

Actuarial assumptions used in the calculation of the liability for postretirement benefits other than pensions are as follows:

	1995	1994	1993
Discount rate	7.25%	8.50%	7.25%
Projected health care cost trend rate	10%	11%	12%
Ultimate trend rate	5%	6.25%	5%
Year ultimate trend rate is achieved	2001	2000	2000

The changes in assumed rates had the effect of increasing the accumulated postretirement benefit obligation (APBO) by \$33 million with an offsetting increase in the unamortized net loss. These changes will have an immaterial effect on future expense. An increase of 1% in assumed health care cost trend rates would increase the APBO as of December 31, 1995 by \$50 million and the net periodic cost for 1995 by \$4 million.

PROTECTION OF THE ENVIRONMENT

The Company has been named a potentially responsible party (PRP) under the Federal Superfund or similar state laws at a number of waste disposal sites. Although these laws technically impose joint and several liability upon each PRP at each site, the extent of the Company's required financial contribution to the cleanup of these sites is expected to be limited based on the number and financial strength of the other named PRP's and the volume and types of waste involved which might be attributable to the Company. The Company is also involved in remedial response and voluntary environmental cleanup expenditures at a number of other sites which are not the subject of any Superfund law proceeding, including certain currently-owned or formerly-owned plants.

Environmental and related remediation costs are difficult to quantify for a number of reasons including the numbers of parties involved at many sites, the difficulty in determining the extent of the contamination, the length of time remediation may require, the complexity of environmental regulation and the continuing advancement of remediation technology. The Company's environmental engineers, consultants and legal counsel have developed estimates for this purpose based upon cost analyses for each site. The Company accrues for these costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. At December 31, 1995 and 1994, the balance sheet included an accrual for these costs (in millions) of approximately \$38 and \$48, respectively. Management estimates that these costs may range up to approximately \$70 million and that such costs would be incurred over a period of several years. The Company has rights of recovery from non-affiliated parties as to a portion of these costs with regard to several of these sites. These estimates are forward looking statements and given the inherent uncertainties in evaluating environmental exposures, actual results can differ from these estimates.

Based upon the Company's analyses and subject to the difficulty in estimating these future costs, the Company expects that any sum it may be required to pay in connection with environmental matters is not reasonably likely to exceed the amounts recorded or disclosed in an amount which would have a material adverse effect on financial condition, results of operations or liquidity.

SHAREHOLDERS' EQUITY

There are 300 million Common Shares authorized. At the end of 1995, there were 605,000 Common Shares held in treasury and 10 million Common Shares were reserved for exercise and grant of stock options. At the end of 1995, there were 14,102 holders of record of Common Shares. Additionally, 21,237 employees were shareholders through participation in the Share Purchase and Investment Plan.

In private placements, the Company sold 1.3 million Common Shares in December 1993 for aggregate net proceeds of \$62 million, and sold an additional 800,000 Common Shares in January 1994 for aggregate net proceeds of \$38 million. The proceeds from these private placements were used primarily to fund the redemption in January 1994 of \$89 million of 8.5% debentures.

In March 1994, in order to partially refinance the acquisition of DCBU, the Company sold 3.8 million Common Shares to the public for aggregate net proceeds of \$214 million.

In November 1994, the Company issued 1.6 million Common Shares in a pooling-of-interests with Lectron Products, Inc.

Stock options have been granted to certain employees and directors, under various plans, to purchase the Company's Common Shares at prices equal to fair market value as of date of grant. These options expire ten years from date of grant. A summary of stock option activity follows:

	1995		1994	
	Average price per share	Shares	Average price per share	Shares
Outstanding, January 1	\$ 37.94	3,999,159	\$ 31.53	3,433,850
Granted	48.60	1,080,570	57.71	959,390
Exercised	28.94	(424,409)	28.12	(348,720)
Canceled	50.58	(49,053)	46.42	(45,361)
Outstanding, December 31	\$ 41.12	4,606,267	\$ 37.94	3,999,159
Shares exercisable				
January 1		2,839,095		2,401,683
December 31		3,296,346		2,839,095
Shares reserved for future grants				
January 1		1,218,477		2,133,630
December 31		5,179,390		1,218,477