordings in such Daily Report.

(r) *Unreimbursed Foreign Credit Disbursements.* Each Foreign Issuing Lender shall promptly notify the Foreign Trade Facility Agent and the Administrative Agent of any Foreign Credit Disbursement of such Lender that has not been reimbursed by or on behalf of the relevant Borrower and shall include in such notice (i) the date of the Foreign Credit Disbursement, (ii) the name of the relevant Borrower and (iii) the amount (including the currency) of such Foreign Credit Disbursement.

(s) *Sharing.* If any Foreign Issuing Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any Foreign Credit Disbursement resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Foreign Credit Disbursements than the proportion received by any other Foreign Issuing Lender in respect of its Foreign Credit Disbursement, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Foreign Credit Disbursements of other Foreign Issuing Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Foreign Issuing Lenders ratably in accordance with the aggregate amount of their respective Foreign Credit Disbursements; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Foreign Issuing Lender as consideration for the assignment of or sale of a participation in any of its Foreign Trade Commitments to any assignee or participant, other than to the Parent Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Foreign Issuing Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

SECTION 2.7. *Funding of Borrowings.* (a) Each Lender shall make each Loan (other than any Incremental Term Loan) to be made by it hereunder on the proposed date thereof by wire transfer to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders, in immediately available funds, not later than 12:00 noon, New York City time, in the case of fundings to an account in New York City, or 12:00 noon, local time, in the case of fundings to an account in another jurisdiction; *provided* that Swingline Loans shall be made as provided in Section 2.4. The Administrative Agent will make such Loans available to the relevant Borrower by promptly crediting the amounts so received, in like funds, to an account designated by such Borrower in the applicable Borrowing Request, which account must be in the name of such Borrower and, as applicable, in London or in the financial center of the country of the currency of the Loan; *provided* that ABR Domestic Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.5(e) shall be remitted by the Administrative Agent to the applicable Issuing Lender. Any funding of Incremental Term Loans shall be made pursuant to such procedures as shall be agreed to by the Parent Borrower, the relevant Incremental Term Lenders and the Administrative Agent.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount in the required currency. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and such Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon in such currency, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error) or (ii) in the case of a Borrower, the interest rate applicable to such Borrowing. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.8. *Interest Elections.* (a) Each Revolving Borrowing and Term Loan Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, a Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. A Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding the foregoing, a Borrower may not (i) elect to convert the currency in which any Loans are denominated, (ii) elect to convert Qualified Global Currency Loans from Eurocurrency Loans to ABR Loans, (iii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.2(d), (iv) elect to convert any ABR Loans to Eurocurrency Loans that would result in the number of Eurocurrency Borrowings exceeding the maximum number of Eurocurrency Borrowings permitted under Section 2.2(c), (v) elect an Interest Period for Eurocurrency Loans unless the aggregate outstanding principal amount of Eurocurrency Loans (including any Eurocurrency Loans made to such Borrower in the same currency on the date that such Interest Period is to begin) to which such Interest Period will apply complies with the requirements as to minimum principal amount set forth in Section 2.2(c) or (vi) elect to convert or continue any Swingline Borrowings.

(b) To make an election pursuant to this Section, a Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if such Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by delivery to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the relevant Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2 and paragraph (a) of this Section: (i) the Borrowing to which such Interest Election Request applies; (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day; (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and (iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election. If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the relevant Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each relevant Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing denominated in Dollars prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. If the relevant Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing denominated in a Qualified Global Currency prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall automatically continue as a Eurocurrency Loan having an Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Parent Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing denominated in Dollars may be converted to or continued as a Eurocurrency Borrowing, (ii) unless repaid, each Eurocurrency Borrowing denominated in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (iii) no Borrowing denominated in a Qualified Global Currency having an Interest Period in excess of one month may be made or continued.

SECTION 2.9. *Termination and Reduction of Commitments.* (a) Unless previously terminated, (i) the Term Loan Commitments shall terminate at 1:00 p.m., New York City time, on the last day of the Term Loan Commitment Period, (ii) the Domestic Revolving Commitments shall terminate on the Domestic Revolving Maturity Date, (iii) the Global Revolving Commitments shall terminate on the Global Revolving Maturity Date and (iv) the Foreign Trade Commitments shall terminate on the Foreign Trade Maturity Date.

(b) The Parent Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; *provided* that (i) each reduction of the Commitments (other than Foreign Trade Commitments) of any Class shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$10,000,000, (ii) the Parent Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.12, (A) the Total Domestic Exposure would exceed the total Domestic Revolving Commitments, (B) the Total Global Exposure would exceed the total Global Revolving Commitments or (C) the Total Foreign Trade Exposure would exceed the total Foreign Trade

Commitments and (iii) each reduction of Foreign Trade Commitments shall be made in accordance with Section 2.6(p).

(c) The Parent Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section, at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Parent Borrower pursuant to this Section shall be irrevocable; *provided* that a notice of termination of the Revolving Commitments delivered by the Parent Borrower may state that such notice is conditioned upon the effectiveness or closing of other credit facilities, debt financings or Dispositions, in which case such notice may be revoked by the Parent Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

SECTION 2.10. *Evidence of Debt.* (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made, and each Foreign Credit Instrument issued, by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent, on behalf of the Borrowers, shall maintain the Register pursuant to Section 9.4(c) and a subaccount for each Lender in which it shall record (i) the amount of each Loan made hereunder (whether or not evidenced by a promissory note), the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal and/or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. The Foreign Trade Facility Agent shall maintain records in which shall be recorded all relevant details about each Foreign Credit Instrument issued hereunder and, upon the request of the Administrative Agent, the Foreign Trade Facility Agent shall make such records (or copies thereof) available to the Administrative Agent.

(c) The entries made in the accounts maintained pursuant to paragraph (a) or (b) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(d) Any Lender may request that Loans of any Class made by it be evidenced by a promissory note. In such event, each applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender and its registered assigns and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest (and premium, if any) thereon shall at all times (including after assignment pursuant to Section 9.4) be represented by one or more promissory notes in such form payable to such payee and its registered assigns.

SECTION 2.11. *Repayment of Loans.* (a) The Parent Borrower shall repay the Initial Term Loans on each date set forth below in an amount equal to (i) the percentage set forth below opposite

such date multiplied by (ii) the aggregate principal amount of Initial Term Loans actually drawn by the Parent Borrower:

Date	Percentage
June 30, 2006	0.67%
September 30, 2006	0.67%
December 31, 2006	0.66%
March 31, 2007	1.25%
June 30, 2007	1.25%
September 30, 2007	1.25%
December 31, 2007	1.25%
March 31, 2008	2.50%
June 30, 2008	2.50%
September 30, 2008	2.50%
December 31, 2008	2.50%
March 31, 2009	3.75%
June 30, 2009	3.75%
September 30, 2009	3.75%
December 31, 2009	3.75%
March 31, 2010	17.00%
June 30, 2010	17.00%
September 30, 2010	17.00%
Term Loan Maturity Date	17.00%

(b) The Parent Borrower shall repay Incremental Term Loans in consecutive installments (which shall be no more frequent than quarterly) as specified in the Incremental Facility Activation Notice pursuant to which such Incremental Term Loans were made; *provided* that the weighted average life of each Incremental Term Loan shall be no shorter than the remaining weighted average life of the other Term Loans.

(c) The Parent Borrower shall repay (i) the then unpaid principal amount of the Domestic Revolving Loans on the Domestic Revolving Maturity Date and (ii) the then unpaid principal amount of each Swingline Loan on the earlier of the Domestic Revolving Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; *provided* that on each date that a Domestic Revolving Borrowing is made, the Parent Borrower shall repay all Swingline Loans then outstanding.

(d) Each Borrower shall repay the then unpaid principal amount of the Global Revolving Loans on the Global Revolving Maturity Date.

SECTION 2.12. *Prepayment of Loans.* (a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to the requirements of this Section, *provided* that Canadian B/As may not be optionally prepaid.

(b) If on any date any Net Proceeds are received by or on behalf of the Parent Borrower or any Subsidiary in respect of any Prepayment Event, the Parent Borrower shall, within ten Business Days after such Net Proceeds are received, apply an amount equal to the aggregate amount of such Net Proceeds, *first*, to prepay Term Loans and, *second*, to reduce permanently the Term Loan Commitments; *provided* that, in the case of any event described in clause (a) or (b) of the definition of the term Prepayment Event, if the Parent Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Parent Borrower and the Subsidiaries intend to apply the Net Proceeds from such event ("*Reinvestment Net Proceeds*"), within 360 days after receipt of such Net Proceeds, to make Permitted Acquisitions or Investments permitted by Section 6.5 or acquire

real property, equipment or other assets to be used in the business of the Parent Borrower and the Subsidiaries, and certifying that no Default or Event of Default has occurred and is continuing, then no prepayment or Commitment reduction shall be required pursuant to this paragraph in respect of such event except to the extent of any Net Proceeds therefrom that have not been so applied by the end of such 360-day period, at which time a prepayment shall be required in an amount equal to the Net Proceeds that have not been so applied. Notwithstanding the foregoing, from and after the date during any fiscal year of the Parent Borrower on which the aggregate gross proceeds (inclusive of amounts of the type described in the first parenthetical of Section 6.6(d)) from Dispositions pursuant to Section 6.6(d) received during such fiscal year exceed 10% of Total Consolidated Assets, the Net Proceeds from each subsequent Prepayment Event occurring during such fiscal year resulting from Dispositions pursuant to Section 6.6(d) (and a ratable amount of Net Proceeds from any Prepayment Event that first causes the aforementioned 10% threshold to be exceeded, which ratable amount shall be determined by reference to a fraction, the numerator of which shall be the portion of the gross proceeds from such Prepayment Event representing the excess above such 10% threshold and the denominator of which shall be the aggregate gross proceeds from such Prepayment Event) may not be treated as Reinvestment Net Proceeds.

(c) If on any Determination Date relating to the Global Revolving Facility, the Total Global Exposure exceeds 105% of the total Global Revolving Commitments, the Parent Borrower shall, without notice or demand, within three Business Days after such Determination Date, prepay (or cause the relevant Foreign Subsidiary Borrower to prepay) Revolving Borrowings in an aggregate amount such that, after giving effect thereto, (i) the Total Global Exposure does not exceed the total Global Revolving Commitments and (ii) the aggregate outstanding principal amount of all Canadian Dollar Loans does not exceed the total Canadian Commitments. If on any Determination Date relating to the Domestic Revolving Facility, the Total Domestic Exposure exceeds 105% of the total Domestic Revolving Commitments, the Parent Borrower shall, without notice or demand, within three Business Days after such Determination Date, prepay Revolving Borrowings or Swingline Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.5(j)) in an aggregate amount such that, after giving effect thereto, the Total Domestic Exposure does not exceed the total Domestic Revolving Commitments.

(d) A Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy promptly thereafter) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Borrowing, not later than 11:00 a.m., New York City time (or 11:00 a.m., London time, as applicable), three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; *provided* that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Revolving Commitments as contemplated by Section 2.9, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.9. Promptly following receipt of any such notice (other than a notice relating solely to Swingline Loans), the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.2, except as necessary to apply fully the required amount of a mandatory prepayment.

SECTION 2.13. *Certain Payment Application Matters.* (a) Each repayment or prepayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. It is understood that, in the case of Global Revolving Loans, the relevant Borrower may select the particular currency

of Loans to be prepaid, and such prepayment shall then be applied ratably to such Loans. Repayments and prepayments of Term Loan Borrowings shall be accompanied by accrued interest on the amount repaid.

(b) Any mandatory prepayment of Term Loans shall be allocated *pro rata* among the Initial Term Loans and any Incremental Term Loans based on the aggregate principal amount of outstanding Borrowings of each such Class. Any optional prepayment of Term Loans shall be allocated as directed by the Parent Borrower to the Initial Term Loans and/or the Incremental Term Loans. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) Each prepayment shall be applied to the installments thereof, *first* to any remaining scheduled installments due prior to the first anniversary of the date of such prepayment (applied *pro rata* to such remaining installments) and, *second*, to the remaining scheduled installments due on or after the first anniversary of the date of such prepayment (applied *pro rata* to such remaining installments).

SECTION 2.14. *Fees.* (a) The Parent Borrower agrees to pay, or to cause the relevant Borrower to pay, to the Administrative Agent for the account of each relevant Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily unused amount of each Commitment (other than the Foreign Trade Commitment) of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which such Commitments terminate, commencing on the first such date to occur after the date hereof. Commitment fees shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees in respect of the Commitments, (i) the Domestic Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Domestic Revolving Loans and LC Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose), (ii) the Global Revolving Commitment of a Lender shall be deemed to be used to the extent of the outstanding Global Revolving Loans of such Lender and (iii) the Term Loan Commitment of a Lender shall be deemed to be used to the extent of the outstanding Initial Term Loans of such Lender. For the avoidance of doubt, the commitment fee in respect of the Foreign Trade Facility is set forth in Section 2.6(n)(i).

(b) Each Borrower agrees to pay:

(i) to the Administrative Agent for the account of each Domestic Revolving Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate as interest on Eurocurrency Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Domestic Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure;

(ii) to the applicable Issuing Lender a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Domestic Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Lender's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder; and

(iii) to the applicable Foreign Issuing Lender, the fees and commissions set forth in Section 2.6(n).

Participation fees and fronting fees pursuant to clauses (i) and (ii) above accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; *provided* that all such fees shall be payable on the date on which the Domestic Revolving Commitments terminate and any such fees accruing after the date on which the Domestic Revolving Commitments terminate shall be payable on demand. Except as otherwise provided in Section 2.6(n), any other fees payable to the applicable Issuing Lender or Foreign Issuing Lender pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For the purposes of calculating the average daily amount of the LC Exposure for any period under this Section 2.14(b), the average daily amount of the Alternative Currency LC Exposure for such period shall be calculated by multiplying (x) the average daily balance of each Alternative Currency Letter of Credit (expressed in the currency in which such Alternative Currency Letter of Credit is denominated) by (y) the Exchange Rate for each such Alternative Currency in effect on the last Business Day of such period or by such other reasonable method that the Administrative Agent deems appropriate.

(c) Each Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between such Borrower and the Administrative Agent.

(d) Each Borrower agrees to pay to the Foreign Trade Facility Agent and the Mandated Arrangers in respect of the Foreign Trade Facility, for their respective accounts, fees payable in the amounts and at the times separately agreed upon between such Borrower and such Person.

(e) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the applicable Issuing Lender or Foreign Issuing Lender, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Except as otherwise provided in Section 2.6(n), fees paid shall not be refundable under any circumstances.

SECTION 2.15. *Interest.* (a) ABR Loans shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) Eurocurrency Loans shall bear interest at the Adjusted LIBO Rate for the applicable Interest Period plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest (or premium, if any) on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Revolving Loans as provided in paragraph (a) of this Section (or, in the case of amounts denominated in a Qualified Foreign Global Currency the rate that would apply to Loans in such currency pursuant to clause (i) above), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; *provided* that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Domestic Revolving Availability Period or Global Revolving Availability Period, as applicable), accrued interest (and premium, if any) on the principal amount

repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate, and interest in respect of sterling-denominated Loans, shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.16. *Alternate Rate of Interest.* If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period;

(b) the Administrative Agent is advised by the Majority Facility Lenders under the relevant Facility that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period; or

(c) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that deposits in the principal amounts of the Loans comprising such Borrowing and in the currency in which such Loans are to be denominated are not generally available in the relevant market;

then the Administrative Agent shall give notice thereof to the Parent Borrower and the relevant Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Parent Borrower and the relevant Lenders that the circumstances giving rise to such notice no longer exist, then, in the case of the relevant Facility, any request by a Borrower for a Eurocurrency Borrowing of the affected Type or in the affected currency, or a conversion to or continuation of a Eurocurrency Borrowing of the affected Type or in the affected currency, pursuant to Section 2.3 or 2.8, shall be deemed rescinded; *provided* that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.17. *Increased Costs.* (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender, Issuing Lender or Foreign Issuing Lender or the London (or other relevant) interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit, Foreign Credit Instrument or participation therein;

and the result of any of the foregoing shall be to increase the net cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, Issuing Lender or Foreign Issuing Lender of participating in, issuing or maintaining any Letter of Credit or Foreign Credit Instrument or to reduce the amount of any sum received or receivable by such Lender, Issuing Lender or Foreign Issuing Lender hereunder (whether of principal, interest, premium or otherwise), then each relevant Borrower will pay to such Lender, Issuing Lender or Foreign Issuing Lender such additional amount or amounts as will compensate such

Lender, Issuing Lender or Foreign Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, Issuing Lender or Foreign Issuing Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Person's capital or on the capital of such Person's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit or Foreign Credit Instruments held by, such Lender, or the Letters of Credit issued by such Issuing Lender, or the Foreign Credit Instruments issued by such Foreign Issuing Lender, to a level below that which such Lender, Issuing Lender or Foreign Issuing Lender or such Lender's, Issuing Lender's or Foreign Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Person's policies and the policies of such Person's holding company with respect to capital adequacy), then from time to time the relevant Borrower will pay to such Lender, Issuing Lender or Foreign Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Person or such Person's holding company for any such reduction suffered.

(c) A certificate of a Lender, Issuing Lender or Foreign Issuing Lender setting forth in reasonable detail the basis for and computation of the amount or amounts necessary to compensate such Person or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the relevant Borrower and shall be conclusive absent manifest error. Such Borrower shall pay such Lender, Issuing Lender or Foreign Issuing Lender the amount shown as due on any such certificate within 10 days after receipt thereof. All amounts payable by any Borrower pursuant to paragraph (a) or (b) of this Section shall be deemed to constitute interest expense in respect of the Loans.

(d) Failure or delay on the part of any Lender, Issuing Lender or Foreign Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Person's right to demand such compensation; *provided* that no Borrower shall be required to compensate a Lender, Issuing Lender or Foreign Issuing Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Person notifies such Borrower of the Change in Law giving rise to such increased costs or reductions and of such Person's intention to claim compensation therefor; *provided further* that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.18. *Break Funding Payments.* In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period (or, in the case of Canadian B/As, the Canadian Contract Period) applicable thereto, (c) the failure to borrow, convert, continue or prepay any Revolving Loan or Term Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.12(d) and is revoked in accordance therewith), or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period (or, in the case of Canadian B/As, the Canadian Contract Period) applicable thereto as a result of a request by the Parent Borrower pursuant to Section 2.21, then, in any such event, the relevant Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period (or, in the case of Canadian B/As, the Canadian Contract Period) therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period or Canadian Contract Period, as applicable, for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the relevant market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the relevant Borrower and shall be conclusive absent manifest error, and shall be so delivered as promptly as reasonably practicable after such Lender obtains actual knowledge of such amount. Such Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.19. *Taxes.* (a) Any and all payments by or on account of any obligation of any Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes; *provided* that if a Borrower shall be required to deduct any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or the relevant Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, each Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law and indemnify the Lender from and against any Other Taxes and any penalties, interest and reasonable expenses arising therefrom or with respect thereto.

(c) Each Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes paid by the Administrative Agent or such Lender on or with respect to any payment by or on account of any obligation of a Borrower hereunder or under any other Loan Document (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error, and shall be so delivered as promptly as reasonably practicable after such Lender or the Administrative Agent, as the case may be, obtains actual knowledge of such amount.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Borrower to a Governmental Authority, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Lender that is not a United States person within the meaning of Section 7701(a)(30) of the Code (a "*Non-U.S. Lender*") shall deliver to the Parent Borrower and the Administrative Agent, on or before the date on which it becomes a party to this Agreement either:

(A) two duly completed and signed original copies of either Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8ECI (relating to such Non-U.S. Lender and entitling it to a complete exemption from or reduction of withholding of United States federal income taxes on all amounts to be received by such Non-U.S. Lender pursuant to this Agreement and the other credit documents), or successor and related applicable forms, as the case may be (including, where applicable any such forms required to be provided to certify to such exemption on behalf of such Non-U.S. Lender's beneficial owners).

(B) in the case of a Non-U.S. Lender that is not a "Bank" within the meaning of Section 881(c)(3)(A) of the Code and that does not comply with the requirements of clause (A) hereof, (x) a statement in the form of Exhibit F (and any similar statements required to certify to the exemption of its beneficial owners) or such other form of statement as shall be reasonably requested by the Parent Borrower from time to time to the effect that such Non-U.S. Lender (and, where applicable, its beneficial owners) is eligible for a complete exemption from withholding of United States federal income taxes under Code Section 871(h) or 881(c), and (y) two duly completed and signed original copies of Internal Revenue Service Form W-8BEN or successor and related applicable forms (including, where applicable, copies of such forms with respect to such entity's beneficial owners).

Further, each Non-U.S. Lender agrees (i) to deliver to the Parent Borrower and the Administrative Agent, and if applicable, the assigning Lender two further duly completed and signed original copies of such Forms W-8BEN or W-8ECI, as the case may be (and, where applicable, any such forms on behalf of its beneficial owners) or successor and related applicable forms, on or before the date that any such form expires or becomes obsolete and promptly after the occurrence of any event requiring a change from the most recent form(s) previously delivered by it to the Parent Borrower in accordance with applicable U.S. laws and regulations, (ii) in the case of a Non-U.S. Lender that delivers a statement in the form of Exhibit F (or such other form of statement as shall have been requested by the Parent Borrower), to deliver to the Parent Borrower and the Administrative Agent, and if applicable, the assigning Lender, such statement (and where applicable, any such statements from its beneficial owners) on the two year anniversary of the date on which such Non-U.S. Lender became a party to this Agreement and to deliver promptly to the Parent Borrower and the Administrative Agent, such additional statements and forms as shall be reasonably requested by the Parent Borrower from time to time, and (iii) to notify promptly the Parent Borrower and the Administrative Agent if it (or, as applicable, its beneficial owners) is no longer able to deliver, or if it is required to withdraw or cancel, any form of statement previously delivered by it pursuant to this Section 2.19(e). Notwithstanding anything herein to the contrary, (x) no Non-U.S. Lender shall be required to provide any forms, certification or documentation which it is not legally entitled or able to deliver and (y) no Canadian Lender shall be required to provide any Internal Revenue Service forms pursuant to this Section 2.19(e).

(f) Each Lender which is not a Non-U.S. Lender shall deliver to Parent Borrower and the Administrative Agent (and if applicable the assigning or participating Lender) two copies of a

statement which shall contain the address of such Lender's office or place of business in the United States, which shall be signed by an authorized officer of such Lender, together with two duly completed copies of Internal Revenue Service Form W-9 (or applicable successor form) unless it establishes to the satisfaction of the Parent Borrower that it is otherwise eligible for an exemption from backup withholding tax or other applicable withholding tax. Each such Lender shall deliver to the Parent Borrower and Administrative Agent two further duly completed and signed forms and statements (or successor form) at or before the time any such form or statement becomes obsolete.

(g) Each Non-U.S. Lender agrees to indemnify and hold harmless each Borrower from and against any Taxes imposed by or on behalf of the United States or any taxing jurisdiction thereof, penalties, additions to tax, fines, interest or other liabilities, costs or losses (including, without limitation, reasonable attorney's fees and expenses) incurred or payable by such Borrower as a result of the failure of such Borrower to comply with its obligations to deduct or withhold any Taxes imposed by or on behalf of the United States or any taxing jurisdiction thereof (including penalties, additions to tax, fines or interest on such Taxes) from any payments made pursuant to this Agreement to such Non-U.S. Lender or the Administrative Agent which failure resulted from (i) such Borrower's reliance on Exhibit F pursuant to Section 2.19(e) or (ii) such Lender being a "conduit entity" within the meaning of Treasury Reg. Section 1.881-3 or any successor provision thereto; and, provided additionally, that, without limitation, no amounts shall be due and owing to such Lender pursuant to Section 2.19 if either provisions (i) or (ii) are applicable.

(h) If the Administrative Agent or any Lender receives a refund in respect of Indemnified Taxes or Other Taxes paid by a Borrower, which in the reasonable good faith judgment of such Lender is allocable to such payment, it shall promptly pay such refund, together with any other amounts paid by such Borrower in connection with such refunded Indemnified Taxes or Other Taxes, to such Borrower, net of all out-of-pocket expenses of such Lender incurred in obtaining such refund, *provided, however*, that each Borrower agrees to promptly return such refund to the Administrative Agent or the applicable Lender as the case may be, if it receives notice from the Administrative Agent or applicable Lender that such Administrative Agent or Lender is required to repay such refund.

(i) If the Administrative Agent or any Lender is entitled to an exemption from or reduction in the rate of the imposition, deduction or withholding of any Indemnified Tax or Other Tax under the laws of the jurisdiction in which a Foreign Subsidiary Borrower is organized or engaged in business, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement or any other Loan Document, then the Administrative Agent or such Lender (as the case may be) shall deliver to such Foreign Subsidiary Borrower or the relevant Governmental Authority, in the manner and at the time or times prescribed by applicable law or as reasonably requested by the Foreign Subsidiary Borrower, such properly completed and executed documentation prescribed by applicable law or reasonably requested by such Foreign Subsidiary Borrower as will permit such payments to be made without the imposition, deduction or withholding of such Indemnified Tax or Other Tax or at a reduced rate, *provided* that the Administrative Agent or such Lender is legally entitled to complete, execute and deliver such documentation and in its reasonable judgment such completion, execution or submission would not materially prejudice its commercial or legal position or require disclosure of information it considers confidential or proprietary.

SECTION 2.20. *Payments Generally; Pro Rata Treatment; Sharing of Set-offs.* (a) Each Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, premium, fees or reimbursement of LC Disbursements or Foreign Credit Disbursements, or of amounts payable under Section 2.17, 2.18 or 2.19, or otherwise) prior to the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 12:00 noon, local time), on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next

succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at its Administrative Office, except as otherwise expressly provided herein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Except as otherwise specified in this Agreement, each such payment (other than (i) principal of and interest on Qualified Global Currency Loans and LC Disbursements denominated in an Alternative Currency, which shall be made in the applicable Qualified Global Currency or, except as otherwise specified in Section 2.5(e), Alternative Currency, as the case may be, (ii) the Foreign Credit Commission, the Foreign Credit Commitment Fee, the Foreign Credit Handling Fee and the Foreign Credit Fronting Fee, which shall be made in Euros and (iii) other payments in respect of the Foreign Credit Instruments and Foreign Credit Disbursements thereunder, which shall be made in the currency applicable to such Foreign Credit Instrument) shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements and Foreign Credit Disbursements, interest, premium and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements and Foreign Credit Disbursements then due hereunder, and any premium then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements and Foreign Credit Disbursements, and any premium, then due to such parties.

(c) If any Lender (other than a Foreign Issuing Lender) shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest (or premium, if any) on any of its Revolving Loans, Term Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans, Term Loans and participations in LC Disbursements and Swingline Loans and accrued interest (and premium, if any) thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans, Term Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest (and premium, if any) on their respective Revolving Loans, Term Loans and participations in LC Disbursements and Swingline Loans; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Parent Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation. The provisions of this paragraph shall not be construed to apply to payments obtained by a Foreign Issuing Lender, in its capacity as such, and the parties hereto understand and agree that the sharing provisions applicable to the Foreign Trade Facility are set forth in Section 2.6(s).

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders (or any of them) hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the relevant Lenders the amount due. In such event, if such Borrower has not in fact made such payment, then each relevant Lender severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error).

(e) If any Lender shall fail to make any payment required to be made by it to the Administrative Agent, the Swingline Lender or any Issuing Lender, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.21. *Mitigation Obligations; Replacement of Lenders.* (a) If any Lender requests compensation under Section 2.17, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.19, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.17 or 2.19, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender (other than a Foreign Issuing Lender) requests compensation under Section 2.17, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.19, (iii) any Lender defaults in its obligation to fund Loans hereunder or (iv) any Lender becomes a "Non-Consenting Lender" (as defined below), then the Parent Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.4), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (A) the Parent Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and Foreign Credit Disbursements and participations in LC Disbursements and Swingline Loans, accrued interest (and premium, if any) thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or such Borrower (in the case of all other amounts) and (C) in the event of a replacement of a Non-Consenting Lender, in order for the Parent Borrower to be entitled to replace such a Lender, such replacement must take place no later than 120 days after the date the Non-Consenting Lender shall have notified the Parent Borrower and the Administrative Agent of its failure to agree to any requested consent, waiver or amendment. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling a Borrower to require such assignment and delegation cease to apply. In the event that (x) the Parent Borrower or the Administrative Agent has requested the

Lenders to consent to a departure or waiver of any provisions of the Loan Documents or to agree to any amendment thereto, (y) the consent, waiver or amendment in question requires the agreement of all Lenders in accordance with the terms of Section 9.2 or all the Lenders with respect to a certain Facility or Class of Loans or Commitments and (z) the Required Lenders, the Majority Facility Lenders with respect to a particular Facility or Lenders holding more than 50% of the Loans or Commitments of a particular Class, as applicable, have agreed to such consent, waiver or amendment, then any Lender who does not agree to such consent, waiver or amendment shall be deemed a "Non-Consenting Lender".

SECTION 2.22. *Change in Law.* Notwithstanding any other provision of this Agreement, if, after the date hereof, (a) any Change in Law shall make it unlawful for any Issuing Lender to issue Letters of Credit denominated in an Alternative Currency, or any Global Revolving Lender to make Global Revolving Loans denominated in a Qualified Global Currency, or any Canadian Lender to accept Canadian B/As, or any Foreign Issuing Lender to issue any Foreign Credit Instruments, or (b) there shall have occurred any change in national or international financial, political or economic conditions (including the imposition of or any change in exchange controls) or currency exchange rates that would make it impracticable for any Issuing Lender to issue Letters of Credit denominated in such Alternative Currency for the account of a Borrower, or any Global Revolving Lender to make Global Revolving Loans denominated in a Qualified Global Currency, or any Canadian Lender to accept Canadian B/As, or any Foreign Issuing Lender to issue any Foreign Credit Instruments, then by prompt written notice thereof to the Parent Borrower and to the Administrative Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (i) such Issuing Lender may declare that Letters of Credit will not thereafter be issued by it in the affected Alternative Currency or Alternative Currencies, whereupon the affected Alternative Currency or Alternative Currencies shall be deemed (for the duration of such declaration) not to constitute an Alternative Currency for purposes of the issuance of Letters of Credit by such Issuing Lender, (ii) such Global Revolving Lender may declare that Global Revolving Loans will not thereafter be made by it in the affected Qualified Global Currency or Qualified Global Currencies, whereupon the affected Qualified Global Currency or Qualified Global Currencies shall be deemed (for the duration of such declaration) not to constitute a Qualified Global Currency for purposes of the making of Global Revolving Loans by such Global Revolving Lender, (iii) the commitment of such Canadian Lender hereunder to accept Canadian B/As and continue Canadian B/As as such shall forthwith be cancelled (for the duration of such declaration) and such Lender's Canadian B/As, if any, shall (on the respective last days of the then current Canadian Contract Periods or within such earlier period as required by law) be converted automatically to Eurocurrency Borrowings having an Interest Period of one month and (iv) such Foreign Issuing Lender may declare that such affected Foreign Credit Instruments will not thereafter be issued by it and the commitment of such Foreign Issuing Lender to issue such affected Foreign Credit Instruments shall forthwith be cancelled (for the duration of such declaration).

SECTION 2.23. *Foreign Subsidiary Borrowers.* (a) Subject to the consent of the Administrative Agent, the Parent Borrower may designate any Foreign Subsidiary of the Parent Borrower as a Foreign Subsidiary Borrower under the Global Revolving Facility by delivery to the Administrative Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary, the Parent Borrower and the Administrative Agent and upon such delivery such Subsidiary shall for all purposes of this Agreement be a Foreign Subsidiary Borrower under the Global Revolving Facility and a party to this Agreement until the Parent Borrower shall have executed and delivered to the Administrative Agent a Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be a Foreign Subsidiary Borrower under the Global Revolving Facility. Notwithstanding the preceding sentence, (i) no Canadian Borrower (as defined in Schedule 1.7) may request Global Revolving Loans or other extensions of credit hereunder from any Lender other than a Canadian Lender and (ii) no such Borrowing Subsidiary Termination will become effective as to any Foreign Subsidiary Borrower under the Global Revolving Facility at a time when any Obligations of such Foreign Subsidiary

Borrower shall be outstanding thereunder or any Letters of Credit issued for the account of Such Foreign Subsidiary Borrower shall be outstanding (which shall not have been cash collateralized in a manner consistent with the terms of Section 2.5(f)), *provided* that such Borrowing Subsidiary Termination shall be effective to terminate such Foreign Subsidiary Borrower's right to make further borrowings under the Global Revolving Facility.

(b) Subject to the consent of the Foreign Trade Facility Agent and the Administrative Agent, the Parent Borrower may designate any Foreign Subsidiary of the Parent Borrower as a Foreign Subsidiary Borrower under the Foreign Trade Facility by delivery to the Foreign Trade Facility Agent and the Administrative Agent of a Borrowing Subsidiary Agreement executed by such Subsidiary, the Parent Borrower, the Foreign Trade Facility Agent and the Administrative Agent and upon such delivery such Subsidiary shall for all purposes of this Agreement be a Foreign Subsidiary Borrower under the Foreign Trade Facility and a party to this Agreement until the Parent Borrower shall have executed and delivered to the Foreign Trade Facility Agent and the Administrative Agent a Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be a Foreign Subsidiary Borrower under the Foreign Trade Facility. Notwithstanding the preceding sentence, (i) no Borrower that is organized under the laws of Canada or any province or territory thereof may request Foreign Credit Instruments from any Lender other than a Foreign Issuing Lender that is organized under the laws of Canada or any province or territory thereof or that agrees, in its sole discretion, to issue Foreign Credit Instruments to such Borrower and (ii) no such Borrowing Subsidiary Termination will become effective as to any Foreign Subsidiary Borrower under the Foreign Trade Facility at a time when any Obligations of such Foreign Subsidiary Borrower shall be outstanding thereunder or any Foreign Credit Instruments issued for the account of such Foreign Subsidiary Borrower shall be outstanding (which shall not have been cash collateralized or otherwise supported in a manner consistent with the terms of Section 2.6(m)(v)), *provided* that such Borrowing Subsidiary Termination shall be effective to terminate such Foreign Subsidiary Borrower's right to request further Foreign Credit Instruments or other extensions of credit under the Foreign Trade Facility.

(c) For the avoidance of doubt, no Foreign Subsidiary Borrower shall be liable for the Obligations of any other Loan Party.

(d) The Administrative Agent shall promptly notify the Global Revolving Lenders of any Foreign Subsidiary Borrower added pursuant to Section 2.23(a), and the Foreign Trade Facility Agent shall promptly notify each Foreign Issuing Lender of any Foreign Subsidiary Borrower added pursuant to Section 2.23(b).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Parent Borrower represents and warrants to the Administrative Agent and the Lenders that:

SECTION 3.1. *Organization; Powers.* Each of the Parent Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except, in the case of Subsidiaries, where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (b) has all requisite power and authority to carry on its business as now conducted in all material respects and (c) except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.2. *Authorization; Enforceability.* The Transactions to be entered into by each Loan Party are within such Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by each Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a

party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of such Borrower or such Loan Party (as the case may be), enforceable against such Borrower or such other Loan Party, as the case may be, in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any material consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents, (b) will not violate any applicable material law or regulation or the charter, by-laws or other organizational documents of the Parent Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon the Parent Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Parent Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Parent Borrower or any of its Subsidiaries, except Liens created under the Loan Documents.

SECTION 3.4. *Financial Condition; No Material Adverse Change.* (a) The Parent Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended December 31, 2004, reported on by Deloitte & Touche LLP, independent public accountants, and (ii) as of and for the fiscal quarters and the portion of the fiscal year ended March 31, 2005, June 30, 2005 and September 30, 2005, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Parent Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Except as disclosed in the financial statements referred to above or the notes thereto or in the Information Memorandum and except for the Disclosed Matters, based on the facts and circumstances in existence on the Effective Date and taking into consideration the likelihood of any realization with respect to contingent liabilities, after giving effect to the Transactions, none of the Parent Borrower or its Subsidiaries has, as of the Effective Date, any material contingent liabilities, unusual long-term commitments or unrealized losses.

(c) Since December 31, 2004, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.5. *Properties.* (a) Each of the Parent Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(b) Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, each of the Parent Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Parent Borrower and its Subsidiaries does not infringe upon the rights of any other Person.

SECTION 3.6. *Litigation and Environmental Matters.* (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Parent Borrower, threatened against or affecting the Parent Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if

adversely determined, could reasonably be expected, in the aggregate, to have a Material Adverse Effect or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, neither the Parent Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.7. *Compliance with Laws and Agreements.* Each of the Parent Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 3.8. *Investment and Holding Company Status.* Neither the Parent Borrower nor any of its Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.9. *Taxes.* Each of the Parent Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Parent Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10. *ERISA.* No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to have a Material Adverse Effect. Except to the extent such excess could not reasonably be expected to have a Material Adverse Effect, the present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. *Disclosure.* As of the Effective Date, the Parent Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which the Parent Borrower or any of its Subsidiaries is subject, and all other matters known to any of them, that, in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information, taken as a whole, furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that, with respect to projected financial information, the Parent Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. *Subsidiaries.* Schedule 3.12 sets forth the name of, and the direct and indirect ownership interest of the Parent Borrower in, each Subsidiary of the Parent Borrower and identifies each Subsidiary that is a Subsidiary Guarantor, in each case as of the Effective Date after giving effect to the Transactions.

SECTION 3.13. *Labor Matters.* Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes, lockouts, slowdowns or other labor disputes against the Parent Borrower or any Subsidiary pending or, to the knowledge of the Parent Borrower, threatened; (b) the hours worked by and payments made to employees of the Parent Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters; and (c) all payments due from the Parent Borrower or any Subsidiary, or for which any claim may be made against the Parent Borrower or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Parent Borrower or such Subsidiary. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Parent Borrower or any Subsidiary is bound.

SECTION 3.14. *Solvency.* Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan made on the Effective Date and the making of the Initial Term Loans during the Term Loan Availability Period and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of the Parent Borrower and its Subsidiaries, taken as a whole, at a fair valuation, will exceed their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of the Parent Borrower and its Subsidiaries, taken as a whole, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Parent Borrower and its Subsidiaries, taken as a whole, will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Parent Borrower and its Subsidiaries, taken as a whole, will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.15. *Senior Indebtedness.* At all times after the issuance of any Subordinated Debt, (a) the Obligations will constitute "Senior Indebtedness" (or any comparable concept) under and as defined in the Subordinated Debt Documents and (b) in the event that any Subsidiary Guarantees the Subordinated Debt, the obligations of such Subsidiary Guarantor under the Guarantee and Collateral Agreement will constitute "Guarantor Senior Indebtedness" (or any comparable concept) of such Subsidiary Guarantor under and as defined in the Subordinated Debt Documents.

SECTION 3.16. *Security Documents.* The Guarantee and Collateral Agreement, and, after the occurrence of the Ratings Event, each other Security Document, is effective to create in favor of the Administrative Agent a legal, valid and enforceable security interest in the Collateral to the extent described therein and available under the UCC. As of the Effective Date, Schedule 3.16 lists all of the filing jurisdictions in which UCC-1 Financing Statements are required to be filed pursuant to the Guarantee and Collateral Agreement. Upon filing of such UCC-1 Financing Statements, the Guarantee and Collateral Agreement creates a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral to the extent available under the UCC, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case, subject to Permitted Encumbrances or as otherwise permitted by Section 6.3, prior and superior in right to any other Person.

ARTICLE IV

CONDITIONS

Section 4.1. *Effective Date.* The obligations of the Lenders to make Loans hereunder, of the Issuing Lenders to issue Letters of Credit hereunder and of the Foreign Issuing Lenders to issue Foreign Credit Instruments hereunder shall not become effective until the date on which each of the following conditions is satisfied:

(a) *Credit Agreement; Guarantee and Collateral Agreement.* The Administrative Agent shall have received (i) this Agreement or, in the case of the Lenders, an Addendum in the form of Exhibit E, executed and delivered by the Administrative Agent, each Borrower and each Person listed on Schedule 1.1A, (ii) the Guarantee and Collateral Agreement, executed and delivered by the Parent Borrower and each Subsidiary Guarantor and (iii) an Acknowledgement and Consent, substantially in the form attached to the Guarantee and Collateral Agreement, executed and delivered by each Issuer (as defined therein) that is not a party to the Guarantee and Collateral Agreement and that is organized under the laws of Germany or any state or territory thereof.

(b) *Existing Credit Agreement.* The Administrative Agent shall have received satisfactory evidence that the Existing Credit Agreement shall have been terminated and all amounts thereunder shall have been paid in full and (ii) satisfactory arrangements shall have been made for the termination of all Liens granted in connection therewith.

(c) *Financial Statements.* The Lenders shall have received (i) audited consolidated financial statements of the Parent Borrower for the 2003 and 2004 fiscal years and (ii) unaudited interim consolidated financial statements of the Parent Borrower for each fiscal quarter ended after the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and such financial statements shall not, in the reasonable judgment of the Lenders, reflect any material adverse change in the consolidated financial condition of the Parent Borrower, as reflected in the financial statements or projections contained in the Confidential Information Memorandum.

(d) *Projections.* The Lenders shall have received satisfactory projections (including written assumptions) for the Parent Borrower and its Subsidiaries.

(e) *Lien Searches.* The Administrative Agent shall have received the results of a recent lien search in each of the jurisdictions where assets of the Loan Parties are located, and such search shall reveal no liens on any of the assets of the Loan Parties except for liens permitted by Section 6.3 or discharged on or prior to the Effective Date pursuant to documentation satisfactory to the Administrative Agent.

(f) *Pledged Stock.* The Administrative Agent shall have received the certificates representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(g) *Filings, Registrations and Recordings.* Each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.3), shall be in proper form for filing, registration or recordation.

(h) *Legal Opinions.* The Administrative Agent shall have received legal opinions (addressed to the Administrative Agent and the Lenders and dated the Effective Date) (i) from Fried, Frank,

Harris, Shriver & Jacobson LLP, counsel for the Parent Borrower, substantially in the form of Exhibit D-1, and (ii) from Ross Bricker, General Counsel of the Parent Borrower, substantially in the form of Exhibit D-2. The Parent Borrower hereby requests each such counsel to deliver such opinions.

(i) *Closing Certificates.* The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of each Loan Party, dated the Effective Date, substantially in the form of Exhibit B, with appropriate insertions and attachments.

(j) *Fees.* The Administrative Agent, the Foreign Trade Facility Agent and the Lenders shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by any Loan Party hereunder or under any other Loan Document.

(k) *Consents.* All consents and approvals, if any, required to be obtained from any Governmental Authority or other Person in connection with the Transactions shall have been obtained, and all applicable waiting periods and appeal periods shall have expired, in each case without the imposition of any burdensome conditions, except to the extent that the failure to obtain any such consent could not reasonably be expected to have a Material Adverse Effect.

SECTION 4.2. *Each Credit Event.* The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Lenders and Foreign Issuing Lenders to issue, amend, renew or extend any Letter of Credit or any Foreign Credit Instrument, is subject to receipt of the request therefor in accordance herewith and to the satisfaction of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit or Foreign Credit Instrument, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit or Foreign Credit Instrument, as applicable, no Default or Event of Default shall have occurred and be continuing.

(c) In the case of any initial extension of credit made under the Global Revolving Facility to a Foreign Subsidiary Borrower, the Administrative Agent shall have received a Foreign Subsidiary Opinion and such other documents and information with respect to such Foreign Subsidiary Borrower as the Administrative Agent may reasonably request.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit or a Foreign Credit Instrument shall be deemed to constitute a representation and warranty by the Parent Borrower and the relevant Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest (and premium, if any) on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit and Foreign Credit Instruments shall have expired or terminated (or been fully cash collateralized or otherwise supported in a manner consistent with the terms of Section 2.5(j) or 2.6(m)(v), as applicable) and all LC Disbursements and Foreign Credit Disbursements shall have been reimbursed, the Parent Borrower covenants and agrees with the Administrative Agent and the Lenders that:

SECTION 5.1. *Financial Statements and Other Information.* The Parent Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Parent Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Parent Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; *provided* that delivery within the time period specified above of copies of the Annual Report on Form 10-K of the Parent Borrower filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 5.1(a);

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Parent Borrower, its consolidated balance sheet and related statements of operations for such fiscal quarter and the then elapsed portion of the fiscal year, and cash flows for the then elapsed

portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Parent Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes; *provided* that delivery within the time period specified above of copies of the Quarterly Report on Form 10-Q of the Parent Borrower filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 5.1(b);

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Parent Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.1, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the Parent Borrower's audited financial statements referred to in Section 3.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (iv) with respect to any Permitted Acquisition for which the aggregate Consideration is greater than or equal to \$100,000,000 and for which a certificate has not been previously delivered to the Administrative Agent as required by the definition of Permitted Acquisition, certifying as to the matters specified in clause (a) of the proviso in such definition;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default or Event of Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) not later than 60 days after the commencement of each fiscal year of the Parent Borrower, a consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of and for such fiscal year and setting forth the assumptions used for purposes of preparing such budget) and, promptly when available, any significant revisions of such budget;

(f) no later than five days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect to the Senior Note Indenture, any of the Subordinated Debt Documents or any of the Other Permitted Debt Documents;

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Parent Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Parent Borrower to its shareholders generally, as the case may be; and

(h) promptly following any request therefor, such other information regarding the operations, business affairs, financial condition and identity of the Parent Borrower or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request, including any request made by a Lender as contemplated by Section 9.16.

SECTION 5.2. *Notices of Material Events.* The Parent Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent Borrower or any Affiliate thereof that could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Parent Borrower and its Subsidiaries in an aggregate amount exceeding \$50,000,000;

(d) after the occurrence of the Ratings Event, any casualty or other insured damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding that could reasonably be expected to reduce the value of the Collateral by an aggregate amount in excess of \$50,000,000; and

(e) any development that results in, or could reasonably be expected to have, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Parent Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. *Information Regarding Collateral.* (a) The Parent Borrower will furnish to the Administrative Agent prompt written notice of any change (i) in any Loan Party's corporate name, (ii) in the jurisdiction of organization of any Loan Party, (iii) in any Loan Party's identity or corporate structure or (iv) in any Loan Party's Federal Taxpayer Identification Number. Unless the Parent Borrower shall have provided to the Administrative Agent at least 15 days' prior written notice of any such change, the Parent Borrower agrees not to effect or permit any change referred to in the preceding sentence until such time as all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral.

(b) On each Collateral Date, the Parent Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the Parent Borrower setting forth (i) the information required by Section 5.11 and (ii) a summary of any change referred to in the first sentence of paragraph (a) above that has occurred since the immediately preceding Collateral Date (or, in the case of the first Collateral Date, since the Effective Date).

SECTION 5.4. *Existence; Conduct of Business.* The Parent Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; *provided* that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.4.

SECTION 5.5. *Payment of Obligations.* The Parent Borrower will, and will cause each of its Subsidiaries to, pay its material Indebtedness and other obligations, including material Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Parent Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.6. *Maintenance of Properties.* The Parent Borrower will, and will cause each of its Subsidiaries to, keep and maintain all property material to the conduct of its business in good condition, ordinary obsolescence, wear and tear excepted.

SECTION 5.7. *Insurance.* The Parent Borrower will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurance companies (a) insurance in such amounts (with no greater risk retention) and against such risks as are customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (b) all insurance required to be maintained pursuant to the Security Documents. The Parent Borrower will furnish to the Lenders, upon request of the Administrative Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.8. *Books and Records; Inspection and Audit Rights.* The Parent Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Parent Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

SECTION 5.9. *Compliance with Laws and Contractual Obligations.* The Parent Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority (including Environmental Laws) and all Contractual Obligations applicable to it or its property, except where the failure to do so, in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.10. *Use of Proceeds and Letters of Credit and Foreign Credit Instruments.* The proceeds of the Initial Term Loans will be used only to refinance the LYONs. The proceeds of the Incremental Term Loans will be used only for the purposes specified in the relevant Incremental Facility Activation Notice. The proceeds of the Revolving Loans and Swingline Loans, and the Letters of Credit, will be used only for working capital and general corporate purposes of the Parent Borrower and its Subsidiaries, including Permitted Acquisitions, Investments and Restricted Payments permitted hereby. The Foreign Credit Instruments will be used only for the operational business of the Parent Borrower and its Subsidiaries, *provided* that no Foreign Credit Instrument may be issued for the benefit of financial creditors. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 5.11. *Additional Collateral.* (a) On each Collateral Date, the Parent Borrower will notify the Administrative Agent of the identity of any Wholly Owned Subsidiary that is not already a Subsidiary Guarantor and promptly after such Collateral Date will (i) cause such Subsidiary (unless it is a Foreign Subsidiary (or a Subsidiary thereof) or a Receivables Entity) to become a "Subsidiary Guarantor" under the Guarantee and Collateral Agreement, (ii) in the case of each such Subsidiary that is a Material Subsidiary, cause such Subsidiary (unless it is a Foreign Subsidiary (or a Subsidiary thereof) or a Receivables Entity) to become a "Grantor" under the Guarantee and Collateral Agreement and, after the occurrence of the Ratings Event, each other relevant Security Document, (iii) cause the Capital Stock of such Wholly Owned Subsidiary to be pledged pursuant to the Guarantee and Collateral Agreement (except that, (A) if such Subsidiary is a Foreign Subsidiary (or a Subsidiary thereof), no Capital Stock of such Subsidiary shall be pledged unless such Subsidiary is a Material Subsidiary that is directly owned by the Parent Borrower or a Domestic Subsidiary, and then the amount of voting stock of such Subsidiary to be pledged pursuant to the Guarantee and Collateral Agreement shall be limited to 66% of the outstanding shares of voting stock of such Subsidiary, and

(B) if such Subsidiary is a Receivables Entity, no shares of Capital Stock of such Subsidiary shall be pledged if the documentation relating to the Receivables sale, factoring or securitization to which such Receivables Entity is a party expressly prohibits such pledge) and (iv) except in the case of a Foreign Subsidiary (or a Subsidiary thereof) or a Receivables Entity, take all steps required pursuant to this Section 5.11, Section 5.12 and the relevant Security Documents to create and perfect Liens in the relevant property of such Subsidiary; *provided* that the Parent Borrower and its Subsidiaries shall not be required to comply with the requirements of this Section 5.11(a) if the Administrative Agent, in its sole discretion, determines that the cost of such compliance is excessive in relation to the value of the collateral security to be afforded thereby.

(b) Promptly, and in any event within 30 days (or such longer period as is reasonably acceptable to the Administrative Agent), following the first date on which the outstanding Indebtedness under this Agreement is rated "Ba2" or less by Moody's and "BB" or less by S&P (such date, the "*Ratings Event*"), the Parent Borrower shall (i) execute and deliver, and cause each Subsidiary Guarantor to execute and deliver, to the Administrative Agent security documents, in form and substance reasonably satisfactory to the Administrative Agent, pursuant to which the Parent Borrower and each Subsidiary Guarantor shall grant to the Administrative Agent, for the benefit of the Lenders, a security interest in all property of such Person (including any parcel of owned domestic real property having a fair market value in excess of \$10,000,000 but excluding (A) all other real property, (B) Capital Stock not required to be pledged pursuant to Section 5.11(a), (C) assets that cannot be pledged as collateral due to existing legal or contractual prohibitions and (D) those assets that are, in the reasonable judgment of the Administrative Agent, customarily excluded from security documents) that is not already subject to a perfected first priority Lien (except as permitted by Section 6.3) in favor of the Administrative Agent and (ii) take, and cause the relevant Subsidiaries to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in Section 5.12, all at the expense of the Loan Parties; *provided* that the Parent Borrower and its Subsidiaries shall not be required to comply with the requirements of this Section 5.11(b) if the Administrative Agent, in its sole discretion, determines that the cost of such compliance is excessive in relation to the value of the collateral security to be afforded thereby.

(c) If, as of any Collateral Date following the Ratings Event, any property of the Parent Borrower, any Subsidiary Guarantor that is a "Grantor" under any Security Document or any Subsidiary that is required to become a "Grantor" pursuant to Section 5.11(a) (including any parcel of owned domestic real property having a fair market value in excess of \$10,000,000 but excluding (A) all other real property, (B) Capital Stock not required to be pledge pursuant to Section 5.11(a), (C) assets that cannot be pledged as collateral due to existing legal or contractual prohibitions and (D) those assets that are, in the reasonable judgment of the Administrative Agent, customarily excluded from security documents) is not already subject to a perfected first priority Lien (except as permitted by Section 6.3) in favor of the Administrative Agent, the Parent Borrower will notify the Administrative Agent thereof, and, promptly after such Collateral Date, will cause such assets to become subject to a Lien under the relevant Security Documents and will take, and cause the relevant Subsidiary to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in Section 5.12, all at the expense of the Loan Parties; *provided* that the Parent Borrower and its Subsidiaries shall not be required to comply with the requirements of this Section 5.11(c) if the Administrative Agent, in its sole discretion, determines that the cost of such compliance is excessive in relation to the value of the collateral security to be afforded thereby.

(d) Notwithstanding anything to the contrary in this Section 5.11 or any other Loan Document, prior to the occurrence of the Ratings Event, no property other than Capital Stock shall be required to become Collateral.

(e) Promptly, and in any event within 30 days (or such longer period as is reasonably acceptable to the Administrative Agent), following the first date after the Release Date on which the outstanding Indebtedness under this Agreement is rated less than "Baa3" by Moody's or less than "BBB-" by S&P, the Parent Borrower shall (i) execute and deliver, and cause each Subsidiary Guarantor to execute and deliver, to the Administrative Agent security documents, in form and substance reasonably satisfactory to the Administrative Agent, pursuant to which the Parent Borrower and each Subsidiary Guarantor shall grant to the Administrative Agent, for the benefit of the Lenders, a security interest in all property (and types of property) of such Person that constituted Collateral under the Guarantee and Collateral Agreement as in effect immediately prior to the Release Date (and, for the avoidance of doubt, shall not include Capital Stock not required to be pledged pursuant to Section 5.11(a)) and (ii) take, and cause the relevant Subsidiaries to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in Section 5.12, all at the expense of the Loan Parties.

(f) Notwithstanding anything to the contrary in this Section 5.11 or any other Loan Document, the Administrative Agent and the Lenders shall not have Liens on (and shall, at the request and expense of the Parent Borrower, timely release any Liens on): (i) the assets transferred to a Receivables Entity and assets of such Receivables Entity, (ii) the Receivables and related assets (of the type specified in the definition of "Qualified Receivables Transaction") transferred, or in respect of which security interests are granted, pursuant to a Qualified Receivables Transaction and (iii) if the documentation relating to the Receivables sale, factoring or securitization to which such Receivables Entity is a party expressly prohibits such a Lien, the Capital Stock or debt (whether or not represented by promissory notes) of or issued by a Receivables Entity to the Parent Borrower or any of its Subsidiaries, in each case in connection with a Qualified Receivables Transaction permitted by Section 6.6(c).

SECTION 5.12. Further Assurances. The Parent Borrower will, and will cause each of the Subsidiaries to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties. The Parent Borrower also agrees to provide to the Administrative Agent, from time to time upon request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

SECTION 5.13. Post-Closing Matters. Within 60 days after the Effective Date (or such longer period as is agreed to by the Administrative Agent in its sole discretion), the Parent Borrower shall cause to be provided to the Administrative Agent, to the extent not previously provided pursuant to Section 4.1(a)(iii), an Acknowledgement and Consent, substantially in the form attached to the Guarantee and Collateral Agreement, executed and delivered by each Issuer (as defined therein) that is not a party to the Guarantee and Collateral Agreement.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest (and premium, if any) on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit and Foreign Credit Instruments have expired or terminated (or been fully cash collateralized or otherwise supported in a manner consistent with the terms of Section 2.5(j) or 2.6(m)(v), as applicable)

and all LC Disbursements and Foreign Credit Disbursements shall have been reimbursed, the Parent Borrower covenants and agrees with the Lenders that:

SECTION 6.1. *Financial Condition Covenants.* (a) *Consolidated Leverage Ratio.* The Parent Borrower will not permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Parent Borrower to exceed 3.25 to 1.00.

(b) *Consolidated Interest Coverage Ratio.* The Parent Borrower will not permit the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of the Parent Borrower to be less than 3.50 to 1.00.

SECTION 6.2. *Indebtedness.* The Parent Borrower will not, and will not permit any Subsidiary to, create, incur, assume (collectively, "Incur") or permit to exist (except as provided below) any Indebtedness, except:

(a) Indebtedness created under the Loan Documents;

(b) subordinated debt of the Parent Borrower (including any subordinated debt which extends, renews, replaces or is in exchange for existing subordinated debt of the Parent Borrower), so long as (i) such Indebtedness has no scheduled principal payments prior to the date that is six months after the latest maturity date then in effect for Loans hereunder, (ii) the covenants and defaults, taken as a whole, contained in the Subordinated Debt Documents are not materially more restrictive than those contained in this Agreement, as agreed to by the Administrative Agent acting reasonably, and (iii) the Subordinated Debt Documents contain subordination terms that are no less favorable in any material respect to the Lenders than those applicable to offerings of "high-yield" subordinated debt by similar issuers of similar debt at or about the same time, as agreed to by the Administrative Agent acting reasonably;

(c) Indebtedness existing on the Effective Date and set forth in Schedule 6.2 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(d) Indebtedness of the Parent Borrower to any Subsidiary and of any Subsidiary to the Parent Borrower or any other Subsidiary; *provided* that Indebtedness pursuant to this paragraph (d) of any Subsidiary that is not a Wholly Owned Subsidiary Guarantor shall be subject to Section 6.5;

(e) Indebtedness consisting of reimbursement obligations under surety, indemnity, performance, warranty, release and appeal bonds, bank guarantees, letters of credit, and guarantees of any of the foregoing in each case securing obligations not constituting Indebtedness for borrowed money and obtained in the ordinary course of business;

(f) Guarantees by the Parent Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Parent Borrower or any other Subsidiary; *provided* that (i) Guarantees pursuant to this paragraph (f) of Indebtedness of any Subsidiary that is not a Wholly Owned Subsidiary Guarantor shall be subject to Section 6.5, (ii) a Subsidiary shall not Guarantee the Indebtedness of any Loan Party unless such Subsidiary has also Guaranteed the Obligations pursuant to the Guarantee and Collateral Agreement and (iii) Guarantees pursuant to this paragraph (f) of Subordinated Debt shall be subordinated to the Guarantee of the Obligations pursuant to the Guarantee and Collateral Agreement on terms no less favorable to the Lenders than the subordination provisions of the Subordinated Debt;

(g) (i) Indebtedness of the Parent Borrower or any Subsidiary Incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and

replacements of any such Indebtedness that do not increase the outstanding principal amount thereof, *provided* that such Indebtedness (other than any such extension, renewal or replacement) is Incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) Attributable Debt in connection with Sale/Leaseback Transactions involving fixed or capital assets, in the case of either clause (i) or (ii) if at the time of Incurrence thereof, after giving effect thereto, the aggregate principal amount of all Specified Indebtedness shall not exceed an amount equal to 15% of the Total Consolidated Assets;

(h) Indebtedness of any Person that becomes a Subsidiary after the Effective Date and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that (i) such Indebtedness (other than any such extension, renewal or replacement) exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) at the time of Incurrence thereof, after giving effect thereto, the aggregate principal amount of all Specified Indebtedness shall not exceed an amount equal to 15% of the Total Consolidated Assets;

(i) Indebtedness to finance the general working capital needs of the Parent Borrower and its Subsidiaries, Incurred after the Domestic Revolving Maturity Date and the Global Revolving Maturity Date, in an aggregate principal amount not to exceed the amount of the Revolving Commitments as in effect immediately prior to such date; *provided* that (i) the Revolving Commitments shall have been or shall concurrently be terminated, the Revolving Loans and Swingline Loans shall have been or shall concurrently be repaid in full, all LC Disbursements shall have been repaid in full and all Letters of Credit shall have been or shall concurrently be cancelled or replaced and (ii) the terms and conditions of such replacement working capital facility (including any arrangements for sharing of Collateral) shall be reasonably satisfactory to the Required Lenders (determined after giving effect to the termination of the Revolving Commitments);

(j) letters of credit, bank guarantees or surety instruments obtained in the ordinary course of business in an aggregate face amount not exceeding \$150,000,000 at any time outstanding (which may be secured); *provided* that, in the case of any such Indebtedness that is secured, at the time of Incurrence thereof, after giving effect thereto, the aggregate principal amount of all Specified Indebtedness shall not exceed an amount equal to 15% of the Total Consolidated Assets;

(k) Indebtedness of Foreign Subsidiaries and any other Subsidiary that is not a Loan Party; *provided* that, at the time of Incurrence thereof, after giving effect thereto, the aggregate principal amount of all Specified Indebtedness shall not exceed an amount equal to 15% of the Total Consolidated Assets (with the amount of Indebtedness under overdraft lines or cash management facilities being determined net of cash held for the benefit of the relevant Subsidiary by the institution creating such overdraft or cash management facility);

(l) unsecured Indebtedness of the Parent Borrower (and any unsecured Guarantees of such Indebtedness by Subsidiary Guarantors to the extent permitted by Section 6.2(f)) and any extensions, renewals and replacements of any such Indebtedness that are Incurred by the Parent Borrower, that are unsecured and that do not increase the outstanding principal amount of such Indebtedness (with Guarantees by Subsidiary Guarantors as permitted by Section 6.2(f)); *provided* that, with respect to all Indebtedness permitted by this paragraph (l) (including any extension, renewal or replacement thereof), (i) such Indebtedness has no scheduled principal payments prior to the latest maturity date then in effect for Loans hereunder, (ii) the covenants and defaults, taken as a whole, contained in the documentation for such Indebtedness are not materially more restrictive than those contained in this Agreement, as agreed to by the Administrative Agent acting reasonably, (iii) no Default or Event of Default shall have occurred and be continuing, or would occur after giving effect to the Incurrence of such Indebtedness, and (iv) the Parent Borrower shall

be in compliance, on a *pro forma* basis after giving effect to the Incurrence of such Indebtedness, with the covenants contained in Section 6.1, in each case recomputed as at the last day of the most recently ended fiscal quarter of the Parent Borrower for which the relevant information is available as if such Incurrence had occurred on the first day of each relevant period for testing such compliance (as demonstrated in a certificate of a Financial Officer delivered to the Administrative Agent not more than two Business Days prior to such Incurrence);

(m) (i) Indebtedness of the Parent Borrower consisting of LYONs and Guarantees of LYONs by Subsidiaries to the extent permitted by Section 6.5(e) (it being understood that (x) LYONs and Guarantees of LYONs by Subsidiaries as in effect on the Effective Date are permitted by this clause (m) and (y) the conversion described in clause (b) of the definition of "LYONs" shall be deemed to be a new Incurrence of Indebtedness and shall be permitted only if clauses (A) through (D) of this paragraph (m)(i) are satisfied at the time of such conversion) representing aggregate gross proceeds not exceeding \$820,000,000, *provided* that (A) such Indebtedness has no scheduled principal payments (it being acknowledged that any mandatory redemptions or conversions at the option of the holders of the LYONs pursuant to LYONs Put/Conversion Rights are not scheduled principal payments) prior to the date that is six months after the latest maturity date then in effect for Loans hereunder, (B) the covenants and defaults, taken as a whole, contained in the documentation for such Indebtedness are not materially more restrictive than those contained in this Agreement, as agreed to by the Administrative Agent acting reasonably, (C) no Default or Event of Default shall have occurred and be continuing, or would occur after giving effect to the Incurrence of such Indebtedness and (D) the Parent Borrower shall be in compliance, on a *pro forma* basis after giving effect to the Incurrence of such Indebtedness, with the covenants contained in Section 6.1, in each case recomputed as at the last day of the most recently ended fiscal quarter of the Parent Borrower for which the relevant information is available as if such Incurrence had occurred (and, in the case of the conversion described in clause (b) of the definition of "LYONs", as if cash interest on the LYONs had become payable) on the first day of each relevant period for testing such compliance (as demonstrated in a certificate of a Financial Officer delivered to the Administrative Agent not more than two Business Days prior to such Incurrence) and (ii) any Indebtedness of the Parent Borrower (with Guarantees by Subsidiary Guarantors otherwise permitted by this Agreement) Incurred to refinance any of the foregoing so long as (A) such Indebtedness has no scheduled principal payments (it being acknowledged that if such refinancing Indebtedness has substantially the same terms as the LYONs, any mandatory redemptions or conversions at the option of the holders of the such Indebtedness pursuant to substantially the same terms as the LYONs Put/Conversion Rights are not scheduled principal payments) prior to the date that is six months after the latest maturity date then in effect for Loans hereunder, (B) the terms thereof, taken as a whole, are not materially more restrictive than the Indebtedness being refinanced or are no more restrictive than those contained in this Agreement, in each case as agreed by the Administrative Agent acting reasonably and (C) the aggregate principal amount of the LYONs so refinanced is not increased;

(n) Receivables Transaction Attributed Indebtedness and all yield, interest, fees, indemnities and other amounts related thereto; *provided* that the related Qualified Receivables Transaction shall be subject to Section 6.6(c);

(o) Hedging Agreements, so long as such agreements are not entered into for speculative purposes; and

(p) other Indebtedness of any Loan Party in an aggregate principal amount not exceeding \$100,000,000 at any time outstanding; *provided* that, in the case of any such Indebtedness that is secured, at the time of Incurrence thereof, after giving effect thereto, the aggregate principal amount of all Specified Indebtedness shall not exceed an amount equal to 15% of the Total Consolidated Assets.

SECTION 6.3. *Liens* The Parent Borrower will not, and will not permit any Subsidiary to, Incur or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including Receivables) or rights in respect of any thereof, except:

(a) Liens created under the Loan Documents;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of the Parent Borrower or any Subsidiary existing on the Effective Date and set forth in Schedule 6.3; *provided* that (i) such Lien shall not apply to any other property or asset of the Parent Borrower or any Subsidiary (other than improvements, accessions, proceeds, dividends or distributions in respect thereof and assets fixed or appurtenant thereto) and (ii) such Lien shall secure only those obligations which it secures on the Effective Date and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) any Lien existing on any property prior to the acquisition thereof by the Parent Borrower or any Subsidiary or existing on any property of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; *provided* that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property of the Parent Borrower or any Subsidiary (other than improvements, accessions, proceeds, dividends or distributions in respect thereof and assets fixed or appurtenant thereto) and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(e) Liens on fixed or capital assets acquired, constructed or improved by the Parent Borrower or any Subsidiary; *provided* that (i) such security interests secure Indebtedness permitted by Section 6.2(g), (ii) such security interests and the Indebtedness secured thereby (other than extensions, renewals and replacements) are Incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Parent Borrower or any Subsidiary (other than improvements, accessions, proceeds, dividends or distributions in respect thereof and assets fixed or appurtenant thereto);

(f) Liens securing Indebtedness permitted by Section 6.2(i); *provided* that, if any such Liens are on property that is not Collateral, then, contemporaneously with the Incurrence of such Liens, effective provision is made to secure the Obligations equally and ratably with the Indebtedness secured by such Liens for so long as such Indebtedness is so secured;

(g) Liens on property of any Foreign Subsidiary or any other Subsidiary that is not a Loan Party securing Indebtedness of such Subsidiary permitted by Section 6.2(j) or (k);

(h) Liens on assets transferred to a Receivables Entity or other Person in connection with a Qualified Receivables Transaction or on assets of a Receivables Entity, in each case Incurred in connection with a Qualified Receivables Transaction securing Indebtedness permitted by Section 6.2(n);

(i) Liens not otherwise permitted by this Section securing Indebtedness expressly permitted to be secured by Section 6.2(p); *provided* that the aggregate book value (determined as of the date such Loan is incurred) of the assets subject thereto does not exceed (as to the Parent Borrower and all Subsidiaries) \$130,000,000 at any one time; and

(j) Liens not otherwise permitted by this Section securing obligations or liabilities (other than Indebtedness) in an amount not to exceed \$50,000,000.

It is understood that Liens pursuant to Sections 6.3(d), (e), (f), (g), (h) and (i) may be Incurred only to the extent the corresponding Indebtedness is expressly permitted to be Incurred pursuant to Section 6.2.

SECTION 6.4. *Fundamental Changes.* The Parent Borrower will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing;

(a) any Person may merge into the Parent Borrower in a transaction in which the Parent Borrower is the surviving corporation;

(b) any Person may merge or consolidate with any Wholly Owned Subsidiary Guarantor so long as the surviving entity is or becomes a Wholly Owned Subsidiary Guarantor;

(c) any Subsidiary may Dispose of its assets to the Parent Borrower or any Wholly Owned Subsidiary Guarantor pursuant to a transaction of liquidation or dissolution;

(d) the Parent Borrower or any Subsidiary may Dispose of any Subsidiary pursuant to a merger of such Subsidiary in a Disposition permitted by Section 6.6;

(e) any Foreign Subsidiary or other Subsidiary that is not a Subsidiary Guarantor may merge or consolidate with any other Person so long as the surviving entity is a Subsidiary (*provided* that in the case of a merger or consolidation involving a Foreign Subsidiary Borrower, the surviving entity is a Borrower) or Dispose of its assets to any other Subsidiary pursuant to a transaction of liquidation or dissolution; and

(f) the Parent Borrower may merge or consolidate into any other Person so long as (i) the surviving entity assumes all the Obligations of the Parent Borrower hereunder and under the other Loan Documents pursuant to a written agreement satisfactory to the Administrative Agent, (ii) the surviving entity is organized under the laws of a jurisdiction within the United States of America, (iii) no Default or Event of Default shall have occurred and be continuing, or would occur after giving effect to such merger, (iv) the Parent Borrower shall be in compliance, on a *pro forma* basis after giving effect to such merger or consolidation, as applicable, with the covenants contained in Section 6.1, in each case recomputed as at the last day of the most recently ended fiscal quarter of the Parent Borrower for which the relevant information is available as if such merger or consolidation had occurred on the first day of each relevant period for testing such compliance (as demonstrated in a certificate of a Financial Officer delivered to the Administrative Agent at least ten Business Days prior to such merger or consolidation) and (v) all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such merger or consolidation to have a valid, legal and perfected security interest in all the Collateral to the same extent as prior to such merger or consolidation.

It is understood that no transaction pursuant to this Section 6.4 shall be permitted unless any Investment or Disposition made in connection therewith is also expressly permitted by Section 6.5 or 6.6, as applicable.

SECTION 6.5. *Investments, Loans, Advances, Guarantees and Acquisitions.* The Parent Borrower will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Wholly Owned Subsidiary prior to such merger) any Capital Stock of or evidences of Indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any

obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (collectively, "Investments"), except:

(a) Permitted Investments;

(b) Investments existing on the Effective Date and set forth on Schedule 6.5;

(c) intercompany Investments made by the Parent Borrower and its Subsidiaries in any Subsidiary (other than any Receivables Entity) that, prior to such Investment, is a Subsidiary; *provided* that, after giving effect to any such Investment made on a particular date, the aggregate amount of outstanding Investments made by Loan Parties after the Effective Date in or with respect to Subsidiaries (other than any Receivables Entity) that are not Wholly Owned Subsidiary Guarantors shall not exceed an amount equal to 10% of the Total Consolidated Assets (it being understood that the amount of any intercompany Investment made pursuant to this paragraph (c) in exchange for the forgiveness of any Indebtedness owing to the Person in which such Investment is made shall be determined net of the amount of such Indebtedness forgiven);

(d) loans and advances to employees of the Parent Borrower or any Subsidiary in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for the Parent Borrower and its Subsidiaries not to exceed \$20,000,000 at any one time outstanding;

(e) Guarantees constituting Indebtedness permitted by Section 6.2; *provided* that (i) a Subsidiary shall not Guarantee the Senior Notes, any Subordinated Debt, the LYONs or any Other Permitted Debt unless (A) such Subsidiary also has Guaranteed the Obligations pursuant to the Guarantee and Collateral Agreement, (B) in the case of any Guarantee of Subordinated Debt, such Guarantee of the Subordinated Debt is subordinated to such Guarantee of the Obligations on terms no less favorable to the Lenders than the subordination provisions of the Subordinated Debt and (C) such Guarantee provides for the release and termination thereof, without action by any party, upon Disposition of the relevant Subsidiary, (ii) the aggregate principal amount of Indebtedness of Subsidiaries that are not Wholly Owned Subsidiary Guarantors that is Guaranteed by any Loan Party shall be subject to the limitation set forth in paragraph (c) above and (iii) a Subsidiary shall not Guarantee the Indebtedness of any Loan Party unless such Subsidiary has also Guaranteed the Obligations pursuant to the Guarantee and Collateral Agreement;

(f) Permitted Acquisitions;

(g) Guarantees by the Parent Borrower and its Subsidiaries of any Contractual Obligations (not constituting Indebtedness) of the Parent Borrower or any Subsidiary;

(h) intercompany Investments in any Wholly Owned Subsidiary created by the Parent Borrower or any of its Subsidiaries in connection with any corporate restructuring; *provided* that (i) such newly-created Subsidiary is, or contemporaneously with the consummation of such restructuring becomes, a Wholly Owned Subsidiary Guarantor, (ii) all property transferred to such newly-created Subsidiary that constituted Collateral shall continue to constitute Collateral as to which the Administrative Agent has a first priority perfected security interest, subject to Permitted Encumbrances, and (iii) contemporaneously with the consummation of such restructuring (A) the Capital Stock (and, after the occurrence of the Ratings Event, the assets) of such newly-created Subsidiary are pledged under the relevant Security Documents (except to the extent that any of the foregoing would not otherwise be required pursuant to Section 5.11 to be so pledged on the next succeeding Collateral Date) and (B) the Parent Borrower takes, and causes the relevant Subsidiary to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in Section 5.12, all at the expense of the Loan Parties;

(i) (i) Investments in the Emerson JV as at September 30, 2005 and (ii) additional Investments in the Emerson JV in an aggregate amount from September 30, 2005 through and including the date of such Investment not to exceed \$75,000,000;

(j) Investments financed with Capital Stock of the Parent Borrower; *provided* that (i) the Parent Borrower shall be in compliance, on a *pro forma* basis after giving effect to such Investment, with the covenants contained in Section 6.1, in each case recomputed as at the last day of the most recently ended fiscal quarter of the Parent Borrower for which the relevant information is available as if such Investment had occurred on the first day of each relevant period for testing such compliance (as demonstrated, in the case of any Investment for which the aggregate cost is greater than or equal to \$100,000,000, in a certificate of a Financial Officer delivered to the Administrative Agent prior to the consummation of such Investment) and (ii) no Default or Event of Default shall occur after giving effect to such Investment;

(k) Investments comprised of capital contributions (whether in the form of cash, a note or other assets) to a Receivables Entity or otherwise resulting from transfers of assets permitted by Section 6.6(c);

(l) Investments comprised of non-cash consideration received by the Parent Borrower or any Subsidiary in connection with any Disposition permitted by Section 6.6(d) or (f); *provided* that such non-cash consideration either (i) constitutes not more than 25% of the aggregate consideration received in connection with such Disposition or (ii) is comprised of securities, notes or other obligations that are converted, sold or exchanged within 30 days of receipt thereof by the Parent Borrower or such Subsidiary into cash; and

(m) Investments that are not permitted by any other paragraph of this Section, so long as, after giving effect to any such Investment, the aggregate amount of Investments (valued at cost) at any one time outstanding shall not exceed \$250,000,000.

The outstanding amount of any Investment shall be equal to the sum of (x) the original cost of such Investment, *plus* (y) the cost of all additions thereto, *minus* (z) any cash proceeds from the disposition of or other cash distributions on such Investment, without any adjustments for increases or decreases in value or write-ups, write-downs or write-offs with respect to such Investment; *provided* that the amount of any Investment shall not be less than zero.

SECTION 6.6. *Disposition of Assets.* The Parent Borrower will not, and will not permit any of its Subsidiaries to, Dispose of any asset, including any Capital Stock owned by it (other than Capital Stock of the Parent Borrower held in treasury by the Parent Borrower), nor will the Parent Borrower permit any of its Subsidiaries to issue any additional Capital Stock of such Subsidiary, except:

(a) (i) sales of inventory, obsolete or worn out equipment and Permitted Investments and (ii) leases or licenses of real or personal property, in each case in the ordinary course of business;

(b) Dispositions to the Parent Borrower or a Subsidiary; *provided* that any such Dispositions by a Loan Party to a Subsidiary that is not a Loan Party shall be made in compliance with Section 6.5;

(c) sales of Receivables and related assets or an interest therein of the type specified in the definition of "Qualified Receivables Transaction" pursuant to a Qualified Receivables Transaction, *provided* that (i) each such transaction shall be a Qualified Receivables Transaction, as agreed by the Administrative Agent acting reasonably, and (ii) the aggregate amount of Receivables Transaction Attributed Indebtedness at any time outstanding in respect of all such Qualified Receivables Transactions shall not exceed \$300,000,000;

(d) Dispositions of assets that are not permitted by any other paragraph of this Section; *provided* that (i) the aggregate gross proceeds (including any non-cash proceeds, determined on the

basis of face amount in the case of notes or similar consideration and on the basis of fair market value in the case of other non-cash proceeds) of all assets Disposed of in reliance upon this paragraph (d) shall not exceed, (A) during the period commencing on the Effective Date and ending on December 31, 2005, \$300,000,000 and (B) in the case of any fiscal year of the Parent Borrower thereafter, 10% of the Total Consolidated Assets (*provided*, that (x) any such amount referred to in this clause (B), if not so utilized in the fiscal year for which it is permitted, may be carried over for utilization in the next succeeding fiscal year and (y) Dispositions made pursuant to this clause (B) during any fiscal year shall be deemed made, *first*, in respect of amounts permitted for such fiscal year as provided in this clause (B) and, *second*, in respect of amounts carried over from the prior fiscal year pursuant to clause (x) above); and (ii) all Dispositions permitted by this paragraph (d) shall be made for fair value and for at least 75% cash consideration;

(e) Dispositions by the Parent Borrower of all or any portion of its interest in the Emerson JV; and

(f) Dispositions consummated on or before December 31, 2006 by the Parent Borrower or a Subsidiary of any assets that the Parent Borrower, in a public filing made with the Securities Exchange Commission prior to the Effective Date, disclosed as the subject of a proposed sale; *provided* that (i) all Dispositions permitted by this paragraph (f) shall be made for fair value and for at least 75% cash consideration and (ii) the aggregate consideration for all such Dispositions permitted by this paragraph (f) shall not exceed \$150,000,000.

For purposes of paragraphs (d) and (f) of this Section 6.6,

(i) the following will be deemed to be cash:

(A) the assumption by the transferee of Indebtedness (other than subordinated Indebtedness or preferred stock) of the Parent Borrower or of any Subsidiary (in which case, the Parent or such Subsidiary will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (b)(ii) of the definition of "Net Proceeds"), *provided* that the amount of assumed Indebtedness that is deemed to be cash shall not exceed \$200,000,000 in the aggregate from and after the Effective Date;

(B) securities, notes or other obligations received by the Parent Borrower or any Subsidiary from the transferee that are converted, sold or exchanged within 30 days of receipt thereof by the Parent Borrower or such Subsidiary into cash (to the extent of the cash received in such conversion, sale or exchange); and

(C) in the case of any particular Disposition, promissory notes received by the Parent Borrower or any Subsidiary from the transferee having an aggregate principal amount not to exceed \$10,000,000; and

(ii) in the case of a Disposition consisting of an Asset Swap, the Parent Borrower or such Subsidiary shall only be required to receive cash in an amount equal to at least 75% of the proceeds of such Disposition which are not part of the Asset Swap, *provided* that at the time of such Asset Swap, after giving effect thereto, the aggregate fair value (as determined at the time of such related Asset Swap and not subject to later revaluation) of the assets of the Parent Borrower and its Subsidiaries that are the subject of all such Asset Swaps from and after the Effective Date shall not exceed an amount equal to 15% of the Total Consolidated Assets.

SECTION 6.7. *Sale and Leaseback Transactions.* The Parent Borrower will not, and will not permit any Subsidiary to, enter into any arrangement (each, a "Sale/Leaseback Transaction") providing for the leasing to the Parent Borrower or any Subsidiary of real or personal property that has been or is to be (a) sold or transferred by the Parent Borrower or any Subsidiary or (b) constructed or acquired

by a third party in anticipation of a program of leasing to the Parent Borrower or any Subsidiary, in each case unless the Attributable Debt resulting therefrom is permitted by Section 6.2(d) or 6.2(g).

SECTION 6.8. *Restricted Payments.* The Parent Borrower will not, and will not permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or Incur any obligation (contingent or otherwise) to do so, except:

- (a) the Parent Borrower may (i) declare and pay dividends with respect to its Capital Stock payable solely in shares of its Capital Stock or (ii) make other distributions or payments payable solely in shares of its Capital Stock;
- (b) any Wholly Owned Subsidiary may declare and pay Restricted Payments to its immediate parent;
- (c) any non-Wholly Owned Subsidiary may declare and pay Restricted Payments ratably with respect to its Capital Stock;
- (d) the Parent Borrower may make Restricted Payments, not exceeding \$10,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Parent Borrower and its Subsidiaries;
- (e) the Parent Borrower may repurchase its Capital Stock and may declare and pay cash dividends to the holders of its Capital Stock; *provided* that if the Consolidated Leverage Ratio, on a *pro forma* basis immediately after giving effect to such repurchase or dividend declaration (with the reference period for Consolidated EBITDA being the most recent period of four consecutive fiscal quarters for which the relevant financial information has been delivered pursuant to Section 5.1(a) or (b) and with Consolidated Total Debt being calculated without netting cash and cash equivalents), as applicable, is
 - (i) greater than or equal to 2.50 to 1.00, the aggregate amount of such repurchases and dividend declarations pursuant to this Section 6.8(e) shall not exceed (A) \$75,000,000 in any fiscal year *plus* (B) an additional amount for all such repurchases and dividend declarations made after the Effective Date that is equal to the sum of (I) \$250,000,000 and (II) a positive amount equal to 50% of cumulative Consolidated Net Income during the period from October 1, 2004 to the end of the most recent fiscal quarter for which financial information is available preceding the date of such repurchase or dividend declaration (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit), and
 - (ii) less than 2.50 to 1.00, the aggregate amount of such repurchases and dividend declarations pursuant to this Section 6.8(e) shall be unlimited; and

provided further that any such cash dividends shall be paid within 60 days after the date of declaration thereof;

- (f) the Parent Borrower or any Subsidiary may make Restricted Payments to the extent required by the terms of its joint venture or similar agreements relating to non-Wholly Owned Subsidiaries, *provided* that no such Restricted Payment shall be permitted by this clause (f) unless any Investment made in connection therewith is also expressly permitted by Section 6.5;
- (g) the Parent Borrower may redeem any or all of the LYONs;
- (h) the Parent Borrower or any Subsidiary that is permitted to guarantee the LYONs may pay required interest payments in respect of LYONs of the type described in clause (b) of the definition thereof; and
- (i) the Parent Borrower or any Subsidiary that is permitted to guarantee the LYONs may pay LYONs Contingent Interest.

For the purposes of this Section 6.8, redemptions of the LYONs shall include purchases thereof and payments required to be made in connection with the conversion thereof.

SECTION 6.9. *Payments of Certain Indebtedness; Certain Derivative Transactions.* The Parent Borrower will not, nor will it permit any Subsidiary to:

(a) make or agree or offer to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Subordinated Debt, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Subordinated Debt, except (i) extensions, renewals, replacements or exchanges of any Subordinated Debt permitted by Section 6.2(b), (ii) the payment of regularly scheduled interest and principal payments as and when due in respect of any Subordinated Debt and (iii) any purchase or other acquisition of any Subordinated Debt (A) made in consideration for (or with the proceeds of) the issuance of common stock of the Parent Borrower or (B) if the Consolidated Leverage Ratio for the most recent period of four consecutive fiscal quarters for which financial statements have been delivered pursuant to Section 5.1(a) or (b) is less than 2.50 to 1.00, other than, in each of clauses (ii) and (iii), any such payments, purchases or other acquisitions of the Subordinated Debt prohibited by the subordination provisions thereof; or

(b) enter into any derivative transaction or similar transaction obligating the Parent Borrower or any of its Subsidiaries to make payments to any other Person as a result of a change in market value of any Subordinated Debt or LYONs.

SECTION 6.10. *Transactions with Affiliates.* The Parent Borrower will not, and will not permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except:

(a) transactions that are at prices and on terms and conditions, taken as a whole, not less favorable to the Parent Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties;

(b) transactions between or among the Parent Borrower and the Subsidiaries (other than a Receivables Entity) not involving any other Affiliate;

(c) any Restricted Payment permitted by Section 6.8;

(d) any Qualified Receivables Transaction expressly permitted by Section 6.6(c); and

(e) any other transaction expressly permitted by Section 6.5.

SECTION 6.11. *Restrictive Agreements.* The Parent Borrower will not, and will not permit any Foreign Subsidiary Borrower or any Wholly Owned Subsidiary Guarantor to enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Parent Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property, (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Parent Borrower or any other Subsidiary or to Guarantee Indebtedness of the Parent Borrower or any other Subsidiary or (c) the ability of any Subsidiary to transfer any of its assets to the Parent Borrower or any other Subsidiary; *provided* that:

(i) the foregoing shall not apply to restrictions and conditions imposed by law, Permitted Encumbrances, any Loan Document, the Senior Note Indenture, any Subordinated Debt Document or any Other Permitted Debt Document, *provided* that such restrictions and conditions

shall not restrict any Loan Party from complying with the requirements of Section 5.11(b) (without giving effect to clause (i)(C) thereof);

(ii) the foregoing shall not apply to restrictions and conditions existing on the Effective Date identified on Schedule 6.11 (but shall apply to any amendment or modification expanding the scope of any such restriction or condition);

(iii) the foregoing shall not apply to restrictions and conditions contained in agreements relating to the sale of a Subsidiary or assets pending such sale, *provided* such restrictions and conditions apply only to the Subsidiary that is (or the assets that are) to be sold and such sale is permitted hereunder;

(iv) the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to a Qualified Receivables Transaction permitted by this Agreement if such restrictions or conditions apply only to the relevant Receivables Entity;

(v) clauses (a) and (c) above shall not apply to restrictions and conditions contained in documentation relating to a Subsidiary acquired in a Permitted Acquisition, *provided* that such restriction or condition (x) existed at the time such Person became a Subsidiary, (y) was not created in contemplation of or in connection with such Person becoming a Subsidiary and (z) applies only to such Subsidiary;

(vi) the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness;

(vii) clauses (a) and (c) above shall not apply to customary provisions in leases and other contracts restricting the assignment thereof; and

(viii) the foregoing shall not apply to customary provisions in purchase money obligations for property acquired in the ordinary course of business, Capital Leases Obligations, industrial revenue bonds or operating leases that impose encumbrances or restrictions on the property so acquired or covered thereby, restrictions on cash or other deposits or net worth required by customers under contracts entered into in the ordinary course of business and joint venture agreements or other similar arrangements if such provisions apply only to the Person (and the equity interests in such Person) that is the subject thereof.

SECTION 6.12. *Amendment of Material Documents, etc.* The Parent Borrower will not, and will not permit any Subsidiary to, (a) amend, modify, supplement or waive in any respect that is material and adverse to the Lenders any of its rights under any Subordinated Debt Document or any LYONs Documents (it being understood, however, that any amendment to provide Guarantees in respect of the LYONs or any Subordinated Debt, which Guarantees are permitted by this Agreement, would not constitute such an amendment) or (b) designate any Indebtedness (other than obligations of the Loan Parties pursuant to the Loan Documents) as "Designated Senior Indebtedness" (or any comparable concept) that controls payment blockages for the purposes of the Subordinated Debt Documents.

ARTICLE VII

EVENTS OF DEFAULT

If any of the following events ("*Events of Default*") shall occur:

(a) any Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement or Foreign Credit Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any Borrower shall fail to pay any interest (or premium, if any) on any Loan or any fee or any other amount (other than an amount referred to in paragraph (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five days;

(c) any representation or warranty made or deemed made by or on behalf of the Parent Borrower or any Subsidiary in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been materially incorrect when made or deemed made;

(d) the Parent Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.2, 5.4 (with respect to the existence of any Borrower) or 5.10 or in Article VI;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraph (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof to the Parent Borrower from the Administrative Agent or the Required Lenders;

(f) the Parent Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, after the passage of any cure period provided in such Indebtedness;

(g) (i) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with the giving of notice, if required) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity (including, in any event, an "Event of Default" under and as defined in the Senior Note Indenture, any Subordinated Debt Documents or any Other Permitted Debt Documents) but excluding, in any event, (A) any mandatory redemptions or conversions at the option of the holders of the LYONs pursuant to LYONs Put/Conversion Rights and (B) after the Term Loans have been paid in full, any mandatory repurchases of the Senior Notes (and any other Indebtedness that ranks *pari passu* in right of payment to the Obligations) made in accordance with the Senior Note Indenture or any Other Permitted Debt Document with "Excess Proceeds" from any "Asset Disposition" pursuant to a required "Asset Disposition Offer" (as each such term was defined in the Senior Note Indenture when the Senior Notes were initially issued) (or any comparable concept in any Other Permitted Debt Document), or (ii) any event or condition occurs that results in (A) an automatic termination, winddown or comparable event with respect to any Qualified Receivables Transaction or (B) permits a notice of termination, a notice of winddown, a notice of acceleration or any comparable notice to be given under any such Qualified Receivables Transaction prior to the scheduled termination, winddown, maturity or comparable event, *provided* that an event or

condition described in clause (ii) of this paragraph (g) shall not at any time constitute an Event of Default unless, at such time, one or more events or conditions of the type described in clauses (i) and (ii) of this paragraph (g) shall have occurred and be continuing with respect to Indebtedness, obligations in respect of Hedging Agreements and/or Qualified Receivables Transactions in an aggregate outstanding amount exceeding \$75,000,000;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Parent Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Parent Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in paragraph (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Parent Borrower or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 shall be rendered against the Parent Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Parent Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect;

(m) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party or any Affiliate of any Loan Party shall so assert;

(n) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party or any Affiliate of any Loan Party not to be, a valid and perfected Lien on any Collateral (other than immaterial Collateral), with the priority required by the applicable Security Document;

(o) the Subordinated Debt or any Guarantees thereof shall cease, for any reason, to be validly subordinated to the Obligations or the obligations of the Subsidiary Guarantors under the Guarantee and Collateral Agreement, as the case may be, as provided in the Subordinated Debt Documents, or any Loan Party, any Affiliate of any Loan Party, the trustee in respect of the Subordinated Debt or the holders of at least 25% in aggregate principal amount of the Subordinated Debt shall so assert; or

(p) a Change of Control shall occur;

then, and in every such event (other than an event with respect to any Borrower described in paragraph (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Parent Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest (and premium, if any) thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower; and in case of any event with respect to any Borrower described in paragraph (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest (and premium, if any) thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. For the purposes of Article 2692 of the Civil Code of Quebec and without limiting the generality of the foregoing, each Canadian Lender hereby irrevocably designates and appoints the Administrative Agent in its capacity as agent and holder of a power of attorney of each such Canadian Lender under this Agreement and the other Loan Documents.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Parent Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.2), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.2) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be

deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Parent Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for any Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor to the Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Parent Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Parent Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by any Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Parent Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.3 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any other Lender or any of their respective affiliates and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any other Lender or any of their respective affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own

decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

For the avoidance of doubt, each of the foregoing references to the Administrative Agent and the Lenders shall be deemed to include (a) the Canadian Administrative Agent and the Canadian Lenders and (b) the Foreign Trade Facility Agent and the Foreign Issuing Lenders, as applicable. Neither the Syndication Agent nor any Documentation Agent shall have any duties or responsibilities hereunder in its capacity as such.

ARTICLE IX

MISCELLANEOUS

Section 9.1. *Notices.* Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Parent Borrower, to it at 13515 Ballantyne Corporate Place, Charlotte, North Carolina 28277, attention of Treasurer and Chief Financial Officer (Telecopy No. 704-752-7487), and if to any Foreign Subsidiary Borrower, to it at its address (or telecopy number) specified in the relevant Borrowing Subsidiary Agreement with a copy to the Parent Borrower at its address (or telecopy number) specified above;

(b) if to the Administrative Agent, as applicable, (i) to J.P. Morgan Europe Limited, 125 London Wall, London, England, Attention of Caroline Walsh (Telecopy No. 44-207-777-2360), (ii) to The Bank of Nova Scotia, 44 King Street West, Toronto, Ontario, Canada M5H 1H1, attention of John Hall (Telecopy No. 416-866-5991), (iii) to JPMorgan Chase Bank, Agent Bank Services Group, 1111 Fannin, Tenth Floor, Houston, Texas 77002, attention of Stephanie Sever (Telecopy No. 713-750-2666), or (iv) to Deutsche Bank AG, Trade Center, Königsallee 45 - 47, 40212 Düsseldorf, Germany, attention of Roland Stephan or Irmgard Kleinsteinberg (Telecopy No. 49-211-883-9386; E-mail: spx-ftf.agent@db.com), in each case referred to in clause (i), (ii) or (iii) above, with a copy to JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, Attention of Randolph Cates (Telecopy No. 212-270- 3279); and

(c) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or any Loan Party may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

SECTION 9.2. *Waivers; Amendments.* (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative

and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit or a Foreign Credit Instrument shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Required Lenders and each Loan Party party to the relevant Loan Document, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document; *provided* that no such agreement shall:

(i) increase the Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal amount of or subordinate the principal of any Loan, LC Disbursement or Foreign Credit Disbursement, or reduce the rate of interest thereon, or reduce any premium or fees payable hereunder, without the written consent of each Lender directly affected thereby;

(iii) extend the final scheduled date of maturity of any Loan, or postpone the scheduled date of payment of the principal amount of any Loan, LC Disbursement or Foreign Credit Disbursement, or any interest (or premium, if any) thereon, or any fees payable hereunder, or reduce the amount of, waive, excuse or subordinate any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby;

(iv) require any Lender to make Loans having an Interest Period of one year or longer, without the written consent of such Lender;

(v) amend, modify or waive any provision of this Agreement in any manner that would change the application of mandatory prepayments hereunder disproportionately as among the Facilities without the written consent of the Majority Facility Lenders in respect of each Facility adversely affected thereby;

(vi) amend, modify or waive the first sentence of Section 2.13(a) without the written consent of each Lender directly affected thereby;

(vii) change any of the provisions of this Section or the definition of "Required Lenders" or "Majority Facility Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders (or Lenders of any Class) required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (or each Lender of such Class, as the case may be);

(viii) release or subordinate the Guarantee from the Parent Borrower or all or substantially all of the Guarantees from the Subsidiary Guarantors under the Guarantee and Collateral Agreement (except as expressly provided in the Loan Documents), without the written consent of each Lender; or

(ix) release or subordinate all or substantially all of the Liens of the Security Documents on the Collateral (except as expressly provided in the Loan Documents), without the written consent of each Lender.

(c) In addition, notwithstanding the foregoing:

(i) this Agreement may be amended with the written consent of the Administrative Agent, the Parent Borrower and the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing of all outstanding Initial Term Loans or all outstanding Incremental Term Loans ("*Refinanced Term Loans*") with a replacement "A" or "B" term loan tranche, as applicable, hereunder ("*Replacement Term Loans*"), provided that (A) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans, (B) the Applicable Rate for such Replacement Term Loans shall not be higher than the Applicable Rate for such Refinanced Term Loans, (C) the weighted average life to maturity of such Replacement Term Loans shall not be shorter than the weighted average life to maturity of such Refinanced Term Loans at the time of such refinancing and (D) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such Refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the latest final maturity of the Term Loans in effect immediately prior to such refinancing;

(ii) this Agreement may be amended to provide for the increases in the Commitments and/or Incremental Term Loans contemplated by Section 2.1(b), and matters related thereto, upon (A) execution and delivery by the Parent Borrower, the Administrative Agent and each Lender increasing its Commitment and/or providing Incremental Term Loans of an Incremental Facility Activation Notice and (B) such other documents with respect thereto as the Administrative Agent shall reasonably request;

(iii) this Agreement may be amended (A) to add any Foreign Subsidiary of the Parent Borrower as a Foreign Subsidiary Borrower under the Global Revolving Facility upon execution and delivery by the Parent Borrower, such Foreign Subsidiary and the Administrative Agent of a Borrowing Subsidiary Agreement providing for such Subsidiary to become a Foreign Subsidiary Borrower under the Global Revolving Facility and (B) to remove any Subsidiary as a Foreign Subsidiary Borrower under the Global Revolving Facility upon (x) written notice by the Parent Borrower and such Subsidiary to the Administrative Agent to such effect and (y) repayment in full of all outstanding Obligations of such Foreign Subsidiary Borrower under the Global Revolving Facility;

(iv) this Agreement may be amended (A) to add any Foreign Subsidiary of the Parent Borrower as a Foreign Subsidiary Borrower under the Foreign Trade Facility upon execution and delivery by the Parent Borrower, such Foreign Subsidiary, the Foreign Trade Facility Agent and the Administrative Agent of a Borrowing Subsidiary Agreement providing for such Subsidiary to become a Foreign Subsidiary Borrower under the Foreign Trade Facility and (B) to remove any Subsidiary as a Foreign Subsidiary Borrower under the Foreign Trade Facility upon (x) written notice by the Parent Borrower and such Subsidiary to the Foreign Trade Facility Agent and the Administrative Agent to such effect, (y) repayment in full of all outstanding Obligations of such Foreign Subsidiary Borrower under the Foreign Trade Facility and (z) the expiration or termination (or full cash collateralization or provision of other credit support in a manner consistent with the terms of Section 2.6(m)(v)) of all Foreign Credit Instruments issued for the account of such Foreign Subsidiary Borrower; and

(v) this Agreement may be amended (A) to change any of the mechanics applicable to Foreign Credit Instruments set forth in Section 2.6, with the written consent of the Administrative Agent, the Foreign Trade Facility Agent, the Parent Borrower and the Majority Facility Lenders in respect of the Foreign Trade Facility, and (B) to change any of the mechanics applicable to Foreign Credit Instruments set forth in Section 2.6 solely to the extent necessary to permit a

Foreign Credit Instrument to be issued in a particular country in accordance with applicable local Requirements of Law, with the written consent of the Administrative Agent, the Foreign Trade Facility Agent, each Foreign Issuing Lender directly affected thereby and the Parent Borrower; *provided that* (x) no amendment pursuant to this clause (v) shall have the effect of making any change described in the proviso to Section 9.2(b) and (y) no amendment pursuant to clause (B) above shall have the effect of making any change to Section 2.6 in respect of Foreign Credit Instruments (and any related Foreign Trade Exposure) issued or to be issued outside of such country.

SECTION 9.3. *Expenses; Indemnity; Damage Waiver.* (a) The Parent Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including the reasonable fees and disbursements of counsel to the Administrative Agent, with statements with respect to the foregoing to be submitted to the Parent Borrower prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (ii) all reasonable out-of-pocket expenses incurred by any Issuing Lender or Foreign Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or Foreign Credit Instrument or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit or Foreign Credit Instruments issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans, Letters of Credit or Foreign Credit Instruments.

(b) The Parent Borrower shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "*Indemnitee*") against, and hold each Indemnitee harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution, delivery, enforcement, performance and administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan, Letter of Credit or Foreign Credit Instrument or the use of the proceeds therefrom (including any refusal by an Issuing Lender or Foreign Issuing Lender to honor a demand for payment under a Letter of Credit or Foreign Credit Instrument if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit or Foreign Credit Instrument, as applicable), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Parent Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Parent Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; *provided that* such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee.

(c) To the extent that the Parent Borrower fails to pay any amount required to be paid by it to the Administrative Agent, any Issuing Lender, any Foreign Issuing Lender or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, such Issuing Lender, Foreign Issuing Lender or the Swingline Lender, as the case may be, such Lender's *pro rata* share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, such Issuing Lender, such Foreign Issuing Lender or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's "*pro rata* share" shall be determined based upon its share of the sum of the total Revolving Exposures, outstanding Term Loans and unused Commitments at the time; *provided* that (i) in the case of amounts owing to any Issuing Lender or the Swingline Lender, in each case in its capacity as such, a Lender's "*pro rata* share" shall be determined based solely upon its share of the sum of Domestic Revolving Exposures and unused Domestic Revolving Commitments at the time and (ii) in the case of amounts owing to any Foreign Issuing Lender, in its capacity as such, a Lender's "*pro rata* share" shall be determined based solely upon its share of the sum of Foreign Trade Exposures and unused Foreign Trade Commitments at the time.

(d) To the extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan, Letter of Credit or Foreign Credit Instrument or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 15 days after written demand therefor. Statements payable by the Parent Borrower pursuant to this Section shall be sent to Attention of Treasurer and Chief Financial Officer (Telephone No. 704-752-4400) (Telecopy No. 704-752-7487), at the address of the Parent Borrower set forth in Section 9.1, or to such other Person or address as may be hereafter designated by the Parent Borrower in a written notice to the Administrative Agent.

SECTION 9.4. *Successors and Assigns; Participations and Assignments.* (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that a Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided* that (i) except in the case of an assignment to a Lender or a Lender Affiliate, each of the Parent Borrower and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed), *provided* that the consent of the Administrative Agent shall be required for any assignment to an assignee in respect of any Revolving Facility, (ii) except in the case of an assignment to a Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not (x) in the case of an assignment of a Revolving Commitment, Revolving Loan or Foreign Credit Instrument, be less than \$5,000,000, and (y) in the case of an assignment of a Term Loan Commitment or a Term Loan, be less than \$1,000,000, unless the Parent Borrower and the Administrative Agent otherwise consent, (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, (iv) the assignee, if not already a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, (v) no assignment of Global Revolving Commitments or Global Revolving Loans may be made to an assignee that cannot make Loans in each of the Qualified Global Currencies (other than Canadian dollars), (vi) no assignment of Canadian Commitments or Canadian Dollar Loans may be made to an assignee that cannot make Loans in each of the Qualified Global Currencies and (vii) no assignment of Foreign Trade Commitments or Foreign Credit Instruments (except to a Lender or a Lender Affiliate) may be made without the prior written consent of the Foreign Trade Facility Agent; and *provided further* that any consent of any Borrower otherwise required under this paragraph shall not be required if an Event of Default under paragraph (a), (b), (h) or (i) of Article VII has occurred and is continuing. Any such assignment need not be ratable as among the Facilities. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.17, 2.18, 2.19 and 9.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Parent Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans (whether or not evidenced by a promissory note),

LC Disbursements and Foreign Credit Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive, and each Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Parent Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee is already a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. Any assignment or transfer of all or part of a Loan evidenced by a promissory note shall be registered as to both principal and interest on the Register only upon surrender for registration of assignment or transfer of the promissory note evidencing such loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new promissory notes in the same aggregate principal amount shall be issued to the designated Assignee and the old promissory notes shall be returned by the Administrative Agent to the Parent Borrower marked "cancelled".

(e) Any Lender may, without the consent of any Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "*Participant*") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) each Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest (or premium, if any) on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. Subject to paragraph (f) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.17, 2.18 and 2.19 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section, *provided* that, in the case of Section 2.19, such Participant shall have complied with the requirements of said section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.8 as though it were a Lender, *provided* such Participant agrees to be subject to Section 2.20(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.17 or 2.19 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Parent Borrower's prior written consent.

Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that any foreclosure or similar action by such pledgee or assignee shall be subject to the provisions of this Section 9.4 concerning assignments; and *provided, further* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party

hereto. In the case of any Lender that is a fund that invests in bank loans, such Lender may, without the consent of any Borrower or the Administrative Agent, assign or pledge a security interest in all or any portion of its rights under this Agreement and/or pledge all or any portion of any instrument evidencing its rights as a Lender under this Agreement to any trustee for, or any other representative of, holders of obligations owed or securities issued, by such fund, as security for such obligations or securities; *provided* that any foreclosure or similar action by such trustee or representative shall be subject to the provisions of this Section 9.4 concerning assignments.

SECTION 9.5. *Survival.* All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit and Foreign Credit Instruments, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest (or premium, if any) on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit or Foreign Credit Instrument is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.17, 2.18, 2.19 and 9.3 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit, the Foreign Credit Instruments or the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.6. *Counterparts; Integration.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Document and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the parties hereto (including the Lenders) and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.7. *Severability.* Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.8. *Right of Setoff.* Upon any amount becoming due and payable by any Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of a Borrower against any of and all the obligations of a Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.9. *Governing Law; Jurisdiction; Consent to Service of Process.* (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party to this Agreement hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Borrower or its properties in the courts of any jurisdiction.

(c) Each party to this Agreement hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, (i) any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section, (ii) the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and (iii) any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages (as opposed to direct or actual damages).

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.1. In addition, each Foreign Subsidiary Borrower agrees that service of process may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Parent Borrower at its address for notices in Section 9.1. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. *Acknowledgements.* Each Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to any Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrowers, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrowers and the Lenders.

SECTION 9.11. *Headings.* Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. *Confidentiality.* Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Related Parties, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential

nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority or rating agency, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) to any direct or indirect contractual counterparty in Hedging Agreements or other swap agreements relating to this Agreement or such counterparty's professional advisor, (h) with the consent of the Parent Borrower, and (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than a Borrower. For the purposes of this Section, "Information" means all information received from any Borrower relating to a Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by such Borrower; *provided* that such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. *WAIVER OF JURY TRIAL.* EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.14. *Release of Collateral.* (a) On the first date (the "*Release Date*") on which the outstanding Indebtedness under this Agreement is rated "Baa3" or better by Moody's and "BBB-" or better by S&P, so long as no Event of Default exists on such date, all Collateral shall be released from the Liens created by the Guarantee and Collateral Agreement and any other Security Document, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Loan Parties. At the request and sole expense of any Loan Party following any such release, the Collateral Agent shall deliver to such Loan Party any Collateral held by the Collateral Agent under any Security Document, and execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence such release.

(b) If any of the Collateral shall be Disposed of by any Loan Party in a transaction permitted by this Agreement, then the Administrative Agent, at the request and sole expense of such Loan Party, shall execute and deliver to such Loan Party all releases or other documents reasonably necessary or desirable for the release of the Liens created by the Guarantee and Collateral Agreement and any other Security Document on such Collateral. At the request and sole expense of the Parent Borrower, a Subsidiary Guarantor shall be released from its obligations under the Guarantee and Collateral Agreement and any other Security Document in the event that such Subsidiary Guarantor ceases to be a Wholly Owned Subsidiary pursuant to a transaction expressly permitted by this Agreement and if, as

a result of such transaction, the Parent Borrower and its Subsidiaries own less than 75% of the outstanding voting Capital Stock of such Subsidiary Guarantor. In addition, at the request and sole expense of the Parent Borrower, not more than twice during the term of this Agreement, a Subsidiary Guarantor and the Subsidiaries of such Subsidiary Guarantor shall be released from their respective obligations under the Guarantee and Collateral Agreement and any other Security Document in the event that a portion of the Capital Stock of such Subsidiary Guarantor is Disposed of in a transaction expressly permitted by Section 6.6(d) (but which does not satisfy the requirements of the preceding sentence), *provided* that the aggregate Consolidated EBITDA for the most recently completed period of four consecutive fiscal quarters for which financial statements have been delivered pursuant to Section 5.1 (in each case determined at the time of such transaction) that is attributable to the Subsidiaries released from their obligations hereunder pursuant to this sentence shall not exceed \$40,000,000. Notwithstanding the foregoing, in no event shall any Subsidiary be released from its obligations under the Guarantee and Collateral Agreement or any other Security Document, in the event that such Subsidiary is a guarantor of any other Indebtedness of any Loan Party.

(c) At such time as the Loans, the Reimbursement Obligations, the Foreign Credit Reimbursement Obligations and the other Obligations shall have been paid in full, the Commitments have been terminated and no Letters of Credit or Foreign Credit Instruments shall be outstanding (or shall have been fully cash collateralized or otherwise supported in a manner consistent with the terms of Section 2.5(j) or 2.6(m)(v), as applicable), the Collateral shall be released from the Liens created by the Guarantee and Collateral Agreement and any other Security Document, and each Security Document and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party thereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Loan Parties. At the request and sole expense of any Loan Party following any such termination, the Administrative Agent shall deliver to such Loan Party any Collateral held by the Administrative Agent under any Security Document, and execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence such termination.

SECTION 9.15. *Judgment Currency.* (a) The Borrowers' obligations hereunder and under the other Loan Documents to make payments in a specified currency (the "*Obligation Currency*") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or a Lender of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "*Judgment Currency*") an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the date on which the judgment is given (such Business Day being hereinafter referred to as the "*Judgment Currency Conversion Date*").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrowers covenant and agree to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the

judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

SECTION 9.16. *USA Patriot Act Notice.* Each Lender hereby notifies each Borrower that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") and other applicable foreign Requirements of Law, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender to identify each Borrower in accordance with the Act or such other Requirements of Law, as applicable.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SPX CORPORATION

By /s/ PATRICK J. O'LEARY

Name: Patrick J. O'Leary
Title: Executive Vice President & CFO

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By /s/ MARIAN N. SCHULMAN

Name: Marian N. Schulman
Title: Managing Director

THE BANK OF NOVA SCOTIA,
as Syndication Agent

By /s/ D.C. MALONEY

Name: D.C. Maloney
Title: Managing Director

BANK OF AMERICA, N.A.,
as a Documentation Agent

By /s/ W. THOMAS BENNETT

Name: W. Thomas Bennett
Title: Senior Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as a Documentation Agent

By /s/ DONALD E. SELLERS

Name: Donald E. Sellers
Title: Director

THE BANK OF NOVA SCOTIA,
as Canadian Administrative Agent

By /s/ ROBERT BOOMHOUR

Name: Robert Boomhour
Title: Director

DEUTSCHE BANK AG,
as Foreign Trade Facility Agent

By /s/ JÜRGEN MAIWALD

Name: Jürgen Maiwald
Title: Director

By /s/ CHRISTIANE ROTH

Name: Christiane Roth
Title: Vice President

**[FORM OF]
GUARANTEE AND COLLATERAL AGREEMENT**

[FORM OF]
CLOSING CERTIFICATE

I, the undersigned, [President/Executive Vice President/Chief Financial Officer] of [Name of Loan Party], a corporation organized and existing under the laws of the State of (the "Company"), do hereby certify on behalf of the Company that:

1. This Certificate is furnished pursuant to the Credit Agreement, dated as of November 18, 2005, among SPX Corporation, a Delaware corporation (the "Parent Borrower"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

2. The following named individuals are elected or appointed officers of the Company, each holds the office of the Company set forth opposite his name and has held such office since , 1. The signature written opposite the name and title of each such officer is his genuine signature.

Table with 3 columns: Name, Office, Signature. Includes horizontal lines for text entry.

3. Attached hereto as Exhibit A is a certified copy of the Certificate of [Incorporation] [Formation] of the Company, as filed in the Office of the Secretary of State of the State of on , together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the [By-Laws] [limited liability company agreement] of the Company which [were] [was] duly adopted, [are] [is] in full force and effect on the date hereof, and [have] [has] been in effect since , .

5. Attached hereto as Exhibit C is a true and correct copy of resolutions which were duly adopted on , [by unanimous written consent of the [Board of Directors] [Managers] of the Company] [by a meeting of the [Board of Directors] [Managers] of the Company at which a quorum was present and acting throughout], and said resolutions have not been rescinded, amended or modified. Except as attached hereto as Exhibit C, no resolutions have been adopted by the [Board of Directors] [Managers] of the Company which deal with the execution, delivery or performance of any of the Loan Documents to which the Company is party.

6. On the date hereof, all of the conditions set forth in Sections 4.2(a) and (b) of the Credit Agreement have been satisfied.

- (1) Insert a date prior to the time of any corporate action relating to the Loan Documents or related documentation.
(2) Include name, office and signature of each officer who will sign any Loan Document, including the officer who will sign the certification at the end of this Certificate or related documentation.

7. On the date hereof, the representations and warranties [of each Loan Party] [of the Company]³ set forth in the Credit Agreement and in the other Loan Documents are true and correct with the same effect as though such representations and warranties had been made on the date hereof.

8. On the date hereof, no Default or Event of Default has occurred and is continuing or would result from any Borrowing to occur on the date hereof or the application of the proceeds thereof, or the issuance of any Letter of Credit or Foreign Credit Instrument to occur on the date hereof, as applicable.

9. There is no proceeding for the dissolution or liquidation of the Company or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of November, 2005.

[NAME OF LOAN PARTY]

Name:
Title:

I, the undersigned, [Secretary/Assistant Secretary] of the Company, do hereby certify that:

10. [Name of Person making above certifications] is the duly elected and qualified [President/Executive Vice President/Chief Financial Officer] of the Company and the signature above is his genuine signature.

11. The certifications made by [name of Person making above certifications] in Items 2, 3, 4, 5, 6, 7, 8 and 9 above are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of November, 2005.

[NAME OF LOAN PARTY]

Name:
Title:

(3) The Parent Borrower brings down the representations and warranties for each Loan Party, and each other Loan Party brings down the representations and warranties made by it.

**[FORM OF]
ASSIGNMENT AND ACCEPTANCE**

Reference is made to the Credit Agreement, dated as of November 18, 2005 (as amended, supplemented or otherwise modified to the date hereof, the "*Credit Agreement*"), among SPX Corporation (the "*Parent Borrower*"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Assignor identified on Schedule 1 hereto (the "*Assignor*") and the Assignee identified on Schedule 1 hereto (the "*Assignee*") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor (except as otherwise expressly provided in Section 2(a)), and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor (except as otherwise expressly provided in Section 2(a)), as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "*Assigned Interest*") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "*Assigned Facility*"; collectively, the "*Assigned Facilities*"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that the Assignor is legally authorized to enter into this Assignment and Acceptance and that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Parent Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Parent Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facilities and (i) requests that the Administrative Agent, upon request by the Assignee, exchange the attached Notes for a new Note or Notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Administrative Agent exchange the attached Notes for a new Note or Notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements delivered pursuant to Section 3.4 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative 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 the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound

by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.19(e) of the Credit Agreement.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "*Effective Date*"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance by it and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued prior to the Effective Date and to the Assignee for amounts which have accrued on and subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights (except under Sections 2.17, 2.18, 2.19 and 9.3 of the Credit Agreement for the period prior to the Effective Date) and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Name of Assignor: _____
Name of Assignee: _____
Effective Date of Assignment: _____

<u>Credit Facility Assigned</u>	<u>Principal Amount Assigned</u>	<u>Commitment Percentage Assigned¹</u>
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[Name of Assignee], as Assignee		[Name of Assignor], as Assignor
------------------------------------	--	------------------------------------

By: _____
Title: _____

By: _____
Title: _____

Accepted:

Consented To:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

SPX CORPORATION²

By: _____
Title: _____

By: _____
Title: _____

(1) Calculate the commitment Percentage that is assigned to at least 15 decimal places and show as a percentage of the aggregate Loans and Commitments of all Lenders.

(2) If Parent Borrower's consent is required pursuant to Section 9.4 of the Credit Agreement.

Consented To:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent³

DEUTSCHE BANK AG,
as Foreign Trade Facility Agent⁴

By: _____
Title:

By: _____
Title:

By: _____
Title:

(3) If Administrative Agent's consent is required pursuant to Section 9.4 of the Credit Agreement.

(4) If Foreign Trade Facility Agent's consent is required pursuant to Section 9.4 of the Credit Agreement.

**[FORM OF]
LEGAL OPINION OF FRIED, FRANK, HARRIS, SHRIVER & JACOBSON LLP**

**[FORM OF]
LEGAL OPINION OF THE PARENT BORROWER**

**MATTERS TO BE COVERED BY
FOREIGN SUBSIDIARY OPINIONS**

1. The Foreign Subsidiary Borrower is duly organized, validly existing and in good standing under the laws of _____ (the "*Jurisdiction*").
 2. The Foreign Subsidiary Borrower has the power and authority, and the legal right to execute and deliver the Borrowing Subsidiary Agreement, to perform its obligations under the Credit Agreement and to borrow under the Credit Agreement. The Foreign Subsidiary Borrower has taken all necessary corporate action to authorize the performance of its obligations as a "Foreign Subsidiary Borrower" under the Credit Agreement and to authorize the execution and delivery of the Borrowing Subsidiary Agreement and the performance of the Credit Agreement.
 3. Except for consents, authorizations, approvals, notices and filings described on an attached schedule, all of which have been obtained, made or waived and are in full force and effect, no consent or authorization of, approval by, notice to, filing with or other act by or in respect of, any Governmental Authority is required in connection with the borrowings by the Foreign Subsidiary Borrower under the Credit Agreement or with the execution, delivery, performance, validity or enforceability of the Borrowing Subsidiary Agreement and of the Credit Agreement.
 4. The Borrowing Subsidiary Agreement has been duly executed and delivered on behalf of the Foreign Subsidiary Borrower.
 5. The execution and delivery of the Borrowing Subsidiary Agreement by the Foreign Subsidiary Borrower, the performance of its obligations thereunder and under the Credit Agreement, the consummation of the transactions contemplated thereby and by the Credit Agreement, the compliance by the Foreign Subsidiary Borrower with any of the provisions of the Credit Agreement, the borrowings under the Credit Agreement and the use of proceeds thereof, all as provided therein, (a) will not violate, or constitute a default under, any Requirement of Law applicable to the Foreign Subsidiary Borrower and (b) will not result in, or require, the creation or imposition of any Lien on any of its properties or revenues pursuant to any such Requirement of Law.
 6. There are no taxes imposed by the Jurisdiction (a) on or by virtue of the execution, delivery or enforcement of the Borrowing Subsidiary Agreement or enforcement or performance of the Credit Agreement or (b) on any payment to be made by the Foreign Subsidiary Borrower pursuant to the Credit Agreement.
 7. The Foreign Subsidiary Borrower is subject to civil and commercial law with respect to its obligations under the Credit Agreement, and the execution and delivery of the Borrowing Subsidiary Agreement and the performance by the Foreign Subsidiary Borrower of the Credit Agreement constitute and will constitute private and commercial acts and not public or governmental acts. Neither the Foreign Subsidiary Borrower nor any of its property, whether or not held for its own account, has any immunity (sovereign or similar immunity) from any suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or similar immunity) under the laws of the Jurisdiction in respect of its obligations under the Credit Agreement.
 8. Under the laws of the Jurisdiction, the (a) submission to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York and any appellate courts from any thereof, (b) waiver of any objection to the venue of a proceeding in a New York court [and (c) appointment of [_____], as process agent,] are irrevocably binding on the Foreign Subsidiary Borrower.
 9. To ensure the legality, validity, enforceability or admissibility in evidence of the Borrowing Subsidiary Agreement and the Credit Agreement, it is not necessary that the Borrowing Subsidiary Agreement, the Credit Agreement or any other Loan Documents or any other document be filed,
-

registered or recorded with, or executed or notarized before, any court of other authority of the Jurisdiction or that any registration charge or stamp or similar tax be paid on or in respect of the Borrowing Subsidiary Agreement, the Credit Agreement, any other Loan Document or any other document.

10. Each of the Borrowing Subsidiary Agreement and the Credit Agreement is in proper legal form under the laws of the Jurisdiction for the enforcement thereof against the Foreign Subsidiary Borrower under the laws of the Jurisdiction.

11. In any action or proceeding arising out of or relating to the Credit Agreement in any court in the Jurisdiction, such court would recognize and give effect to the choice of law provisions in the Credit Agreement wherein the parties thereto agree that the Credit Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

12. It is not necessary under the laws of the Jurisdiction (a) in order to enable the Administrative Agent and the Lenders or any of them to enforce their respective rights under the Credit Agreement or (b) by reason of the execution of the Credit Agreement or the Borrowing Subsidiary Agreement or the performance of the Credit Agreement that any of them should be licensed, qualified or entitled to carry on business in the Jurisdiction.

13. Neither the Administrative Agent nor any of the Lenders will be deemed to be resident, domiciled, carrying on business or subject to taxation in the Jurisdiction merely by reason of the execution of the Credit Agreement or the Borrowing Subsidiary Agreement or the performance or enforcement of any thereof. The performance by the Administrative Agent and the Lenders or any of them of any action required or permitted under the Credit Agreement will not violate any law or regulation, or be contrary to the public policy, of the Jurisdiction.

14. If any judgment of a competent court outside the Jurisdiction were rendered against the Foreign Subsidiary Borrower in connection with any action arising out of or relating to the Credit Agreement, such judgment would be recognized and could be sued upon in the courts of the Jurisdiction, and such courts would grant a judgment which would be enforceable against the Foreign Subsidiary Borrower in the Jurisdiction without any retrial unless it is shown that (a) the foreign court did not have jurisdiction in accordance with its jurisdictional rules, (b) the party against whom the judgment of such foreign court was obtained had no notice of the proceedings or (c) the judgment of such foreign court was obtained through collusion or fraud or was based upon clear mistake of fact or law.

**[FORM OF]
LENDER ADDENDUM**

The undersigned Lender (i) agrees to all of the provisions of the Credit Agreement, dated as of November 18, 2005 among SPX Corporation, a Delaware corporation (the "*Parent Borrower*"), the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto (the "*Credit Agreement*"), and (ii) hereby becomes a party thereto, as a Lender, with obligations applicable to such Lender thereunder, including, without limitation, the obligation to make extensions of credit to the Borrowers in an aggregate amount not to exceed the amount of its Term Loan Commitment, Domestic Revolving Commitment, Global Revolving Commitment and/or Foreign Trade Commitment, as the case may be, as set forth opposite the undersigned Lender's name in Schedule 1.1A to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement. Capitalized terms defined in the Credit Agreement shall have their respective defined meanings herein.

(Name of Lender)

By: _____
Name:
Title:

Dated as of November [], 2005

**[FORM OF]
CERTIFICATE RE NON-BANK STATUS**

Reference is made to that certain Credit Agreement dated as of November 18, 2005 (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among SPX Corporation, a Delaware corporation (the "Parent Borrower"), the Foreign Subsidiary Borrowers party thereto, the financial institutions listed therein as Lenders, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto. Capitalized terms used herein that are not defined herein shall have the meanings ascribed to them in the Credit Agreement. [Name of Non-U.S. Person] (the "Lender") is providing this certificate pursuant to subsection 2.19(e)(B) of the Credit Agreement. The Lender hereby represents and warrants that:

- (i) The Lender is the sole record and beneficial owner of the Note(s) in respect of which it is providing this certificate and it shall remain the sole beneficial owner of the Notes at all times during which it is the record holder of such Note.
- (ii) The Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In this regard, the Lender represents and warrants that:
 - (a) the Lender is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and
 - (b) the Lender has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any governmental authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements.
- (iii) The Lender meets all of the requirements under Code Section 871(h) or 881(c) to be eligible for a complete exemption from withholding of Taxes on interest payments made to it under the Credit Agreement (i.e., no Borrower will be required to withhold any amounts under U.S. tax law with respect to such interest payments), including without limitation that it is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) or the Code) of the Parent Borrower and is not a controlled foreign corporation related to the Parent Borrower (within the meaning of Section 864(d)(4) of the Code).
- (iv) The Lender shall promptly notify the Parent Borrower and the Administrative Agent if any of the representations and warranties made herein are no longer true and correct.

IN WITNESS WHEREOF, the undersigned has duly executed this certificate as of the _____ day of _____, _____.

[NAME OF LENDER]

By: _____
Name:
Title:

**[FORM OF]
BORROWING SUBSIDIARY AGREEMENT(1)**

BORROWING SUBSIDIARY AGREEMENT, dated as of _____, 20____ (this "*Agreement*"), among [NAME OF FOREIGN SUBSIDIARY BORROWER], a _____ (the "*Subsidiary*"), SPX CORPORATION, a Delaware corporation (the "*Parent Borrower*"), [DEUTSCHE BANK AG, as Foreign Trade Facility Agent (in such capacity, the "*Foreign Trade Facility Agent*"),] and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "*Administrative Agent*") for the several banks and other financial institutions or entities (the "*Lenders*") from time to time parties to the Credit Agreement, dated as of November 18, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Parent Borrower, the Foreign Subsidiary Borrowers (as defined in the Credit Agreement) from time to time parties thereto, the Lenders, the Administrative Agent and the other agents party thereto.

The parties hereto hereby agree as follows:

1. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.
2. Pursuant to Section 2.23[(a)][(b)] of the Credit Agreement, the Parent Borrower hereby designates the Subsidiary as a Foreign Subsidiary Borrower in respect of the [Global Revolving Facility][Foreign Trade Facility] under the Credit Agreement.
3. The Parent Borrower and the Subsidiary, jointly and severally, represent and warrant that the representations and warranties contained in the Credit Agreement are true and correct on and as of the date hereof to the extent such representations and warranties relate to the Subsidiary and this Agreement.
4. The Parent Borrower agrees that the guarantee of the Parent Borrower contained in the Guarantee and Collateral Agreement will apply to the obligations of the Subsidiary as a Foreign Subsidiary Borrower.
5. For the avoidance of doubt, each party hereto acknowledges and agrees that (a) the Subsidiary shall not be liable for the Obligations of any other Loan Party and (b) the Obligations of the Subsidiary in respect of extensions of credit under the Credit Agreement shall not be secured by any assets of such Subsidiary.
6. Upon execution of this Agreement by the Parent Borrower, the Subsidiary[, the Foreign Trade Facility Agent] and the Administrative Agent, (i) the Subsidiary shall be a party to the Credit Agreement and shall be a Foreign Subsidiary Borrower and a Borrower, in each case under the [Global Revolving Facility][Foreign Trade Facility], for all purposes thereof, and (ii) the Subsidiary hereby agrees to be bound by all provisions of the Credit Agreement.
7. In the event of any inconsistency between the terms and conditions of the Credit Agreement and the terms and conditions of this Agreement, any form of [letter of credit] [Foreign Credit Instrument] application or other agreement submitted by a Borrower to, or entered into by a Borrower with, the applicable [Foreign] Issuing Lender relating to any [Letter of Credit] [Foreign Credit Instrument], the terms and conditions of the Credit Agreement shall control.

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- (1) The following agreement may be subject to adjustments that are customary for similar agreements entered into in the Foreign Subsidiary Borrower's jurisdiction of organization or formation, *provided* that such adjustments are, in the reasonable opinion of counsel to such Borrower, required for the validity or enforceability of such agreement and are reasonably satisfactory to the Administrative Agent
-

8. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

9. This Agreement may be executed in any number of counterparts (including by facsimile transmission), each of which shall be an original, and all of which, when taken together, shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers as of the date first appearing above.

[SUBSIDIARY]

By: _____

Name:

Title:

SPX CORPORATION

By: _____

Name:

Title:

[DEUTSCHE BANK AG,
as Foreign Trade Facility Agent

By: _____

Name:

Title:]

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____

Name:

Title:

**[FORM OF]
BORROWING SUBSIDIARY TERMINATION**

JPMORGAN CHASE BANK, N.A., as Administrative Agent
270 Park Avenue
New York, New York 10017

[DEUTSCHE BANK AG, as Foreign Trade Facility Agent

]

[Date]

Ladies and Gentlemen:

Reference is hereby made to the Credit Agreement, dated as of November 18, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among SPX Corporation, a Delaware corporation (the "*Parent Borrower*"), the Foreign Subsidiary Borrowers from time to time parties thereto, the Lenders from time to time parties thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Credit Agreement.

[The Parent Borrower hereby terminates the status and rights of _____ (the "*Terminated Subsidiary Borrower*") as a Foreign Subsidiary Borrower under the Global Revolving Facility. [The Parent Borrower represents and warrants that no Letters of Credit issued for the account of the Terminated Subsidiary Borrower are outstanding as of the date hereof (other than Letters of Credit that have been cash collateralized in a manner consistent with the terms of Section 2.5(j) of the Credit Agreement), that no Loans made to the Terminated Subsidiary Borrower are outstanding as of the date hereof and that all Obligations payable by the Terminated Subsidiary Borrower in respect of interest and/or fees under the Global Revolving Facility (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable by the Terminated Subsidiary Borrower under the Global Revolving Facility) and all LC Disbursements pursuant to the Credit Agreement have been paid in full on or prior to the date hereof.] [The Parent Borrower acknowledges that the Terminated Subsidiary Borrower shall continue to be a Foreign Subsidiary Borrower under the Global Revolving Facility until such time as all Letters of Credit issued for the account of the Terminated Subsidiary Borrower shall have expired or terminated (or been cash collateralized in a manner consistent with the terms of Section 2.5(j) of the Credit Agreement), all Loans made to the Terminated Subsidiary Borrower shall have been prepaid and all amounts payable by the Terminated Subsidiary Borrower in respect of interest and/or fees under the Global Revolving Facility (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable by the Terminated Subsidiary Borrower under the Global Revolving Facility) and all LC Disbursements pursuant to the Credit Agreement shall have been paid in full, *provided* that the Terminated Subsidiary Borrower shall not have the right to make further borrowings as a Foreign Subsidiary Borrower under the Global Revolving Facility or request further Letters of Credit.]]

[The Parent Borrower hereby terminates the status and rights of _____ (the "*Terminated Subsidiary Borrower*") as a Foreign Subsidiary Borrower under the Foreign Trade Facility. [The Parent Borrower represents and warrants that no Foreign Credit Instruments issued for the account of the Terminated Subsidiary Borrower are outstanding as of the date hereof (other than Foreign Credit Instruments that have been cash collateralized or otherwise supported in a manner consistent with the terms of Section 2.6(m)(v) of the Credit Agreement) and that all Obligations payable by the Terminated Subsidiary Borrower in respect of Foreign Credit Disbursements and/or fees under the Foreign Trade Facility (and, to the extent notified by the Foreign Trade Facility Agent, the Administrative Agent or any Lender, any other amounts payable by the Terminated Subsidiary

Borrower under the Foreign Trade Facility) pursuant to the Credit Agreement have been paid in full on or prior to the date hereof.] [The Parent Borrower acknowledges that the Terminated Subsidiary Borrower shall continue to be a Foreign Subsidiary Borrower under the Foreign Trade Facility until such time as all Foreign Credit Instruments issued for the account of the Terminated Subsidiary Borrower shall have expired or terminated (or been cash collateralized or otherwise supported in a manner consistent with the terms of Section 2.6(m)(v) of the Credit Agreement) and all Obligations payable by the Terminated Subsidiary Borrower in respect of Foreign Credit Disbursements and/or fees under the Foreign Trade Facility (and, to the extent notified by Foreign Trade Facility Agent, the Administrative Agent or any Lender, any other amounts payable by the Terminated Subsidiary Borrower under the Foreign Trade Facility) pursuant to the Credit Agreement shall have been paid in full, provided that the Terminated Subsidiary Borrower shall not have the right to request further Foreign Credit Instruments or other extensions of credit as a Foreign Subsidiary Borrower under the Foreign Trade Facility.]]

This Borrowing Subsidiary Termination shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York. This Borrowing Subsidiary Termination may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Borrowing Subsidiary Termination by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

Very truly yours,

SPX CORPORATION

By: _____

Title:

Acknowledged and Agreed:

[TERMINATED SUBSIDIARY BORROWER]

By: _____

Title:

**[FORM OF]
INCREMENTAL FACILITY ACTIVATION NOTICE**

To: JPMORGAN CHASE BANK, N.A.,
as Administrative Agent under the Credit Agreement referred to below

Reference is hereby made to the Credit Agreement, dated as of November 18, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among SPX Corporation, a Delaware corporation (the "*Parent Borrower*"), the Foreign Subsidiary Borrowers from time to time parties thereto, the Lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "*Administrative Agent*"), and the other agents parties thereto. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

This notice is an Incremental Facility Activation Notice referred to in the Credit Agreement, and the Parent Borrower and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to [increase the amount of its Commitment by \$, such that its aggregate Commitment is \$.] [make an Incremental Term Loan in the amount set forth opposite such Lender's name below under the caption "Incremental Term Loan Amount."]
2. The closing date for [such increase] [the Incremental Term Loan Facility] is , 200 .
3. [The Incremental Term Loan Maturity Date is , 200 .]
4. [The proposed original issue discount, if any, for the Incremental Term Loan Facility is %.]

[Each of the Lenders party hereto and the Parent Borrower hereby agrees that (a) the amortization schedule relating to this Incremental Term Loan is set forth in *Annex A* attached hereto and (b) the Applicable Rate for this Incremental Term Loan shall be .]

The undersigned [Chief Financial Officer][Vice President—Finance] of the Parent Borrower certifies as follows:

1. I am the duly elected, qualified and acting [Chief Financial Officer][Vice President—Finance] of the Parent Borrower.
 2. I have reviewed and am familiar with the contents of this Incremental Facility Activation Notice.
 3. I have reviewed the terms of the Credit Agreement and the Loan Documents and have made or caused to be made under my supervision, a review in reasonable detail of the transactions and condition of the Parent Borrower during the accounting period ended , 200 [insert most recent period for which financial statements have been delivered]. Such review did not disclose the existence during or at the end of the accounting period covered by the Parent Borrower's most recent financial statements delivered pursuant to Section 5.1(a) or (b), and I have no knowledge of the existence, as of the date of this Certificate, of any Default or Event of Default, both on the date hereof and after giving *pro forma* effect to any Loans made pursuant to this Incremental Facility Activation Notice and the application of the proceeds therefrom.
 4. Attached hereto as *Attachment 1* are the computations showing that after giving *pro forma* effect to the making of any such Incremental Term Loans, the Parent Borrower shall be in compliance with the financial covenants contained in Section 6.1 of the Credit Agreement as
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AMORTIZATION SCHEDULE]

[Set forth Compliance Calculations]

**[FORM OF]
NEW LENDER SUPPLEMENT**

NEW LENDER SUPPLEMENT (this "*New Lender Supplement*"), dated _____, 200____, to the Credit Agreement, dated as of November 18, 2005 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among SPX Corporation, a Delaware corporation (the "*Parent Borrower*"), the Foreign Subsidiary Borrowers from time to time parties thereto, the Lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "*Administrative Agent*"), and the other agents parties thereto.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.1(b) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement with the consent of the Parent Borrower and the Administrative Agent [and the Foreign Trade Facility Agent](1) (which consent shall not be unreasonably withheld) by executing and delivering to the Parent Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this New Lender Supplement; and

(1) The consent of the Foreign Trade Facility Agent is required to add any new Lender under the Foreign Trade Facility.

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this New Lender Supplement is accepted by the Parent Borrower and the Administrative Agent, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with [a _____ Commitment of \$ _____] [Incremental Term Loans of \$ _____].

2. The undersigned (a) represents and warrants that it is legally authorized to enter into this New Lender Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 3.4 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this New Lender Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative 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 the Credit Agreement or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.19(e) of the Credit Agreement.

3. The address of the undersigned for notices for the purposes of the Credit Agreement is as follows:
4. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

IN WITNESS WHEREOF, the undersigned has caused this New Lender Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF LENDER]

By

Name:

Title:

Accepted this day of
 , 200 .

SPX CORPORATION

By

Name:

Title:

Accepted this day of
 , 200 .

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By

Name:

Title:

[DEUTSCHE BANK AG,
as Foreign Trade Facility Agent

By

Name:

Title:

**[FORM OF]
UTILIZATION REQUEST**

From: [Name of Borrower]
 To: Deutsche Bank AG
 []
 []
 Attn: []

[Date]

Ladies and Gentlemen:

We refer to the Credit Agreement, dated as of November 18, 2005 (as amended, supplemented or otherwise modified to the date hereof, the "*Credit Agreement*"), among SPX Corporation, the Foreign Subsidiary Borrowers party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents party thereto. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

We hereby give you notice that, pursuant to the Credit Agreement and upon the terms and subject to the conditions contained therein, we request the [issuance][amendment] of a Foreign Credit Instrument as specified below [and in substantially the form attached]:

- | | | |
|-------------------------------|---|----------------|
| (i) | Our reference: | [] |
| (ii) | Type of Foreign Credit Instrument:* | [] |
| (iii) | Beneficiary:* | [] |
| (iv) | Obligor: | [] |
| (v) | Face Amount:* | [] |
| (vi) | Currency:* | [] |
| (vii) | Expiry date:* | [] |
| (viii) | Commercial Lifetime: */** | [] |
| (ix) | Reference to underlying transaction:* | [] |
| (x) | Foreign Credit Instrument deed to be delivered to:* | [] |
| (xi) | Foreign Issuing Lender: | [] |
| [In the case of an amendment: | | |
| (xii) | Foreign Issuing Lender: | [] |
| (xiii) | Reference No. of Foreign Issuing Lender: | [] |
| (xiv) | Reference No. of Foreign Trade Facility Agent: | [] |
| (xv) | Amendment details: | [] |

* Not in case of an amendment.

** In case of any Foreign Credit Instrument that comprises more than one type of Foreign Credit Instrument the commercial lifetime for the different types to be included.

We confirm that, on and as of the date hereof, before and after giving effect to the issuance, amendment, renewal or extension, as applicable, of the Foreign Credit Instrument requested hereby, (a) the representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects and (b) no Default or Event of Default has occurred and is continuing.

[SPX] [NAME OF FOREIGN SUBSIDIARY BORROWER]

By: _____
Name:
Title:

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**Resolutions of the Board of Directors of
SPX Corporation**

Amendment of SPX Corporation 2002 Stock Option Plan

WHEREAS, this Corporation maintains the SPX Corporation 2002 Stock Option Plan (the "Plan"); and

WHEREAS, it is now deemed desirable to amend the Plan to clarify that the Board did not intend to limit the number of shares of restricted stock that may be awarded under the Plan when adopting the 2002 restatement of the Plan;

RESOLVED, that pursuant to the amending authority reserved to the Corporation under Section 14, of the Plan, the Plan is hereby amended, effective as of January 1, 2002, by deleting the second sentence of Subsection 5.1 of the Plan in its entirety.

RESOLVED, that the proper officers and employees of the Corporation be, and each of them hereby are, authorized to take any and all actions which any of them deem necessary or desirable to implement the foregoing resolution, and any and all actions taken prior to the adoption of the foregoing resolution that are consistent with the intents and purposes of such resolution are hereby ratified, confirmed and approved in all respects.

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[Resolutions of the Board of Directors of SPX Corporation Amendment of SPX Corporation 2002 Stock Option Plan](#)

SPX Corporation

2002 STOCK COMPENSATION PLAN

**RESTRICTED STOCK UNIT AGREEMENT
_____ AWARD**

THIS AGREEMENT is made between SPX CORPORATION, a Delaware corporation (the "Company"), and the Recipient pursuant to the SPX Corporation 2002 Stock Compensation Plan (the "Plan") in combination with a Summary of Restricted Stock Unit Award (the "Award Summary") displayed at the Smith Barney website. The Award Summary, which identifies the person to whom the Restricted Stock Units (as defined in Section 1 below) are granted (the "Recipient") and specifies the date (the "Award Date") and other details of the award, and the electronic acceptance of this Agreement (which also is displayed at the Smith Barney website), are incorporated herein by reference. The parties hereto agree as follows:

1. *Grant of Restricted Stock Units.* The Company hereby grants to the Recipient, pursuant to Section 10 of the Plan, an award of stock units as specified in the Award Summary (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement. Each Restricted Stock Unit will entitle the Recipient to a share of Company common stock (the "Common Stock") when the Restricted Stock Unit ceases to be subject to a Period of Restriction (as defined in Section 4 below). The Recipient must accept the Restricted Stock Unit award within 90 days after the Award Date in accordance with the instructions provided by the Company. The award automatically will be rescinded upon the action of the Company, in its discretion, if the award is not accepted within 90 days after the Award Date.

2. *Restrictions.* The Restricted Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, whether voluntarily or involuntarily or by operation of law. The Recipient shall have no rights in the Common Stock underlying the Restricted Stock Units until the termination of the applicable Period of Restriction or as otherwise provided in the Plan or this Agreement. The Recipient shall not have any voting rights with respect to the Restricted Stock Units, nor shall he or she receive or be entitled to receive any dividends or dividend equivalents with respect to the Restricted Stock Units.

3. *Restricted Stock Unit Account.* The Company shall maintain an account (the "Restricted Stock Unit Account" or "Account") on its books in the name of the Recipient, which shall reflect the number of Restricted Stock Units awarded to the Recipient.

4. *Period of Restriction.* Subject to the provisions of the Plan and this Agreement, unless they are vested or forfeited earlier as described in Section 5, 6, or 7 of this Agreement, as applicable, the Restricted Stock Units shall become vested as to thirty-three and one-third percent ($33\frac{1}{3}\%$) of the units on the first anniversary of the Award Date, as to an additional thirty-three and one-third percent ($33\frac{1}{3}\%$) on the second anniversary of the Award Date, and as to the remaining thirty-three and one-third percent ($33\frac{1}{3}\%$) on the third anniversary of the Award Date. Upon vesting, all vested Restricted Stock Units shall cease to be considered Restricted Stock Units, subject to the terms and conditions of the Plan and this Agreement, and the Recipient shall be entitled to receive one share of Common Stock for each vested Restricted Stock Unit in the Recipient's Restricted Stock Unit Account. The period prior to the vesting date with respect to a Restricted Stock Unit is referred to as the "Period of Restriction."

5. *Vesting upon Termination due to Retirement, Disability or Death.* If, while the Restricted Stock Units are subject to a Period of Restriction, the Recipient terminates employment with the Company (or a Subsidiary of the Company if the Recipient is then in the employ of such Subsidiary) by reason of retirement, disability (as determined by the Company) or death, then the portion of the Restricted Stock Units subject to a Period of Restriction shall become fully vested as of the date of employment

termination without regard to the Period of Restriction set forth in Section 4 of this Agreement. A Recipient will be eligible for "retirement" treatment for purposes of this Agreement if, at the time of employment termination, he/she is age 55 or older, he/she has completed five years of service with the Company or a Subsidiary (provided that the Subsidiary has been directly or indirectly owned by the Company for at least three years), and he/she voluntarily elects to retire. The term "Subsidiary" is defined in the Plan and means a corporation with respect to which the Company directly or indirectly owns 50% or more of the voting power.

6. Forfeiture upon Termination due to Reason other than Retirement, Disability or Death. If, while the Restricted Stock Units are subject to a Period of Restriction, the Recipient's employment with the Company (or a Subsidiary of the Company if the Recipient is then in the employ of such Subsidiary) terminates for a reason other than the Recipient's retirement, disability or death, then the Recipient shall forfeit any Restricted Stock Units that are subject to a Period of Restriction on the date of such employment termination.

7. Vesting upon Change of Control. In the event of a "Change of Control" of the Company as defined in this Section, the Restricted Stock Units shall cease to be subject to the Period of Restriction set forth in Section 4 of this Agreement. A "Change of Control" shall be deemed to have occurred if:

(a) Any "Person" (as defined below), excluding for this purpose (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company, and (iii) any entity organized, appointed or established for or pursuant to the terms of any such plan that acquires beneficial ownership of common shares of the Company, is or becomes the "Beneficial Owner" (as defined below) of twenty percent (20%) or more of the common shares of the Company then outstanding; provided, however, that no Change of Control shall be deemed to have occurred as the result of an acquisition of common shares of the Company by the Company which, by reducing the number of shares outstanding, increases the proportionate beneficial ownership interest of any Person to twenty percent (20%) or more of the common shares of the Company then outstanding, but any subsequent increase in the beneficial ownership interest of such a Person in common shares of the Company shall be deemed a Change of Control; and provided further that if the Board of Directors of the Company determines in good faith that a Person who has become the Beneficial Owner of common shares of the Company representing twenty percent (20%) or more of the common shares of the Company then outstanding has inadvertently reached that level of ownership interest, and if such Person divests as promptly as practicable a sufficient number of shares of the Company so that the Person no longer has a beneficial ownership interest in twenty percent (20%) or more of the common shares of the Company then outstanding, then no Change of Control shall be deemed to have occurred. For purposes of this paragraph (a), the following terms shall have the meanings set forth below:

(i) "Person" shall mean any individual, firm, limited liability company, corporation or other entity, and shall include any successor (by merger or otherwise) of any such entity.

(ii) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(iii) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(A) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly (determined as provided in Rule 13d-3 under the Exchange Act);

(B) which such Person or any of such Person's Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage

of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than rights under the Company's Rights Agreement dated June 25, 1996 with The Bank of New York, as amended), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (2) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (a) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (b) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(C) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to subparagraph (a)(iii)(B)(2), above) or disposing of any securities of the Company.

Notwithstanding anything in this "Beneficial Ownership" definition to the contrary, the phrase "then outstanding," when used with reference to a Person's beneficial ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(b) During any period of two (2) consecutive years (not including any period prior to the acceptance of this Agreement), individuals who at the beginning of such two-year period constitute the Board of Directors of the Company and any new director or directors (except for any director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), above, or paragraph (c), below) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; or

(c) Approval by the shareholders of (or if such approval is not required, the consummation of) (i) a plan of complete liquidation of the Company, (ii) an agreement for the sale or disposition of the Company or all or substantially all of the Company's assets, (iii) a plan of merger or consolidation of the Company with any other corporation, or (iv) a similar transaction or series of transactions involving the Company (any transaction described in parts (i) through (iv) of this paragraph (c) being referred to as a "Business Combination"), in each case unless after such a Business Combination the shareholders of the Company immediately prior to the Business Combination continue to own at least eighty percent (80%) of the voting securities of the new (or continued) entity immediately after such Business Combination, in substantially the same proportion as their ownership of the Company immediately prior to such Business Combination.

Notwithstanding any provision of this Agreement to the contrary, a "Change of Control" shall not include any transaction described in paragraph (a) or (c), above, where, in connection with such transaction, the Recipient and/or any party acting in concert with the Recipient substantially increases his or its, as the case may be, ownership interest in the Company or a successor to the Company (other than through conversion of prior ownership interests in the Company and/or through equity awards received entirely as compensation for past or future personal services).

8. Settlement Following Change of Control. Notwithstanding any provision of this Agreement to the contrary, in connection with or after the occurrence of a Change of Control as defined in Section 7 of this Agreement, the Company may, in its sole discretion, fulfill its obligation with respect to all or any portion of the Restricted Stock Units that cease to be subject to a Period of Restriction in conjunction with the Change of Control by:

(a) delivery of (i) the number of shares of Common Stock that corresponds with the number of Restricted Stock Units that have ceased to be subject to a Period of Restriction or (ii) such other ownership interest as such shares of Common Stock that correspond with the vested Restricted Stock Units may be converted into by virtue of the Change of Control transaction;

(b) payment of cash in an amount equal to the fair market value of the Common Stock that corresponds with the number of vested Restricted Stock Units at that time; or

(c) delivery of any combination of shares of Common Stock (or other converted ownership interest) and cash having an aggregate fair market value equal to the fair market value of the Common Stock that corresponds with the number of Restricted Stock Units that have become vested at that time.

9. Adjustment in Capitalization. In the event of any change in the Common Stock of the Company through stock dividends or stock splits, a corporate split-off or split-up, or recapitalization, merger, consolidation, exchange of shares, or a similar event, the number of Restricted Stock Units subject to this Agreement may be equitably adjusted by the Committee (as defined below), in its sole discretion.

10. Delivery of Stock Certificates. Subject to the requirements of Sections 11 and 12 below, as promptly as practicable after Restricted Stock Units cease to be subject to a Period of Restriction in accordance with Section 4, 5, or 7 of this Agreement, the Company shall cause to be issued and delivered to a brokerage account for the benefit of the Recipient certificates for the shares of Common Stock that correspond to the vested Restricted Stock Units.

11. Tax Withholding. Whenever a Period of Restriction applicable to the Recipient's rights to some or all of the Restricted Stock Units lapses as provided in Section 4, 5, or 7 of this Agreement, the Company or its agent shall notify the Recipient of the related amount of tax that must be withheld under applicable tax laws. Regardless of any action the Company, any Subsidiary of the Company, or the Recipient's employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax") that the Recipient is required to bear pursuant to all applicable laws, the Recipient hereby acknowledges and agrees that the ultimate liability for all Tax is and remains the responsibility of the Recipient.

Prior to receipt of any shares that correspond to vested Restricted Stock Units, the Recipient shall pay or make adequate arrangements satisfactory to the Company and/or any Subsidiary of the Company to satisfy all withholding and payment on account obligations of the Company and/or any Subsidiary of the Company. In this regard, the Recipient authorizes the Company and/or any Subsidiary of the Company to withhold all applicable Tax legally payable by the Recipient from the Recipient's wages or other cash compensation paid to the Recipient by the Company and/or any Subsidiary of the Company or from the proceeds of the sale of shares. Alternatively, or in addition, if permissible under local law, the Company may sell or arrange for the sale of Common Stock that the Recipient is due to

acquire to satisfy the withholding obligation for Tax and/or withhold any Common Stock, provided that the Company sells or withholds only the amount of Common Stock necessary to satisfy the minimum withholding amount. Finally, the Recipient agrees to pay the Company or any Subsidiary of the Company any amount of any Tax that the Company or any Subsidiary of the Company may be required to withhold as a result of the Recipient's participation in the Plan that has not been satisfied by the means previously described. The Company may refuse to deliver Common Stock if the Recipient fails to comply with its obligations in connection with the tax as described in this section.

The Company advises the Recipient to consult his or her lawyer or accountant with respect to the tax consequences for the Recipient under the Plan.

The Company and/or any Subsidiary of the Company: (a) make no representations or undertakings regarding the tax treatment in connection with the Plan; and (b) do not commit to structure the Plan to reduce or eliminate the Recipient's liability for Tax.

12. Securities Laws. This award is a private offer that may be accepted only by a Recipient who is an employee or director of the Company or a Subsidiary of the Company and who satisfies the eligibility requirements outlined in the Plan and the Committee's administrative procedures. This award has not been registered with the body responsible for regulating offers of securities in the Recipient's country. The future value of Common Stock acquired under the Plan is unknown and could increase or decrease.

Neither the Plan nor any offering materials related to the Plan may be distributed to the public. The Common Stock should be resold only on the New York Stock Exchange and should not be resold to the public except in full compliance with local securities laws.

The Addendum to this Agreement contains country-specific provisions regarding the securities laws in Denmark, France, Singapore and the United States.

13. No Employment or Compensation Rights. This Section applies whether or not the Company has full discretion in the operation of the Plan, and whether or not the Company could be regarded as being subject to any legal obligations in the operation of the Plan. It also applies both during a Recipient's employment or employment relationship and after the termination of a Recipient's employment or employment relationship, whether the termination is lawful or unlawful.

Nothing in the rules, the operation of the Plan or this Agreement forms part of the contract of employment or employment relationship between a Recipient and the Company or any affiliate of the Company. The rights and obligations arising from the employment relationship between the Recipient and the Company or one of its affiliates are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment or a continued employment relationship, nor shall it interfere in any way with the Company's or its affiliates' right to terminate the Recipient's employment at any time.

The grant of rights on a particular basis in any year does not create any right to or expectation of the grant of rights on the same basis, or at all, in any future year.

No employee is entitled to participate in the Plan, or to be considered for participation in the Plan, at a particular level or at all. Participation in any operation of the Plan does not imply any right to participate, or to be considered for participation, in any later operation of the Plan.

Without prejudice to a Recipient's rights under the Plan, subject to and in accordance with the express terms of the applicable rules, no Recipient has any rights in respect of the Company's exercise or omission to exercise any discretion, or making or omission to make any decision, relating to the right. Any and all discretion, decisions or omissions relating to the right may operate to the disadvantage of the Recipient, even if this could be regarded as capricious or unreasonable or could be

regarded as a breach of any implied term between the Recipient and his or her employer, including any implied duty of trust and confidence. Any such implied term is hereby excluded and overridden.

No employee has any right to compensation for any loss in relation to the Plan, including:

- any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);
- any exercise of discretion or a decision taken in relation to the Plan, or any failure to exercise discretion or make a decision; or
- the operation, suspension, termination or amendment of the Plan.

The Restricted Stock Units granted pursuant to this Agreement do not constitute part of the Recipient's wages or remuneration or count as pay or remuneration for pension or other purposes. If the Recipient terminates employment with the Company or any Subsidiary or other affiliate, in no circumstances will the Recipient be entitled to any compensation for any loss of any right or benefit or any prospective right or benefit under the Plan or this Agreement that he or she might otherwise have enjoyed had such employment continued, whether such compensation is claimed by way of damages for wrongful dismissal, breach of contract or otherwise.

Participation in the Plan is permitted only on the basis that the Recipient accepts all of the terms and conditions of the Plan and this Agreement, as well as the administrative rules established by the Committee. By participating in the Plan, a Recipient waives all rights under the Plan to the fullest extent permitted by applicable laws, other than the rights subject to and in accordance with the express terms of the applicable rules, in consideration for, and as a condition of, the grant of rights under the Plan. Neither this Agreement nor the Plan confers on the Recipient any legal or equitable rights (other than those related to the Restricted Stock Unit award) against the Company or any Subsidiary or directly or indirectly gives rise to any cause of action in law or in equity against the Company or any Subsidiary.

Nothing in this Plan confers any benefit, right or expectation on a person who is not a Recipient.

Each of the provisions set forth above is entirely separate and independent from each of the other provisions. If any provision is found to be invalid then it will be deemed never to have been part of these terms and, to the extent that it is possible to do so, this will not affect the validity or enforceability of any of the remaining provisions.

14. Data Privacy. The Recipient agrees that the Company, with its headquarters located at 13515 Ballantyne Corporate Place, Charlotte, North Carolina, USA 28277, is the data controller in the context of the Plan.

The Recipient hereby explicitly and unambiguously consents to the collection, storage, use, processing and transfer, in electronic or other form, of his or her personal data as described below by and among, as applicable, his or her employer and any of its affiliates for the exclusive purpose of implementing, administering and managing his or her participation in the Plan, and the transfer of such data by them to government and other regulatory authorities for the purpose of complying with their legal obligations in connection with the Plan.

The Recipient understands that his or her employer and any of its affiliates may hold certain personal information about him or her, including his or her name, date of birth, date of hire, home and business addresses and telephone numbers, e-mail address, business group/segment, employment status, account identification, and details of all rights and other entitlement to shares or units awarded, cancelled, purchased, vested, unvested or outstanding in his or her favor pursuant to this Agreement, for the purpose of managing and administering the Plan ("Data").

The Recipient further agrees that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in his or her country or elsewhere, including outside the European Economic Area, and that the Recipient's country may have less adequate data privacy laws and protections than his or her country. The Company has entered into contractual arrangements to ensure the same safeguards for data as required under European Union Law. A third party to whom the information may be passed is Smith Barney (including Citigroup and its other affiliates). The Recipient understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Recipient authorizes recipients of the Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom shares acquired pursuant to the Plan may be deposited.

The Recipient understands that Data will be held only as long as necessary to implement, administer and manage his or her participation in the Plan. The Recipient understands that he or she may, at any time, view his or her Data, request additional information about the storage and processing of Data, require any necessary amendments to his or her Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Company's local data privacy administrator.

The Recipient understands, however, that refusing or withdrawing his or her consent, although it will not have any negative effect on his or her employment, may affect his or her ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, the Recipient understands that he or she may contact the Company's local data privacy administrator.

The Addendum to this Agreement contains a country-specific provision regarding the data privacy laws in France.

15. *Plan Terms and Committee Authority.* This Agreement and the rights of the Recipient hereunder are subject to all of the terms and conditions of the Plan, as it may be amended from time to time, as well as to such rules and regulations as the Committee (meaning the Compensation Committee of the Board of Directors of the Company, as defined in the Plan) may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe and make all determinations necessary or appropriate for the administration of the Plan and this Agreement, all of which shall be binding upon the Recipient. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement.

16. *Governing Law and Jurisdiction.* This Agreement is governed by the substantive and procedural laws of the state of Michigan. The Recipient and the Company agree to submit to the exclusive jurisdiction of, and venue in, the courts in Michigan in any dispute relating to this Agreement.

ADDENDUM

Securities Laws

The following country-specific provisions apply for purposes of Section 12 of the Agreement:

Denmark	No Offering Memorandum has been filed with or approved by the Danish Securities Council or any other regulatory authority in the Kingdom of Denmark. The Common Stock has not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with Chapter 12 of the Danish Act on trading in Securities and the Danish Executive Order No. 166 of 13 March 2003 on the First Public Offer of Certain Securities issued pursuant hereto as amended from time to time.
France	Neither the Plan, which has not been submitted to the <i>Commission des Operations de Bourse</i> (the "COB"), nor any information contained therein or any offering material relating to the Restricted Stock Units or the Common Stock may be distributed or caused to be distributed to the public in France. Prospective beneficiaries of Restricted Stock Units and Common Stock are informed that the Plan has not been submitted to the clearance procedures of the COB.
Singapore	The Plan has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Plan and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Restricted Stock Units or Common Stock may not be circulated or distributed, nor may the Common Stock be offered or sold or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the Common Stock to the public in Singapore.
United States	If a Registration Statement under the Securities Act of 1933, as amended, is not in effect with respect to the shares of Common Stock to be issued pursuant to this Agreement, the Recipient hereby represents that he or she is acquiring the shares of Common Stock for investment and with no present intention of selling or transferring them and that he or she will not sell or otherwise transfer the shares except in compliance with all applicable securities laws and requirements of any stock exchange on which the shares of Common Stock may then be listed.

Data Privacy

The following country-specific provision applies for purposes of Section 14 of the Agreement:

France	The Company agrees that the Recipient has the right to access personal data relating to him or her, as collected and processed by the Company, and to ask for modification or suppression (in accordance with article 34 of the law " <i>Informatique et Libertes</i> " of 6 January 1978) of the Recipient's personal data if the data are incorrect or unnecessary for the limited purposes for which the data were collected. The Recipient can exercise these rights by sending a dated and signed request to the Company by fax or post to the Company's local data privacy administrator.
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SPX Corporation

2002 STOCK COMPENSATION PLAN

RESTRICTED STOCK UNIT AGREEMENT
_____ AWARD

THIS AGREEMENT is made between SPX CORPORATION, a Delaware corporation (the "Company"), and the Recipient pursuant to the SPX Corporation 2002 Stock Compensation Plan (the "Plan") in combination with a Summary of Restricted Stock Unit Award (the "Award Summary") displayed at the Smith Barney website. The Award Summary, which identifies the person to whom the Restricted Stock Units (as defined in Section 1 below) are granted (the "Recipient") and specifies the date (the "Award Date") and other details of the award, and the electronic acceptance of this Agreement (which also is displayed at the Smith Barney website), are incorporated herein by reference. The parties hereto agree as follows:

1. *Grant of Restricted Stock Units.* The Company hereby grants to the Recipient, pursuant to Section 10 of the Plan, an award of stock units as specified in the Award Summary (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement. The Restricted Stock Units are divided into three separate tranches, for purposes of determining when the Period of Restriction ends with respect to the stock units. Each Restricted Stock Unit will entitle the Recipient to a share of Company common stock (the "Common Stock") when the Restricted Stock Unit ceases to be subject to a Period of Restriction (as defined in Section 4 below). The Recipient must accept the Restricted Stock Unit award within 90 days after the Award Date in accordance with the instructions provided by the Company. The award automatically will be rescinded upon the action of the Company, in its discretion, if the award is not accepted within 90 days after the Award Date.

2. *Restrictions.* The Restricted Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, whether voluntarily or involuntarily or by operation of law. The Recipient shall have no rights in the Common Stock underlying the Restricted Stock Units until the termination of the applicable Period of Restriction or as otherwise provided in the Plan or this Agreement. The Recipient shall not have any voting rights with respect to the Restricted Stock Units, nor shall he or she receive or be entitled to receive any dividends or dividend equivalents with respect to the Restricted Stock Units.

3. *Restricted Stock Unit Account.* The Company shall maintain an account (the "Restricted Stock Unit Account" or "Account") on its books in the name of the Recipient, which shall reflect the number of Restricted Stock Units awarded to the Recipient.

4. *Period of Restriction.* Subject to the provisions of the Plan and this Agreement, unless they are vested or forfeited earlier as described in Section 5, 6, or 7 of this Agreement, as applicable, each tranche of Restricted Stock Units awarded hereunder shall become vested and freely transferable according to the vesting schedule specified in the Award Summary if, as of any Measurement Date for such tranche, **either** (i) Total Shareholder Return for the Measurement Period associated with such Measurement Date is greater than the S&P Return for such Measurement Period, **or** (ii) the EVA Bonus Multiple is attained for the Measurement Period associated with such Measurement Date. The following schedule sets forth the Measurement Date(s) and associated Measurement Periods for each tranche, plus the EVA Bonus Multiple Requirement for each Measurement Period.

Measurement Date	Measurement Period	EVA Bonus Multiple Requirement
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"Total Shareholder Return" shall mean the percentage change in the Fair Market Value of a share of Common Stock (using total shareholder return of the Common Stock as reported by Interactive Data Corporation) during the applicable Measurement Period. "S&P Return" shall mean the percentage

return of the S&P 500 Composite Index (using total shareholder return of the S&P 500 Composite Index as reported by Interactive Data Corporation) during the applicable Measurement Period.

"EVA Bonus Multiple" means the Bonus Multiple attained under the SPX Corporation Executive EVA Incentive Compensation Plan, or any successor thereto (the "EVA Plan"), for the measurement unit(s) applicable to the Recipient for the Measurement Period. The EVA Bonus Multiple shall be determined as of March 1 of the year following each applicable Measurement Period or as soon as practicable thereafter. The EVA Bonus Multiple for Recipients transferred among two or more measurement units in any Measurement Period shall be the average EVA Bonus Multiple for such measurement units according to the number of calendar days worked in each measurement unit. To the extent that the Measurement Period includes more than one fiscal year of the Company, the Bonus Multiples attained under the EVA Plan for each fiscal year in the Measurement Period shall be added together to determine whether the EVA Bonus Multiple Requirement for the Measurement Period has been met. If, for all or part of any Measurement Period, the Company discontinues or terminates the EVA Plan, the Company shall: (1) establish a substitute metric for the EVA Bonus Multiple that, in the Company's sole discretion, provides Recipient with a comparable opportunity for vesting; or (2) determine whether vesting occurs solely by reference to the S&P Return requirement.

Upon vesting, all vested Restricted Stock Units shall cease to be considered Restricted Stock Units, subject to the terms and conditions of the Plan and this Agreement, and the Recipient shall be entitled to receive one share of Common Stock for each vested Restricted Stock Unit in the Recipient's Restricted Stock Unit Account. The period prior to the vesting date with respect to a Restricted Stock Unit is referred to as the "Period of Restriction."

5. *Vesting upon Termination due to Retirement, Disability or Death.* If, while the Restricted Stock Units are subject to a Period of Restriction, the Recipient terminates employment with the Company (or a Subsidiary of the Company if the Recipient is then in the employ of such Subsidiary) by reason of retirement, disability (as determined by the Company) or death, then the portion of the Restricted Stock Units subject to a Period of Restriction shall become fully vested as of the date of employment termination without regard to the Period of Restriction set forth in Section 4 of this Agreement. A Recipient will be eligible for "retirement" treatment for purposes of this Agreement if, at the time of employment termination, he/she is age 55 or older, he/she has completed five years of service with the Company or a Subsidiary (provided that the Subsidiary has been directly or indirectly owned by the Company for at least three years), and he/she voluntarily elects to retire. The term "Subsidiary" is defined in the Plan and means a corporation with respect to which the Company directly or indirectly owns 50% or more of the voting power.

6. *Forfeiture upon Termination due to Reason other than Retirement, Disability or Death.* If, while the Restricted Stock Units are subject to a Period of Restriction, the Recipient's employment with the Company (or a Subsidiary of the Company if the Recipient is then in the employ of such Subsidiary) terminates for a reason other than the Recipient's retirement, disability or death, then the Recipient shall forfeit any Restricted Stock Units that are subject to a Period of Restriction on the date of such employment termination.

7. *Vesting upon Change of Control.* In the event of a "Change of Control" of the Company as defined in this Section, the Restricted Stock Units shall cease to be subject to the Period of Restriction set forth in Section 4 of this Agreement. A "Change of Control" shall be deemed to have occurred if:

(a) Any "Person" (as defined below), excluding for this purpose (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company, and (iii) any entity organized, appointed or established for or pursuant to the terms of any such plan that acquires beneficial ownership of common shares of the Company, is or becomes the "Beneficial Owner" (as defined below) of twenty percent (20%) or more of the common shares of the Company then outstanding; provided, however, that no Change of Control

shall be deemed to have occurred as the result of an acquisition of common shares of the Company by the Company which, by reducing the number of shares outstanding, increases the proportionate beneficial ownership interest of any Person to twenty percent (20%) or more of the common shares of the Company then outstanding, but any subsequent increase in the beneficial ownership interest of such a Person in common shares of the Company shall be deemed a Change of Control; and provided further that if the Board of Directors of the Company determines in good faith that a Person who has become the Beneficial Owner of common shares of the Company representing twenty percent (20%) or more of the common shares of the Company then outstanding has inadvertently reached that level of ownership interest, and if such Person divests as promptly as practicable a sufficient number of shares of the Company so that the Person no longer has a beneficial ownership interest in twenty percent (20%) or more of the common shares of the Company then outstanding, then no Change of Control shall be deemed to have occurred. For purposes of this paragraph (a), the following terms shall have the meanings set forth below:

(i) "Person" shall mean any individual, firm, limited liability company, corporation or other entity, and shall include any successor (by merger or otherwise) of any such entity.

(ii) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(iii) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(A) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly (determined as provided in Rule 13d-3 under the Exchange Act);

(B) which such Person or any of such Person's Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than rights under the Company's Rights Agreement dated June 25, 1996 with The Bank of New York, as amended), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (2) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (a) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (b) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(C) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to subparagraph (a)(iii)(B)(2), above) or disposing of any securities of the Company.

Notwithstanding anything in this "Beneficial Ownership" definition to the contrary, the phrase "then outstanding," when used with reference to a Person's beneficial ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(b) During any period of two (2) consecutive years (not including any period prior to the acceptance of this Agreement), individuals who at the beginning of such two-year period constitute the Board of Directors of the Company and any new director or directors (except for any director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), above, or paragraph (c), below) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; or

(c) Approval by the shareholders of (or if such approval is not required, the consummation of) (i) a plan of complete liquidation of the Company, (ii) an agreement for the sale or disposition of the Company or all or substantially all of the Company's assets, (iii) a plan of merger or consolidation of the Company with any other corporation, or (iv) a similar transaction or series of transactions involving the Company (any transaction described in parts (i) through (iv) of this paragraph (c) being referred to as a "Business Combination"), in each case unless after such a Business Combination the shareholders of the Company immediately prior to the Business Combination continue to own at least eighty percent (80%) of the voting securities of the new (or continued) entity immediately after such Business Combination, in substantially the same proportion as their ownership of the Company immediately prior to such Business Combination.

Notwithstanding any provision of this Agreement to the contrary, a "Change of Control" shall not include any transaction described in paragraph (a) or (c), above, where, in connection with such transaction, the Recipient and/or any party acting in concert with the Recipient substantially increases his or its, as the case may be, ownership interest in the Company or a successor to the Company (other than through conversion of prior ownership interests in the Company and/or through equity awards received entirely as compensation for past or future personal services).

8. Settlement Following Change of Control. Notwithstanding any provision of this Agreement to the contrary, in connection with or after the occurrence of a Change of Control as defined in Section 7 of this Agreement, the Company may, in its sole discretion, fulfill its obligation with respect to all or any portion of the Restricted Stock Units that cease to be subject to a Period of Restriction in conjunction with the Change of Control by:

(a) delivery of (i) the number of shares of Common Stock that corresponds with the number of Restricted Stock Units that have ceased to be subject to a Period of Restriction or (ii) such other ownership interest as such shares of Common Stock that correspond with the vested Restricted Stock Units may be converted into by virtue of the Change of Control transaction;

(b) payment of cash in an amount equal to the fair market value of the Common Stock that corresponds with the number of vested Restricted Stock Units at that time; or

(c) delivery of any combination of shares of Common Stock (or other converted ownership interest) and cash having an aggregate fair market value equal to the fair market value of the Common Stock that corresponds with the number of Restricted Stock Units that have become vested at that time.

9. Adjustment in Capitalization. In the event of any change in the Common Stock of the Company through stock dividends or stock splits, a corporate split-off or split-up, or recapitalization,

merger, consolidation, exchange of shares, or a similar event, the number of Restricted Stock Units subject to this Agreement may be equitably adjusted by the Committee (as defined below), in its sole discretion.

10. Delivery of Stock Certificates. Subject to the requirements of Sections 11 and 12 below, as promptly as practicable after Restricted Stock Units cease to be subject to a Period of Restriction in accordance with Section 4, 5, or 7 of this Agreement, the Company shall cause to be issued and delivered to a brokerage account for the benefit of the Recipient certificates for the shares of Common Stock that correspond to the vested Restricted Stock Units.

11. Tax Withholding. Whenever a Period of Restriction applicable to the Recipient's rights to some or all of the Restricted Stock Units lapses as provided in Section 4, 5, or 7 of this Agreement, the Company or its agent shall notify the Recipient of the related amount of tax that must be withheld under applicable tax laws. Regardless of any action the Company, any Subsidiary of the Company, or the Recipient's employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax") that the Recipient is required to bear pursuant to all applicable laws, the Recipient hereby acknowledges and agrees that the ultimate liability for all Tax is and remains the responsibility of the Recipient.

Prior to receipt of any shares that correspond to vested Restricted Stock Units, the Recipient shall pay or make adequate arrangements satisfactory to the Company and/or any Subsidiary of the Company to satisfy all withholding and payment on account obligations of the Company and/or any Subsidiary of the Company. In this regard, the Recipient authorizes the Company and/or any Subsidiary of the Company to withhold all applicable Tax legally payable by the Recipient from the Recipient's wages or other cash compensation paid to the Recipient by the Company and/or any Subsidiary of the Company or from the proceeds of the sale of shares. Alternatively, or in addition, if permissible under local law, the Company may sell or arrange for the sale of Common Stock that the Recipient is due to acquire to satisfy the withholding obligation for Tax and/or withhold any Common Stock, provided that the Company sells or withholds only the amount of Common Stock necessary to satisfy the minimum withholding amount. Finally, the Recipient agrees to pay the Company or any Subsidiary of the Company any amount of any Tax that the Company or any Subsidiary of the Company may be required to withhold as a result of the Recipient's participation in the Plan that has not been satisfied by the means previously described. The Company may refuse to deliver Common Stock if the Recipient fails to comply with its obligations in connection with the tax as described in this section.

The Company advises the Recipient to consult his or her lawyer or accountant with respect to the tax consequences for the Recipient under the Plan.

The Company and/or any Subsidiary of the Company: (a) make no representations or undertakings regarding the tax treatment in connection with the Plan; and (b) do not commit to structure the Plan to reduce or eliminate the Recipient's liability for Tax.

12. Securities Laws. This award is a private offer that may be accepted only by a Recipient who is an employee or director of the Company or a Subsidiary of the Company and who satisfies the eligibility requirements outlined in the Plan and the Committee's administrative procedures. This award has not been registered with the body responsible for regulating offers of securities in the Recipient's country. The future value of Common Stock acquired under the Plan is unknown and could increase or decrease.

Neither the Plan nor any offering materials related to the Plan may be distributed to the public. The Common Stock should be resold only on the New York Stock Exchange and should not be resold to the public except in full compliance with local securities laws.

The Addendum to this Agreement contains country-specific provisions regarding the securities laws in Denmark, France, Singapore and the United States.

13. No Employment or Compensation Rights. This Section applies whether or not the Company has full discretion in the operation of the Plan, and whether or not the Company could be regarded as being subject to any legal obligations in the operation of the Plan. It also applies both during a Recipient's employment or employment relationship and after the termination of a Recipient's employment or employment relationship, whether the termination is lawful or unlawful.

Nothing in the rules, the operation of the Plan or this Agreement forms part of the contract of employment or employment relationship between a Recipient and the Company or any affiliate of the Company. The rights and obligations arising from the employment relationship between the Recipient and the Company or one of its affiliates are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment or a continued employment relationship, nor shall it interfere in any way with the Company's or its affiliates' right to terminate the Recipient's employment at any time.

The grant of rights on a particular basis in any year does not create any right to or expectation of the grant of rights on the same basis, or at all, in any future year.

No employee is entitled to participate in the Plan, or to be considered for participation in the Plan, at a particular level or at all. Participation in any operation of the Plan does not imply any right to participate, or to be considered for participation, in any later operation of the Plan.

Without prejudice to a Recipient's rights under the Plan, subject to and in accordance with the express terms of the applicable rules, no Recipient has any rights in respect of the Company's exercise or omission to exercise any discretion, or making or omission to make any decision, relating to the right. Any and all discretion, decisions or omissions relating to the right may operate to the disadvantage of the Recipient, even if this could be regarded as capricious or unreasonable or could be regarded as a breach of any implied term between the Recipient and his or her employer, including any implied duty of trust and confidence. Any such implied term is hereby excluded and overridden.

No employee has any right to compensation for any loss in relation to the Plan, including:

- any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);
- any exercise of discretion or a decision taken in relation to the Plan, or any failure to exercise discretion or make a decision; or
- the operation, suspension, termination or amendment of the Plan.

The Restricted Stock Units granted pursuant to this Agreement do not constitute part of the Recipient's wages or remuneration or count as pay or remuneration for pension or other purposes. If the Recipient terminates employment with the Company or any Subsidiary or other affiliate, in no circumstances will the Recipient be entitled to any compensation for any loss of any right or benefit or any prospective right or benefit under the Plan or this Agreement that he or she might otherwise have enjoyed had such employment continued, whether such compensation is claimed by way of damages for wrongful dismissal, breach of contract or otherwise.

Participation in the Plan is permitted only on the basis that the Recipient accepts all of the terms and conditions of the Plan and this Agreement, as well as the administrative rules established by the Committee. By participating in the Plan, a Recipient waives all rights under the Plan to the fullest extent permitted by applicable laws, other than the rights subject to and in accordance with the express terms of the applicable rules, in consideration for, and as a condition of, the grant of rights under the Plan. Neither this Agreement nor the Plan confers on the Recipient any legal or equitable rights (other than those related to the Restricted Stock Unit award) against the Company or any Subsidiary or

directly or indirectly gives rise to any cause of action in law or in equity against the Company or any Subsidiary.

Nothing in this Plan confers any benefit, right or expectation on a person who is not a Recipient.

Each of the provisions set forth above is entirely separate and independent from each of the other provisions. If any provision is found to be invalid then it will be deemed never to have been part of these terms and, to the extent that it is possible to do so, this will not affect the validity or enforceability of any of the remaining provisions.

14. Data Privacy. The Recipient agrees that the Company, with its headquarters located at 13515 Ballantyne Corporate Place, Charlotte, North Carolina, USA 28277, is the data controller in the context of the Plan.

The Recipient hereby explicitly and unambiguously consents to the collection, storage, use, processing and transfer, in electronic or other form, of his or her personal data as described below by and among, as applicable, his or her employer and any of its affiliates for the exclusive purpose of implementing, administering and managing his or her participation in the Plan, and the transfer of such data by them to government and other regulatory authorities for the purpose of complying with their legal obligations in connection with the Plan.

The Recipient understands that his or her employer and any of its affiliates may hold certain personal information about him or her, including his or her name, date of birth, date of hire, home and business addresses and telephone numbers, e-mail address, business group/segment, employment status, account identification, and details of all rights and other entitlement to shares or units awarded, cancelled, purchased, vested, unvested or outstanding in his or her favor pursuant to this Agreement, for the purpose of managing and administering the Plan ("Data").

The Recipient further agrees that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in his or her country or elsewhere, including outside the European Economic Area, and that the Recipient's country may have less adequate data privacy laws and protections than his or her country. The Company has entered into contractual arrangements to ensure the same safeguards for data as required under European Union Law. A third party to whom the information may be passed is Smith Barney (including Citigroup and its other affiliates). The Recipient understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Recipient authorizes recipients of the Data to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom shares acquired pursuant to the Plan may be deposited.

The Recipient understands that Data will be held only as long as necessary to implement, administer and manage his or her participation in the Plan. The Recipient understands that he or she may, at any time, view his or her Data, request additional information about the storage and processing of Data, require any necessary amendments to his or her Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Company's local data privacy administrator.

The Recipient understands, however, that refusing or withdrawing his or her consent, although it will not have any negative effect on his or her employment, may affect his or her ability to participate in the Plan. For more information on the consequences of his or her refusal to consent or withdrawal of consent, the Recipient understands that he or she may contact the Company's local data privacy administrator.

The Addendum to this Agreement contains a country-specific provision regarding the data privacy laws in France.

15. *Plan Terms and Committee Authority.* This Agreement and the rights of the Recipient hereunder are subject to all of the terms and conditions of the Plan, as it may be amended from time to time, as well as to such rules and regulations as the Committee (meaning the Compensation Committee of the Board of Directors of the Company, as defined in the Plan) may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe and make all determinations necessary or appropriate for the administration of the Plan and this Agreement, all of which shall be binding upon the Recipient. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement.

16. *Governing Law and Jurisdiction.* This Agreement is governed by the substantive and procedural laws of the state of Michigan. The Recipient and the Company agree to submit to the exclusive jurisdiction of, and venue in, the courts in Michigan in any dispute relating to this Agreement.

ADDENDUM

Securities Laws

The following country-specific provisions apply for purposes of Section 12 of the Agreement:

Denmark	No Offering Memorandum has been filed with or approved by the Danish Securities Council or any other regulatory authority in the Kingdom of Denmark. The Common Stock has not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with Chapter 12 of the Danish Act on trading in Securities and the Danish Executive Order No. 166 of 13 March 2003 on the First Public Offer of Certain Securities issued pursuant hereto as amended from time to time.
France	Neither the Plan, which has not been submitted to the <i>Commission des Operations de Bourse</i> (the "COB"), nor any information contained therein or any offering material relating to the Restricted Stock Units or the Common Stock may be distributed or caused to be distributed to the public in France. Prospective beneficiaries of Restricted Stock Units and Common Stock are informed that the Plan has not been submitted to the clearance procedures of the COB.
Singapore	The Plan has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Plan and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Restricted Stock Units or Common Stock may not be circulated or distributed, nor may the Common Stock be offered or sold or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the Common Stock to the public in Singapore.
United States	If a Registration Statement under the Securities Act of 1933, as amended, is not in effect with respect to the shares of Common Stock to be issued pursuant to this Agreement, the Recipient hereby represents that he or she is acquiring the shares of Common Stock for investment and with no present intention of selling or transferring them and that he or she will not sell or otherwise transfer the shares except in compliance with all applicable securities laws and requirements of any stock exchange on which the shares of Common Stock may then be listed.

Data Privacy

The following country-specific provision applies for purposes of Section 14 of the Agreement:

France	The Company agrees that the Recipient has the right to access personal data relating to him or her, as collected and processed by the Company, and to ask for modification or suppression (in accordance with article 34 of the law " <i>Informatique et Libertes</i> " of 6 January 1978) of the Recipient's personal data if the data are incorrect or unnecessary for the limited purposes for which the data were collected. The Recipient can exercise these rights by sending a dated and signed request to the Company by fax or post to the Company's local data privacy administrator.
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QuickLinks

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ADDENDUM](#)
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SPX CORPORATION DOMESTIC SUBSIDIARIES

Subsidiary	Jurisdiction of Organization
SPX Corporation	Delaware
Advanced Industrial Technologies, Inc. -d/b/a: GSE, GSE Weighing Systems, GSE Scale Systems	Michigan
Advanced Test Products, Inc.	Florida
AG Equipment Co.	Kansas
AMCA/Brookfield International Sales, LLC	Delaware
AMCA/Monroe Holdings Corp.	Delaware
Aurora/Hydromatic Pumps Inc.	Delaware
Domestic Subsidiary Corporation	Delaware
EGS Electrical Group LLC—Minority Interest in Joint Venture	Delaware
Engineering Analysis Associates, Inc.	Michigan
Fairbanks Morse Pump Corporation	Kansas
Flair Corporation -d/b/a: SPX Flair Corporation, Flair PPC Corp., SPX Air Treatment	Delaware
Fluid Technologies, Inc.	Oklahoma
General Farebox Service of Atlanta, Inc.	Delaware
General Signal Corporation	South Dakota
General Signal Environmental Risk Management Company	Delaware
General Signal Healthcare Management, Inc.	Delaware
General Signal International Corporation	Delaware
GSBS Development Corporation	Delaware
GSLE Development Corporation	Delaware
GSLE Subco LLC	
GSPS Development Corporation	Delaware
GSR Merger Sub, Inc.	Delaware
Imagexpo, L.L.C.	Delaware
Kayex China Holdings, Inc.	Delaware
Kendro GP II, LLC	
Kodiak Partners Corp.	Delaware
Kodiak Partners II Corp.	Delaware
LDS Test and Measurement Inc. -d/b/a: LDS T&M, Inc.	Delaware
LDS Test and Measurement LLC	Delaware
The Marley Company LLC	Delaware
Marley Engineered Products LLC	Delaware
The Marley–Wylain Company	Delaware
MCT Services LLC -d/b/a: Marley Services of Arizona	Delaware
MF Development Corporation	Delaware
MR California, Inc.	California
New Signal, Inc.	Delaware
Pearpoint, Inc.	California
Prepared Response, Inc.	Washington
P.S.D., Inc. -d/b/a: Power Systems Development	Ohio
SGS Service Partnership	Delaware
SPX Cooling Technologies, Inc.	Delaware
SPX Dock Products, Inc.	Wisconsin

SPX Holding Inc.	Connecticut
SPX International Management LLC	Delaware
SPX Minnesota Properties, Inc.	Michigan
SPX Receivables, LLC	Delaware
SPX Receivables II, LLC	Delaware
SPX Risk Management Co.	Delaware
SPX US Finance LLC	Delaware
TCI International, Inc.	
-d/b/a: Technology for Communications International, BR Communications	Delaware
Terrace Point Development Company	Michigan
Valley Forge Technical Information Services, Inc.	
-d/b/a: Valley Forge Technical Information Services in Pennsylvania	Michigan
Waukesha Electric Systems, Inc. XCel Erectors, Inc.	Wisconsin Delaware

SPX CORPORATION FOREIGN SUBSIDIARIES

Subsidiary	Jurisdiction of Organization
997958 Ontario Inc.	Canada
Administraciones Directas Interactive Especializadas, S.C.	Mexico
AIA Commercial, S.A.	Spain
Airflow Construction Limited	UK
AMCA International Canada Corporation	Canada
AMPROBE Europe GmbH	Germany
Anglo-American Direct Tea Trading Company Limited (The)	UK
Arrendadora Korco, S.A. de C.V.	Mexico
Atex-Filter GmbH & Co. OHG	Germany
Atex Filter Nederland BV	Netherlands
Atex Filter Verwaltungsgesellschaft mbH	Germany
Attack Engineering Limited	UK
Automotive Diagnostics U.K. Limited	UK
Balcke-Dürr GmbH	Germany
Balcke Duerr Austria GmbH	Germany
Balcke-Duerr Italiana, S.r.l.	Italy
Balcke-Dürr Rothemühle Polska Sp. Z o.o. Pola	nd
BDT Limited	India
Best Power Technology Limited	Taiwan
Bicotest Limited	UK
Blackwall Warehousing Limited	UK
Bran+Luebbe	Norway
BRAN + LUEBBE Electronics GmbH & Co. KG	Germany
BRAN + LUEBBE Electronics Verwaltungs-GmbH	Germany
BRAN + LUEBBE GmbH	Germany
BRAN + LUEBBE INTERNATIONAL GmbH	Germany
Bran+Luebbe KK	Japan
Bran & Luebbe Ltda.	Brazil
Bran+Luebbe Pty. Ltd.	Australia
British Electronic Controls Limited (The)	UK
CARTOOL Gesellschaft zur Herstellung von Spezial-und Sonderwerkzeugen für Kraftfahrzeuge m.b.H.	Germany
CARTOOL technische Entwicklungen GmbH	Germany
Climavent SAS	France
Consolidated Tea and Lands Company (India) Limited (The)	UK
Consolidated Tea and Lands Company Limited (The)	UK
Corroless International Limited	UK
Cox Fluidpower Limited	UK
Coxmac Holdings Limited	UK
Cox's Machinery Limited	UK
Deca S.r.L.	Italy
Delair B.V.	Netherlands
Deltech B.V.	Netherlands
Deltech Engineering Limited	UK
Dezurik International Limited	UK
Dezurik México, S.A. de C.V.	Mexico
Dezurik of Australia Proprietary Limited	Australia
D.F. Bevan (Holdings) plc	UK
Dillroad Limited	UK

Dock Products Canada Inc.	Canada
Dollinger Ireland Limited	Ireland
Dollinger World Limited	Ireland
Electrolocation Limited	UK
Eurogard BV	Netherlands
Fairbanks Morse India Limited	India
FCD (Canada) Inc.	Canada
Filter Supply and Manufacturing Company Limited	UK
Flair Filtration Private Limited	UK
G.C. Evans (Holdings) Limited	UK
General Signal (China) Co., Ltd.	China
General Signal Enterprises	Ireland
General Signal Europe Limited	UK
General Signal (Europe) Limited Stockport (England), Kindhausen Branch	UK
General Signal FSC, Inc.	Virgin Islands
General Signal India Private Limited	India
General Signal Ireland B.V.	Netherlands
General Signal (S.E.G.) Asia Limited	Hong Kong
General Signal UK Limited	UK
General Signal Verwaltungsgesellschaft mbH i.L.	Germany
Granyte Surface Coatings (Southern) Limited	UK
Guangzhou Marley Balcke Cooling Technologies Co., Ltd.	China
Guangzhou Marley Cooling Tower Co. Ltd.	China
H. Sharp & Son Limited	UK
Hangzhou Kayex Zheda Electromechanical Co., Ltd.	China
Hankison de México, S. de R.L. de C.V.	Mexico
Hankison (UK) Limited	UK
Heat, Insulation & Ventilation Co, Limited	UK
High Ridge Ireland Ltd.	Ireland
Hole Holdings Limited	UK
IBS Filtran Kunststoff-/Metallerzeugnisse GmbH	Germany
IF Steril	Denmark
ImagExpo GmbH	Germany
Industri-Filter A/S	Denmark
Interfilta Limited	UK
Jack Hydraulics Limited	UK
JATEK, Limited	Japan
Javelin Water Engineering Limited	UK
Jemaco Flair Corporation	Korea
Joseph Mason Limited	UK
Joseph Mason Paints (Scotland) Limited	UK
Joseph Shakespeare & Co. Limited	UK
Jurubatech Tecnologia Automotiva Ltda.	Brazil
Kelley Company FSC, Inc.	Barbados
Kelley International Limited	Gibraltar
Kennedy Industrial Textiles Limited	UK
Kennedy Wagstaff Limited	UK
Kent-Moore Brasil Indústria e Comércio Ltda. Braz	il
Kent-Moore UK Limited	UK
L & N Products Pty Limited	Australia
LDS Limited	UK
LDS Test and Measurement GmbH	Germany

LDS Test and Measurement Limited	UK
LDS Test and Measurement SARL	France
Leeds & Northrup (France) S.A.R.L.	France
Leeds & Northrup GmbH	Germany
Leeds & Northrup Italy, Srl	Italy
Leeds & Northrup Mexicana, S.A.	Mexico
Leeds & Northrup S.A.	Spain
Lightnin (Europe) Limited	UK
Lightnin Mixers Limited	UK
Lightnin Mixers Pty. Ltd.	Australia
Löwener OTC Tool GmbH	Germany
Mactek Pty Limited	Australia
Marley Canadian Inc.	Canada
Marley Cooling Tower Company (Europe) Limited	UK
Marley Cooling Tower Company (France) SNC	France
Marley Cooling Tower Company (U.K.) Limited	UK
Marley Cooling Tower (Holdings) Limited	UK
Marley Cooling Tower International Limited	Canada
Marley Mexicana S.A. de C.V.	Mexico
Marley Services S.C.	Mexico
Marley SNC	Mexico
Marley Water-Line Sdn. Bhd.	Malaysia
Mason Coatings plc	UK
Maxivox Inc.	Canada
McLeod Russel Clean Air Limited	UK
McLeod Russel Investments plc	UK
McLeod Russel Scandinavia AB	Sweden
McLeod Russel Service Apres Vente SARL	France
Methworth Limited	UK
MRH Filter Beteiligungsgesellschaft mbH	Germany
M. R. Services Limited	UK
NEMA AirFin GmbH	Germany
NESW 1 Limited	UK
NESW 2 Limited	UK
NESW 3 Limited	UK
NESW 4 Limited	UK
NESW 5 Limited	UK
NESW 6 Limited	UK
NESW 7 Limited	UK
NESW 8 Limited	UK
NESW 9 Limited	UK
Pearpoint Holdings Limited	UK
Pearpoint Limited	UK
Pearpoint Overseas Limited	UK
Platjohan AB	Sweden
Premium Coatings Limited	UK
Radiodetection Australia Pty Limited	Australia
Radiodetection B.V.	Netherlands
Radiodetection (Canada) Ltd.	Canada
Radiodetection (China) Limited	China
Radiodetection GmbH Ortungstechnik i.L.	Germany
Radiodetection Holdings Limited	UK

Radiodetection JV Sdn Bhd	Malaysia
Radiodetection Limited	Japan
Radiodetection Limited	UK
Radiodetection Sarl	France
Radiodetection S.L.	Spain
Radiodetection Sp z.o.o.	Poland
Radiodetection Srl	Italy
Radiodetection Srl	Romania
Rathi Lightnin Mixers Private Limited	India
Reclean AB	Sweden
Ritch Engineering PTY Ltd	Australia
Scandfilter AB	Sweden
Scandfilter International AB Sweden	Sweden
Seasonmaster Air Conditioning Limited	UK
Seldon & Co (Guildford) Limited	UK
Seldon (Refrigeration) Limited	UK
Serco Canada Ltd.	Canada
Span International Limited	Bahamas
Spore Holdings Limited	UK
SPX Air Filtration Limited	UK
SPX Air Treatment, B.V.	Netherlands
SPX Air Treatment Canada Inc.	Canada
SPX Air Treatment Holdings PLC	UK
SPX Air Treatment Limited	UK
SPX Air Treatment (Shanghai) Co. Ltd.	China
SPX At Netherlands BV	Netherlands
SPX Australia Pty., Ltd.	Australia
SPX Canada	Canada
SPX Canada Holdings I ULC	Canada
SPX Canada Holdings III ULC	Canada
SPX Canada Limited Partnership	Canada
SPX Canada Partner I Co.	Canada
SPX Canada Partner II Co.	Canada
SPX Cooling Technologies Australia Pty Limited	Australia
SPX Cooling Technologies (Beijing) Co. Ltd.	China
SPX Cooling Technologies Belgium S.A.	Belgium
SPX Cooling Technologies France SA	France
SPX Cooling Technologies GmbH	Germany
SPX Cooling Technologies Ibérica, S.L.	Spain
SPX Cooling Technologies Italia S.p.A.	Italy
SPX Cooling Technologies Malaysia Sdn Bhd	Malaysia
SPX Cooling Technologies Singapore Pte. Ltd.	Singapore
SPX Cooling Technologies UK Limited	UK
SPX Cooling Technologies (Zhangjiakou) Co. Ltd	China
SPX Corporation (China) Co., Ltd.	China
SPX Corporation (Shanghai) Co., Ltd.	China
SPX CTS Italia S.r.l	Italy
SPX de México, S.A. de C.V.	Mexico
SPX Europe GmbH	Germany
SPX Europe Holdings GmbH	Germany
SPX Filtran (Beijing) Automotive Engineered Products Co.	China
SPX Filtran (Beijing) Filtration System Company Ltd.	China

SPX Finance SARL	Luxembourg
SPX France SARL	France
SPX Hankison International GmbH	Germany
SPX Iberica S.A.	Spain
SPX International e.G.	Germany
SPX International Holding GmbH	Germany
SPX International, Ltd.	Barbados
SPX International (Thailand) Limited	Thailand
SPX Italia S.r.l.	Italy
SPX Material Handling de México, S. de R.L. de C.V.	Mexico
SPX Netherlands B.V.	Netherlands
SPX Pension Trust Company Limited	UK
SPX Process Equipment Limited	UK
SPX Process Equipment México, S.A. de C.V.	Mexico
SPX Process Equipment Pte. Ltd.	Singapore
SPX Resources México, S.A. de C.V.	Mexico
SPX (Schweiz) A.G.	Switzerland
SPX (Shanghai) Consulting Co., Ltd.	China
SPX Singapore Pte. Ltd.	Singapore
SPX Specialty Engineered Products (Shanghai) Co. Ltd.	China
SPX Technologies Australia (Pty) Ltd.	Australia
SPX (Tianjin) Cooling Technologies Co. Ltd.	China
SPX Transportation & Industrial Solutions (Suzhou) Co., Ltd.	China
SPX UK Holding Limited	UK
SPX U.L.M. GmbH	Germany
SPX United Kingdom Limited	UK
SPX Valves & Controls (Shanghai) Co., Ltd.	China
SPX Vokes Limited	UK
SRE Electronics Limited	UK
Telespec Limited	UK
Tip Top Industrial Limited (Hong Kong)	China
Tiros Sdn. Bhd	Malaysia
Tomal AB	Sweden
U.D.I. Finance Limited	Ireland
U.D.I. Foreign Sales Corporation	Barbados
U.D.I. Mauritius Limited	Mauritius
UD-RD Holding Company Limited	UK
United Dominion Holding Limited	Canada
United Dominion Industries Corporation	Canada
United Dominion Pte Ltd	Singapore
Valley Forge Technical Information Services GmbH	Germany
Valley Forge (UK) Limited	UK
Vibration Sales & Service Limited	UK
VL Churchill Limited	UK
Vokes Air AG	Switzerland
Vokes Air BV	Netherlands
Vokes Air Filters Limited	UK
Vokes Air GmbH	Germany
Vokes-Air Limited	UK
Vokes-Air Srl	Spain
Vokes Filtration (Pty) Ltd (South Africa)	South Africa
Vokes Limited	UK

Warren P S Limited	UK
WCB México, S.A. de C.V.	Mexico
Weil-McLain (Shandong) Cast-Iron-Boiler Co., Ltd.	China
Wheway Corporate Services Limited	UK
Wheway Hampshire Limited	UK
Wheway plc	UK
Wheway Secretarial Services Limited	UK
Wilson Filters Limited	UK
WOLFGANG MÜLLER GMBH & CO. KG.	Germany
WOLFGANG MÜLLER VERWALTUNGS-GMBH	Germany
W.P.H Cotton Limited	UK
W.P.H Papua New Guinea Plantations Limited	UK
W.T.H Investments Limited	UK
Wuxi Balcke Durr Technologies Company, Ltd.	China
Yantai Tip Top Industrial Co. Ltd.	China

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[SPX CORPORATION DOMESTIC SUBSIDIARIES](#)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 33-24043, 333-29843, 333-29851, 333-29857, 333-29855, 333-38443, 333-70245, 333-82645, 333-82647, 333-61766, 333-69250, 333-69252, 333-106897 and 333-109112 on Form S-8, No. 333-68650 on Form S-4 and No. 333-56364, 333-68648 and 333-109334 on Form S-3 of our reports dated March 15, 2006 relating to the consolidated financial statements and management's report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of SPX Corporation for the year ended December 31, 2005.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
March 15, 2006

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[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

Consent of Independent Registered Public Accounting Firm

The Board of Members
EGS Electrical Group, LLC:

We consent to the incorporation by reference in the registration statements (Nos. 333-56364, 333-68648, and 333-109334) on Form S-3, (No. 333-68650) on Form S-4, and (Nos. 033-24043, 333-29843, 333-29851, 333-29857, 333-29855, 333-38443, 333-70245, 333-82645, 333-82647, 333-61766, 333-69250, 333-69252, 333-106897, and 333-109112) on Form S-8 of SPX Corporation of our report dated December 2, 2005, with respect to the consolidated balance sheets of EGS Electrical Group, LLC and subsidiaries as of September 30, 2005 and 2004, and the related consolidated statements of income, members' equity and comprehensive income, and cash flows for the years then ended, which report appears in the December 31, 2005, annual report on Form 10-K of SPX Corporation.

/s/ KPMG LLP

Chicago, Illinois
March 13, 2006

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[Consent of Independent Registered Public Accounting Firm](#)

Certification

I, Christopher J. Kearney, certify that:

1. I have reviewed this annual report on Form 10-K of SPX Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2006

/s/ CHRISTOPHER J. KEARNEY

President and Chief Executive Officer

Certification

I, Patrick J. O'Leary, certify that:

1. I have reviewed this annual report on Form 10-K of SPX Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2006

/s/ PATRICK J. O'LEARY

**Executive Vice President,
Treasurer, and Chief Financial Officer**

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[Certification](#)

[Certification](#)

The following statement is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: SPX Corporation

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the undersigned hereby certifies that:

(i) this Annual Report on Form 10-K, for the year ended December 31, 2005, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of SPX Corporation.

Dated as of this 16th day of March 2006.

/s/ **CHRISTOPHER J. KEARNEY**

/s/ **PATRICK J. O'LEARY**

Christopher J. Kearney
President and Chief Executive Officer

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

Report of Independent Registered Public Accounting Firm

The Board of Members
EGS Electrical Group, LLC:

We have audited the consolidated balance sheets of EGS Electrical Group, LLC and subsidiaries (the Company) as of September 30, 2005 and 2004, and the related consolidated statements of income, members' equity and comprehensive income, and cash flows for the years then ended (not presented separately herein). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of EGS Electrical Group, LLC and subsidiaries as of September 30, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Chicago, Illinois
December 2, 2005

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