*** E04 ***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. The risk is limited due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographies. At May 27, 1995, the Company had no significant concentrations of credit risk.

INCOME TAXES

The effective tax rate for 1995 was 26% compared to a U.S. statutory rate of 35%. The lower effective tax rate was primarily due to the ability of the Company to reduce its deferred tax valuation allowance from prior years. The reduction in the valuation allowance was made possible after permission was obtained from the Internal Revenue Service to capitalize the costs of a major research and development project. Capitalization of such costs increased the amount of deferred tax assets utilized in 1995, thereby necessitating a lower valuation allowance against deferred tax assets.

The components of earnings (loss) before taxes are contained in the Business Segments footnote. The provision for income taxes consisted of:

(In thousands)		1995
Current		
Federal	$	17,769
State		4,041
Non-U.S.		6,624
		28,434
Deferred		
Federal		4,649
State		641
Non-U.S.		(5,156)
		134
Total provision	$	28,568

The provisions differ from the amounts that would result by applying the U.S. statutory rate to earnings (loss) before taxes. A reconciliation of the difference is:

(In thousands)		1995
Income taxes based on U.S. statutory rate	$	38,457
Change in beginning of year valuation allowance		(6,842)
Foreign sales corporations		(3,196)
State income taxes, net of U.S. tax		3,043
Provision for audit adjustments		1,299
Other U.S. adjustments		(1,137)
Foreign taxes on non-U.S. source income		(2,542)
Capital gains adjustments from sale of investments		(514)
Prior year foreign tax credits		--
Benefit of tax rate change		--