On January 31, 1994, the Company purchased the Distribution and Control Business Unit (DCBU) of Westinghouse Electric Corporation for $1.050 billion. DCBU was a manufacturer of electrical distribution equipment and industrial controls. The assets acquired and liabilities assumed in the acquisition follow (in millions):

Fair value of assets acquired including identified intangible assets of $95 million	[illegible]
Liabilities assumed	[illegible]
Excess of cost over net assets acquired	[illegible]
Purchase price, net of cash acquired	[illegible]

During 1996, 1995 and 1994, the Company also acquired and divested other smaller operations.

Debt and Other Financial Instruments

The Company's subsidiaries outside the United States have lines of credit, primarily short-term, aggregating $138 million from various banks worldwide. At December 31, 1996, the Company had $15 million outstanding under these lines of credit. The weighted average interest rate on short-term debt, excluding immaterial amounts for highly inflationary countries, at December 31, 1996 and 1995 was 7.2% and 6.3%, respectively.

Long-term debt at December 31, excluding the current portion, follows (in millions):

	1996	1995
6-3/8% notes due 1999 (effective interest rate 4.8%)	[illegible]	[illegible]
9% notes due 2001	[illegible]	[illegible]
8% debentures due 2006	[illegible]	[illegible]
8.9% debentures due 2006	[illegible]	[illegible]
7% debentures due 2011, net of unamortized discount of $90 million in 1996 and $92 million in 1995 (effective interest rate 14.6%)	[illegible]	[illegible]
8.1% debentures due 2022	[illegible]	[illegible]
7-5/8% debentures due 2024 (effective interest rate 7.1%)	[illegible]	[illegible]
6-1/2% debentures due 2025 (due 2005 at option of debenture holders)	[illegible]	[illegible]
Unsecured notes (5.3% to 6.1%)	[illegible]	[illegible]
Other (effective interest rate 8.5%)	[illegible]	[illegible]
	[illegible]	[illegible]

The Company has a $500 million revolving credit agreement, which expires in 2000, to provide funds for working capital and general corporate purposes. The unsecured notes are classified as long-term debt because the Company intends, and has the ability under the revolving credit agreement, to refinance these notes on a long-term basis.

In July 1996, the Company terminated, and settled for cash, $50 million of a $100 million 9% interest rate swap expiring in 2000. The $3.1 million pretax loss on the partial termination of the swap is being amortized to interest expense through 2000 when the swap matures. In addition, the Company has two interest rate swaps aggregating $50 million that also expire in 2000 which adjust the effect of the remaining $50 million of the 9% interest rate swap. The net effect of these outstanding swaps at December 31, 1996 is to convert $50 million of floating rate debt to LIBOR plus 3.1%.

In March 1996, the Company sold a five-year interest rate cap which effectively converts $50 million of fixed rate debt into floating rate debt when six-month LIBOR exceeds 8.31%.

In June 1995, the Company entered into an agreement that expires in 1999 which effectively converts $40 million of United States dollar debt into Dutch Guilder denominated debt. This agreement was designated as a hedge of the Company's net investment in a Netherlands subsidiary.

The Company has interest rate swap agreements that effectively convert interest expense on $115 million of United States dollar fixed-rate debt to fixed rates of 3.2% as to $50 million and 1.3% as to $25 million, and to a floating rate (5.0% at December 31, 1996) based on the Amsterdam Interbank Offered Rate plus 1.89% as to the remaining $40 million.

Aggregate mandatory sinking fund requirements and annual maturities of long-term debt are as follows (in millions): 1997, $20; 1998, $4; 1999, $102; 2000, $151; and 2001, $101.

Interest capitalized as part of acquisition or construction of major fixed assets (in millions) was $8 in 1996, and $10 in 1995 and 1994. Interest paid (in millions) was $96 in 1996 and 1995 and $93 in 1994.

Financial instruments outstanding at December 31 are as follows (in millions):

	1996			1995		
	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Cash and short-term investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marketable equity investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marketable debt securities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short-term debt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long-term debt, current portion of long-term debt and foreign currency principal swaps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Foreign currency forward exchange contracts and options	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	(4)
Interest rate swaps						
Fixed to floating	127	[illegible]	[illegible]	[illegible]	[illegible]	5
Floating to fixed	[illegible]	[illegible]	[illegible]	[illegible]	(1)	(16)
Fixed to fixed	90	[illegible]	[illegible]	[illegible]	1	4
Interest rate caps sold	(50)	(1)	(1)			