SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended January 2, 1994   Commission file number 1-5075

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from ________ to ________

EG&G, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts	04-2052042
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
45 William Street, Wellesley, Massachusetts	02181
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (617) 237-5100

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $1 Par Value	New York Stock Exchange, Inc.
Preferred Share Purchase Rights	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] 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. [ ]

The aggregate market value of the common stock, $1 par value, held by non-affiliates of the registrant on February 25, 1994, was $1,004,884,329.

As of February 25, 1994, there were outstanding, exclusive of treasury shares, 55,823,147 shares of common stock, $1 par value.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF EG&G, INC.'S
1994 PROXY STATEMENT . . . . PART III (Items 10, 11 and 12)

PART I

ITEM 1. BUSINESS

General Business Description

EG&G, Inc. was incorporated under the laws of the Commonwealth of Massachusetts in 1947. EG&G, Inc. and its subsidiaries (hereafter referred to as "EG&G", the "Company", or the "Registrant") is a diversified company with annual sales of $2.7 billion.

The Company provides systems engineering and test site operating and management services to government agencies and laboratories. It also designs and manufactures a variety of analytical and clinical instruments and mechanical and optoelectronic components for governmental and commercial customers.

The Company's operations are classified into five industry segments: Technical Services, Department of Energy ("DOE") Support, Instruments, Mechanical Components and Optoelectronics.

Recent Developments

In June 1993, the Company acquired the Wallac Group, a unit of Procordia AB, for approximately U.S. $46 million. Wallac, headquartered in Finland, has 500 employees located in Scandinavia, Russia, the United Kingdom and North America. It develops, manufactures and markets analytical and immunodiagnostic systems, instruments and reagents for clinical diagnostics, life-science research and environmental monitoring.

Also in June 1993, the Company signed a 27 month joint research and development agreement with the Institute of Microelectronics National University of Singapore to develop a commercially viable micromachined accelerometer, an electronic sensor that triggers the deployment of vehicle airbags, for automotive and industrial use.

In October 1993, the Company was notified that it had been selected to continue as Base Operations Contractor at the Kennedy Space Center. The cost-plus-award/incentive fee contract is for four years with two renewal option periods of three years each at the election of the government. The proposed contract cost is approximately $1.7 billion over the life of the contract including renewals.

In October 1993, the Board of Directors authorized the purchase of up to a total of 5.5 million shares of the Company's common stock by the Company which will be accomplished through periodic purchases on the open market.

In February 1994, the Company formed EG&G Environmental, Inc. to provide environmental services and systems management.

Industry Segments

In January 1994, the Company reorganized its operating organization and redefined its reporting segments.

A Mechanical Components segment was formed that includes all operations previously a part of the former Aerospace segment and all mechanical seal and blower operations previously a part of the former Components segment. An Optoelectronics segment was also formed comprising all Optoelectronics divisions from the former Components segment, the Electronic Components Division and Power Systems both from the former Defense segment. The composition of the Instruments and DOE Support segments remains essentially unchanged. The Technical Services segment has been enlarged to include the service organizations of the former Defense segment.

As a result of these changes, the Company's external reporting segments now correspond to its internal operating organization.

Technical Services

The Company provides a wide range of technical services including engineering, scientific, and technical support to a number of governmental organizations. It also provides analysis and testing services to the automotive industry.

The Company has been the Base Operations Contractor for NASA's Kennedy Space Center in Florida since 1983. The Company manages the Center's facilities, tests astronaut rescue procedures and escape systems, provides security, fire protection and medical services, handles propellant commodities and manages the shuttle landing facility. The current contract was awarded in October 1993 for a term of four years with two renewal options of three years each at the election of the government.

The Company also supplies maintenance and support services to NASA's Langley Research Center in Virginia for the development of aircraft and spacecraft systems.

The Company runs the U.S. Customs Service Support Seized Property Program, involving the management and disposal of all types of personal and real property. It also provides perimeter and transit-system safety and security systems for U.S. government agencies.

The Company provides technical support services to the Army's Yuma Proving Grounds including testing of vehicles, artillery, aircraft armaments and airborne missile systems as well as providing optical and radar systems support. The Company operates and maintains the U.S. Air Force Radar Target Scatter facility, an electromagnetic laboratory for static radar cross-section measurements. The Company also furnishes technical services for the operation and calibration of high-power lasers and operational field-testing and evaluation of weapons systems.

Work for the U.S. Department of Defense ("DoD") includes planning and analysis, training, engineering and other support services to the Navy in connection with next-generation combat systems for surface vessels and submarines; supporting major Navy submarine and surface ship programs with emphasis on improving the operational performance of electronic systems, developing new surveillance radars and sonar-based anti-submarine warfare systems; and developing systems used to evaluate the electronic warfare effectiveness of command, control, and communication systems in an electromagnetic environment.

The Company is the management and operations contractor for the chemical weapons demilitarization program at the Army's Tooele Depot in Utah. The Company's responsibilities include the construction and operation of a facility for the disposal of lethal chemical agents and munitions.

Under a contract with the Army, the Company furnishes specialized operational and maintenance services for the Chemical Decontamination Training Facility at Fort McClellan, Alabama.

The Company conducts research on benign technologies for the extraction, conversion, and utilization of coal, oil, and gas for the DOE's Morgantown Energy Technology Center in West Virginia. The current contract covers work to be performed through September 1994.

The Company is managing the closedown of operations at the DOE's Superconducting Super Collider Laboratory project near Dallas, Texas.

The Company develops and conducts mobile and stationary vehicle durability testing and comprehensive vehicle component testing for the automotive industry. It also tests fuels and lubricants for petroleum and chemical-additive industries to determine how these materials perform against industry and government standards.

Department of Energy Support

The Company provides site and environmental management, design, engineering and fabrication of equipment and other engineering and research services for the DOE.

The work, which is performed under five prime contracts with the DOE, includes engineering services in support of nuclear weapons testing, radiation sensing, the operation of precision switching devices and precision machining, research on reactor safety and nuclear waste management.

Uncertainty continues to exist in the DOE Support segment due to changes in government budget and national priorities. The Department of Energy's rules concerning contractor liability and performance evaluation currently apply to all five contracts. These new performance evaluation criteria create greater variability in the incentive awards earned. The contractor liability rules provide for increased contractor accountability for costs associated with events determined to have been avoidable. This liability is generally limited to the fee earned in the grading period in which the avoidable event occurs. In addition, the Department of Energy has announced its intention to proceed with a contract reform initiative.

Under the Rocky Flats contract, the Company is the management and operations contractor for the Rocky Flats facility near Golden, Colorado. The Company provides the management, operation, and maintenance of government facilities capable of producing nuclear weapons components. The Company also provides all support services at the site. In addition, the Company manages DOE programs related to environmental restoration, waste management, and technology development. The current contract expires at the end of December 1995.

Under the Idaho National Engineering Laboratory ("INEL") contract, the Company is the management and operations contractor for certain government-owned facilities at INEL. The Company is responsible for equipment and systems development in the fields of reactor physics, reactor safety technology, heat transfer, materials and nuclear waste management; and safety research on magnetic fusion, energy conservation, and geothermal and other non-nuclear energy sources. It conducts research, development, and testing for reactor safety programs and provides support for the entire site. The current contract expires in October 1994. The Company has submitted a proposal in partnership with BNFL, Inc., a subsidiary of British Nuclear Fuels, plc, and Fluor Daniels Environmental Services, Inc., a subsidiary of Fluor Daniel, Inc., for increased work scope at the facility. A decision on the awarding of the contract is expected in mid-1994.

Under the Energy Measurements contract, the Company provides scientific and engineering services for the DOE's underground nuclear weapons test program at the Nevada Test Site. Much of this work is done in cooperation with the Sandia, Los Alamos, and Lawrence Livermore national research laboratories. The primary work requires the measurement of energy from underground nuclear detonations. Besides this mission, the Company works on many of DOE's non-weapons programs. It conducts aerial radiation and environmental surveys nationwide and maintains a staff of experts to provide assistance in the event of a nuclear emergency anywhere in the world. The current contract expires at the end of December 1995.

Under the Reynolds Electrical and Engineering Co. contract, the Company provides specialized support and maintenance services also relating to the DOE's underground nuclear weapons test program at the Nevada Test Site. This work includes construction services at the Tonopah Test Range and surface testing and drilling at the Yucca Mountain Project. The current contract expires at the end of December, 1995.

The United States has implemented a moratorium on nuclear weapons testing scheduled to last through September 1995 and the Administration has proposed a permanent ban on nuclear weapons testing. The DOE is maintaining a capability to resume weapons testing if a decision to do so should be made. However, during the moratorium, all test-related activities have been stopped or reduced significantly. Other activities at the Nevada Test Site, such as environmental monitoring and remediation, have increased, but have not offset the reduction in the testing programs.

Under the Mound Applied Technologies contract, the Company is the management and operations contractor for the Mound facility in Miamisburg, Ohio. The Mound facility is in the midst of a transition from defense programs to environmental restoration and economic development activities. The Company's responsibilities include research, development, and production of high-technology mechanical explosives and electrical components for nuclear weapons. The current contract expires at the end of September 1996.

Instruments

The Company offers instruments and systems for applications in medical and clinical diagnostics; biochemical, medical and life science research; environmental monitoring; industrial and pharmaceutical process measurement; gas and oil field applications; airport and industrial security; and marine and oceanographic studies.

Many of the Company's instruments are based on the Company's expertise in nuclear measurements, including detection, characterization and measurement of radiation. For example, the Company offers alpha, beta and gamma counting systems that are used in clinical laboratories, research laboratories, and for environmental analysis. A complete line of radiation protection measuring systems equipped with built-in large-area proportional detectors are sold to laboratories, nuclear and environmental monitoring facilities.

For research and environmental applications, the Company offers radiation detectors and associated electronic processing equipment ranging from discrete modular instruments to complete systems. Many of these instruments are based on the Company's hyperpure germanium crystal and silicon-based detector technologies. Examples of such products are germanium detectors, charged particle detectors, multichannel analyzers, and electronic instrumentation modules. These products are used by university, industrial, and government laboratories to study various nuclear phenomena.

Employing its radioisotopic measurement technology, the Company offers industrial on-line level and density measuring instruments for process control of liquids, slurries, or solids in containers, tanks, and pipes.

Instruments based on the Company's expertise in detecting and characterizing electromagnetic radiation, including infrared, visible, and ultraviolet light, and microwave, x-rays, and gamma rays, include optical analyzers and Raman spectrometers that are used extensively in materials research and development. Extensions of these product lines are used to characterize the performance of fiber optics and for the non-destructive analysis of materials and surfaces. The Company offers clinical laboratory instruments based on the luminescence of biological chemicals and immunoassay products that use the Company's proprietary time-resolved fluorescence technology. The Company also offers x-ray security inspection systems and walk-through metal detectors for industry, airline, and commercial use, and microwave-based moisture detection systems used in process control and in-line analysis of bulk materials. The Company has recently developed food inspection systems which combine imaging technology developed for its optical analyzers with the x-ray technology employed by the Company in its security systems business.

The Company's high-performance electrochemistry instruments, the majority of which are computer controlled, are used by research laboratories, universities and industrial and pharmaceutical companies to detect, analyze, and characterize corrosion, trace materials and neurological biochemicals.

The Company offers small high-precision turbine flow meters and primary standard flow calibrators that are used in aerospace, industrial and pharmaceutical applications.

For marine and oceanographic applications, the Company offers side-scan sonar equipment, marine seismic instruments, and acoustic equipment for recovery of ocean-floor moorings and instruments, and it provides instruments for use in the oil and gas industry including high-temperature, high-pressure test chambers that predict performance of cement slurries during drilling and completion of oil and gas wells, viscometers for analyzing drilling muds, pressure calibration standards, and chromatographs and gravitometers for the analysis of natural gas.

Mechanical Components

The Company offers high reliability advanced seals and bellows products, fans and blowers, precision components for aerospace applications and heat management devices.

The Company produces bellows used in mechanical sealing components and systems for the containment and control of fluids. These products are used by the oil, petrochemical, chemical, food processing, pulp and paper, waste water treatment and refrigeration industries.

The Company's mechanical face-type bellows seals, engineered sealing products, and bellows devices are utilized in jet aircraft, surface ships, submarines, torpedoes, weapons, medical equipment, computer equipment and power generation equipment.

The Company manufactures solenoid and pressure operated valves for aerospace and other applications primarily to control turbines, rocket engines and aircraft and space systems.

The Company manufactures high-reliability cooling fans and blowers for electronics and electrical equipment and transportation systems, and blowers and blower systems that produce both vacuum and pressure using regeneration and multistage technology for industrial applications. The Company's BiocubeTM Aerobic Biofilter treats volatile organic compounds and odorous emissions with naturally occurring microbes.

The Company manufactures aircraft engine exhaust and pneumatic ducting assemblies and rocket engine components that utilize bulge forming, drop hammer forming and fusion welding technologies.

The Company's metal printed circuit board retainers and extractors are used in electronic enclosures for military, commercial aircraft, telecommunications and computer applications.

Optoelectronics

The Company offers a broad variety of components that emit and detect light in the spectrum from ultraviolet through visible to the far infrared. These components are used in many applications ranging from simple light sensors used in automotive and commercial electronics to sophisticated space-qualified detectors that are used for communications and remote sensing of the earth and planetary exploration.

Examples of commercial and consumer applications of the Company's optical sensors include medical instruments, smoke detectors, cameras, bar-code scanners and automatic headlight dimmers. The Company's high performance image sensors have applications in aerospace, astronomy, spectroscopy and medical and industrial imaging.

The Company also offers a wide variety of flashlamps for use in photocopy and reprographic equipment, phototypesetting systems, beacons and in laser systems and accessories. TV camera tubes, the main component in x-ray diagnostic equipment, are supplied to manufacturers of medical imaging instruments. Pyroelectric infrared and thermopile sensors are used in security systems, temperature monitoring and, in combination with photo resistors, for automatic light switches.

The Company offers hermetically-sealed ceramic-to-metal switching devices used for pulsed radar and gas and liquid lasers. Spark gaps are offered for use in lithotripters which alleviate kidney stones non-invasively and in high-performance lasers such as those used in laser range finders. Similar and related products are used by the military for missile and rocket firing and control. The Company also offers

rubidium atomic frequency standards for both military and commercial navigation and communication systems and high-reliability and high-frequency power supplies that provide precise power conditioning in electronic equipment used by the military and in commercial aircraft and air traffic control systems.

Marketing

The services and products of the Company are marketed through its own specialized sales forces as well as independent foreign and domestic manufacturers' representatives and distributors. In certain foreign countries, the Company has entered into joint venture and license agreements with local firms to manufacture and market its products.

Raw Materials and Supplies

Raw materials and supplies are generally readily available in adequate quantities from domestic and foreign sources.

Patents and Trademarks

While the Company's patents, trademarks, and licenses are cumulatively important to its business, the Company does not believe that the loss of any one or group of related patents, trademarks, or licenses would have a materially adverse effect on the overall business of the Company or on any of its business segments.

Backlog

The approximate dollar value of all unfilled orders by industry segment as of January 2, 1994, and January 3, 1993, is set forth in the table below.

(In Thousands)	January 2, 1994	January 3, 1993
Technical Services	$ 243,081	$ 219,092
DOE Support	1,154,505	1,294,456
Instruments	47,452	45,276
Mechanical Components	92,691	114,454
Optoelectronics	83,459	95,897
Total	$1,621,188	$1,769,175

At January 2, 1994, 85% of the total backlog represented orders received from U.S. Government agencies, primarily DOE. The DOE Support backlog represents the annual funding for these contracts that has actually been appropriated. The order backlog for each segment relates differently to future sales based on different business characteristics, primarily order and delivery lead times and customer demand requirements. The Company estimates that approximately 96% of its current backlog will be billed during 1994.

Government Contracts

The Company's five major contracts are awarded on a cost-plus-award-fee basis. Sales under these contracts were $1,379 million in 1993. The expiration dates for these contracts are, as follows, one in 1994, three in 1995 and one in 1996; funds are appropriated, work scopes are determined and fee pools are negotiated annually. The INEL contract expires in October 1994 and the Company holds the majority interest in a joint venture that has submitted a proposal for increased work scope at the facility. The Department of Energy's rules concerning contractor liability and performance evaluation currently apply to all five contracts. These new performance evaluation criteria create greater variability in the incentive awards earned. The contractor liability rules provide for increased contractor accountability for costs associated with events determined to have been avoidable. This liability is generally limited to the fee earned in the grading period in which the avoidable event occurs. In addition, the Department of Energy has announced its intention to proceed with a contract reform initiative. Uncertainty continues to exist in the Company's DOE Support segment due to changes in government budget and national priorities. Sales to U.S. Government agencies, which were predominantly to the DOE, DoD and NASA, were $1,939 million, $2,035 million and $1,987 million in 1993, 1992 and 1991, respectively.

The Company's Kennedy Space Center contract with NASA generated sales of $201 million in 1993. In October 1993, the Company was selected by NASA to continue as the base operations contractor at the Kennedy Space Center. The new award-fee contract has a potential term of ten years, including options, contains reductions in contract value and could result in reductions in annual fee.

In accordance with government regulations, all of the Company's government contracts are subject to termination for the convenience of the government.

Competition

Because of the wide range of its products and services, the Company faces many different types of competition and competitors. Competitors range from large foreign and domestic organizations that produce a comprehensive array of goods and services, to small concerns producing a few goods or services for specialized market segments.

The Technical Services segment provides technical services to several agencies of the federal government, including DoD Departments and NASA. This business is typically won through competition with a number of large and small government contractors, many of whom are as large or larger than the Company and who, therefore, have resources and capabilities that are comparable to or greater than those of the Company. The primary bases for competition in these markets are technical and management capabilities, current and past performance, and price. Competition is typically subject to mandated procurement and competitive bidding requirements. Competition for automotive testing services is primarily from a few specialized testing companies and from customer-owned testing facilities. Automotive testing competition is primarily based on quality, service, and price.

In the DOE Support segment, the Company is subject to federally mandated procurement procedures, usually bidding competitively against a variety of large and small government contractors. Whereas in the past the Company was occasionally granted a sole-source opportunity for this work, the Company anticipates that future business will be obtained through competitive bidding subject to DOE procurement procedures. Some of the competitors in this segment are larger than the Company and therefore may have resources and capabilities that are comparable to or greater than those of the Company.

In the Instruments segment, the Company primarily competes with small specialized instrument companies that serve narrow segments of markets in oceanographic equipment; x-ray security systems; nuclear, industrial, diagnostic, clinical and oil and gas related instrumentation. The Company competes in these markets on the basis of product performance, product reliability, service and price. Consolidation of competitors through acquisitions and mergers and the Company's increasing activity in selected diagnostics and industrial markets will increase the proportion of large competitors in this segment.

In the Mechanical Components segment, the Company is a leading supplier of selected precision aircraft exhaust components, specialized fans and heat transfer devices, and mechanical seals for industrial applications. Competition in these areas is typically from small specialized manufacturing companies.

The Company is among the leading suppliers of specialty flashtubes, silicon photodetectors, avalanche photodiodes, cadmium sulfide and cadmium selenide detectors, photodiode arrays and switched power supplies, all of which are part of the Company's Optoelectronics segment. Typically, competition is from small specialized manufacturing companies.

Within both the Mechanical Components and Optoelectronics segments, competition for governmental purchases is subject to mandated procurement procedures and competitive bidding practices. In both of these segments, the Company competes on the basis of product performance, quality, service and price. In much of the Optoelectronics segment and in the specialized fan and aircraft and marine mechanical seal markets included in the Mechanical Components segment, advancing technology and research and development are important competitive factors.

Research and Development

During 1993, 1992 and 1991, Company-sponsored research and development expenditures were approximately $34.7 million, $32.1 million and $24.7 million, respectively. Customer-sponsored research and development, primarily for Department of Energy programs, accounted for additional expenditures of approximately $137 million in 1993, $133 million in 1992 and $127 million in 1991.

Environmental Compliance

The Company is conducting a number of environmental investigations and remedial actions at current and former Company locations and, along with other companies, has been named a potentially responsible party for certain waste disposal sites. The Company accrues for environmental issues in the accounting period in which the Company's responsibility is established and the cost can be reasonably estimated. There have been no environmental matters to date which had or are expected to have a material effect on the Company's financial position or results of operations.

The Company's compliance with the laws, rules and regulations relating to the protection of the environment has not had, and is not expected to have, a material adverse effect on its capital expenditures, earnings or competitive position.

Employees

As of March 17, 1994, the Company employed approximately 32,000 persons. Certain of the Company's subsidiaries are parties to contracts with labor unions. The Company considers its relations with employees to be satisfactory.

Financial Information About Industry Segments

Sales and Income From Operations by Industry Segment
For the Five Years Ended January 2, 1994

(In thousands)	1993	1992	1991	1990	1989
Sales:					
Technical Services	$ 636,041	$ 608,864	$ 586,537	$ 522,724	$ 486,633
DOE Support	1,378,532	1,468,741	1,430,016	1,318,329	592,807
Instruments	237,223	226,900	230,196	208,263	165,169
Mechanical Components	244,878	274,199	295,519	295,052	271,707
Optoelectronics	201,274	210,118	146,274	129,920	133,842
Total	$2,697,948	$2,788,822	$2,688,542	$2,474,288	$1,650,158
Income from Operations:					
Technical Services	$ 65,498	$ 54,173	$ 53,296	$ 45,246	$ 44,655
DOE Support	38,383	59,112	44,403	42,403	27,190
Instruments	10,119	15,764	21,125	5,917	11,915
Mechanical Components	23,554	20,934	27,239	26,120	28,699
Optoelectronics	10,866	3,070	6,588	11,517	8,767
General Corporate Expenses	(27,573)	(29,895)	(27,456)	(23,491)	(22,833)
Total	$ 120,847	$ 123,158	$ 125,195	$ 107,712	$ 98,393

The Company's operations are classified into five industry segments: Technical Services, DOE Support, Instruments, Mechanical Components and Optoelectronics. The Company has changed the way its products and services are grouped into industry segments to better reflect the markets served and the Company's strategies for the future. Data for prior periods have been restated accordingly.

Additional information relating to the Company's operations in the various industry segments follows:

(In thousands)	Depreciation and Amortization Expense			Capital Expenditures		
	1993	1992	1991	1993	1992	1991

Technical Services	$ 8,422	$ 7,991	$ 7,653	$ 6,315	$ 5,650	$ 4,974
DOE Support	-	-	-	-	-	-
Instruments	9,213	8,131	8,425	6,555	4,768	6,276
Mechanical Components	6,870	7,755	8,643	5,598	5,290	9,606
Optoelectronics	12,417	11,595	8,189	8,469	6,305	4,708
Corporate	920	820	816	923	433	1,053
	$37,842	$36,292	$33,726	$27,860	$22,446	$26,617

(In thousands)	Identifiable Assets		
	1993	1992	1991
Technical Services	$127,917	$133,351	$131,931
DOE Support	11,959	22,189	17,171
Instruments	256,117	217,792	215,029
Mechanical Components	97,317	112,272	133,404
Optoelectronics	142,630	142,543	90,577
Corporate	132,868	121,593	109,785
	$768,808	$749,740	$697,897

DOE Support's identifiable assets mainly represent accounts receivable for fees from the U.S. Department of Energy. DOE Support's assets do not include U.S. Government funds and facilities that are devoted to the contracts and for which the Company is custodian. Corporate assets consist primarily of cash and cash equivalents, prepaid taxes and investments.

Financial Information About Geographic Areas

Information relating to geographic areas follows:

(In thousands)	Sales			Income From Operations		
	1993	1992	1991	1993	1992	1991
U.S.	$2,427,663	$2,532,494	$2,484,972	$129,858	$142,272	$137,346
Non-U.S.	270,285	256,328	203,570	18,562	10,781	15,305
Corporate	-	-	-	(27,573)	(29,895)	(27,456)
	$2,697,948	$2,788,822	$2,688,542	$120,847	$123,158	$125,195

(In thousands)	Identifiable Assets		
	1993	1992	1991
U.S.	$317,303	$355,722	$364,990
Non-U.S.	318,637	272,425	223,122
Corporate	132,868	121,593	109,785
	$768,808	$749,740	$697,897

Over 60% of the identifiable assets of the non-U.S. operations are located in European Community countries. Transfers between geographic areas were not material.

ITEM 2. PROPERTIES

The Company occupies approximately 5,789,700 square feet of building area, of which approximately 1,768,400 square feet is owned and the balance leased. The Company's headquarters occupies 53,350 square feet of leased space in Wellesley, Massachusetts. The Company's other operations are conducted in manufacturing and assembly plants, research laboratories, administrative offices and other facilities located in 27 states, Washington, D.C., Puerto Rico, the Virgin Islands and 24 foreign countries.

Non-U.S. facilities account for approximately 1,278,600 square feet of owned and leased property, or approximately 22% percent of the Company's total occupied space.

The Company's leases on property are both short-term and long-term. In management's opinion, the Company's properties are well-maintained and are adequate for its present requirements. Future space requirements are anticipated and appropriate facility plans will be implemented to meet those requirements.

At certain government facilities, the Company occupies government furnished space. In addition, a substantial part of the equipment and machinery used by the Company in the performance of its government contracts has been furnished by the government. Substantially all of the machinery and equipment used by the Company in its other activities is owned by the Company and the balance is leased or furnished by contractors or customers.

The following table indicates the approximate square footage of real property owned and leased attributable to each of the Company's industry segments.

	Property Owned (Sq. Feet)	Property Leased (Sq. Feet)	Total (Sq. Feet)
Technical Services	163,400	1,003,600	1,167,000
DOE Support	0	1,527,600	1,527,600
Instruments	633,600	397,200	1,030,800
Mechanical Components	574,300	551,100	1,125,400
Optoelectronics	397,100	476,600	873,700
Corporate Offices	0	65,200	65,200
Totals	1,768,400	4,021,300	5,789,700

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various investigations, claims, and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company. The Company has established accruals for matters that are probable and reasonably estimable. Management believes that any liability that may ultimately result from the resolution of these matters in excess of amounts provided will not have a material adverse effect on the financial position or results of operations of the Company.

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

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Quarterly Common Stock Market Price Range

Price	1992 Quarters First	Second	Third	Fourth	1993 Quarters First	Second	Third	Fourth
High	$26.75	$26.31	$24.75	$21.88	$24.00	$24.50	$20.25	$18.38
Low	24.06	21.25	21.13	18.00	19.38	18.88	15.75	16.75

Dividends

	1992 Quarters First	Second	Third	Fourth	1993 Quarters First	Second	Third	Fourth
Cash Dividends Per Common Share	$ .115	$ .125	$ .125	$ .125	$ .13	$ .13	$ .13	$ .13

The Company's common stock is listed and traded on the New York Stock Exchange. The number of holders of record of the Company's Common Stock as of February 25, 1994, was approximately 15,712.

In October l993 the Board of Directors of the Company voted an increase in the Company's quarterly cash dividend from thirteen cents to fourteen cents per share. The quarterly cash dividend was paid on February 10, l994, to stockholders of record at the close of business on January 21, l994.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL INFORMATION For the Five Years Ended January 2, 1994

(In thousands where applicable)	1993	1992	1991	1990	1989
Operations:					
Sales	$2,697,948	$2,788,822	$2,688,542	$2,474,288	$1,650,158
Income From Operations	120,847	123,158	125,195	107,712	98,393
Income Before Cumulative Effect of Accounting Changes	79,571	87,779	81,242	73,966	69,850
Net Income	59,071*	87,779	81,242	73,966	69,850
Earnings Per Share Before Cumulative Effect of Accounting Changes	1.41	1.56	1.45	1.30	1.20
Earnings Per Share	1.05*	1.56	1.45	1.30	1.20
Return On Equity Before Cumulative Effect of Accounting Changes	16.4%	19.6%	20.6%	20.6%	20.5%
Return On Equity	12.4%*	19.6%	20.6%	20.6%	20.5%
Weighted Average Shares Outstanding	56,504	56,385	55,901	56,989	58,262
Financial Position:					
Working Capital	$ 227,935	$ 247,518	$ 214,495	$ 149,674	$ 151,187
Current Ratio	1.96:1	2.05:1	1.89:1	1.58:1	1.59:1
Total Assets	768,808	749,740	697,897	675,224	643,403
Total Debt	45,039	42,223	59,635	95,551	113,390
Stockholders' Equity	477,534	473,636	420,711	369,631	348,987
- Per Share	8.51	8.34	7.45	6.58	6.02
Total Debt/Total Capital	9%	8%	12%	21%	25%
Shares Outstanding	56,131	56,812	56,495	56,175	57,993

Other Data:					
Cash Flows From Operating Activities	$ 112,137	$ 127,807	$ 104,429	$ 129,208	$ 52,414
Capital Expenditures	27,860	22,446	26,617	19,848	23,258
Depreciation and Amortization	37,842	36,292	33,726	29,944	25,536
Cash Dividends Per Common Share	.52	.49	.42	.38	.34

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*Includes one-time after-tax charges of $20.5 million, or $.36 per share, due to the Company's adoption of SFAS Nos. 106 and 109.

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

Results of Operations

The discussion that follows is a summary analysis of the major changes by industry segment.

1993 Compared to 1992

Sales

Sales for 1993 were $2,698 million, $91 million below 1992 sales of $2,789 million.

Technical Services: The $27 million increase resulted from an increase of $24 million in automotive testing services caused primarily by the introduction of new industry testing protocols, partially offset by a $10 million reduction in contract billings at the Kennedy Space Center.

DOE Support: The majority of the $90 million decrease resulted from a lower program scope at Rocky Flats and the impact of the moratorium on nuclear testing on Energy Measurements. The shift in sales and related cost of sales from products to services presented in the Consolidated Statement of Income reflects the change, compared to 1992, from production to environmental restoration services at some facilities.

Instruments: The $10 million increase resulted from the $43 million sales of Wallac acquired in June 1993, partially offset by reduced scientific, industrial and security instruments sales due to sluggish market conditions, lower foreign exchange rates and large orders shipped in 1992.

Mechanical Components: The $29 million decrease was attributable to a $21 million reduction in aerospace sales due primarily to continued softness in this market and, to a lesser extent, the divestiture of two operations.

Optoelectronics: The $9 million decrease was due mainly to the completion of several programs in 1992, partially offset by the sales of Heimann Optoelectronics acquired early in the second quarter of 1992.

Income From Operations

Income from operations was $120.8 million in 1993, a 2% decrease from 1992.

Technical Services: The $11.3 million increase was due primarily to higher sales and improved margins in the automotive testing services business. In October 1993, the Company was selected by NASA to continue as the base operations contractor at the Kennedy Space Center. The new contract has a potential term of 10 years, including options, contains reductions in contract value and could result in reductions in annual fee of approximately $5 million.

DOE Support: Uncertainty continues to exist in the DOE Support segment due to changes in government budgets and national priorities. The $20.7 million decrease was primarily attributable to Rocky Flats which experienced lower grades and a reduction of available fee pool. In addition, 1992 results included a favorable profit adjustment due to higher than anticipated performance grades at year-end 1991. Lower grades on the Idaho contract also contributed, to a lesser extent, to the decrease. The Idaho contract expires in October 1994, and the Company is participating as the majority interest in a joint venture that has submitted a proposal for increased work scope at the facility. The Department of Energy's rules concerning contractor liability and performance evaluation became effective for the remaining two contracts, REECo and Mound, in October 1993. These rules, coupled with the Department of Energy's announced intention to proceed with a contract reform initiative, create greater variability in the incentive awards earned and provide for increased contractor accountability.

Instruments: The $5.6 million decrease resulted from lower sales of scientific, industrial and security instruments partially offset by the income generated by the Wallac acquisition. Management has initiated a review to assess certain operating elements of this segment. The Instruments segment remains an integral part of the Company's long-term growth strategy.

Mechanical Components: Improved profitability resulting from cost reduction programs in the industrial sealing and electromechanical businesses more than offset the impact of lower aerospace sales, generating a $2.6 million increase.

Optoelectronics: The $7.8 million increase was due to improved profitability as a result of cost reductions at Heimann Optoelectronics. The 1992 results included a charge of $6.3 million for the write-down of the net assets of two businesses to their estimated disposal value.

General Corporate Expenses: The $2.3 million decrease was due to the absence of corporate management incentives in 1993.

The net change in other income (expense) was an increase in income of $3.1 million. This was primarily due to gains on investments. The 1993 effective tax rate of 34.7% is higher than the 27.5% in 1992 primarily because the 1992 rate reflected a favorable adjustment of prior estimated tax liabilities and the tax benefit resulting from the sale of an investment in a hydroelectric power plant.

During the first quarter of 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 106 on accounting for postretirement benefits other than pensions for its U.S. retiree health benefits and SFAS No. 109 on accounting for income taxes. The adoption of SFAS No. 106 resulted in an after-tax charge of $13.2 million ($.23 per share) while the charge for SFAS No. 109 was $7.3 million ($.13 per share). See Notes 13 and 16 for additional disclosures.

The Company reduced its discount rate for employee benefit plans in 1993 as a result of the decrease in long-term interest rates. The effects of the lower discount rates were partially offset by corresponding reductions in assumptions for compensation increases and health care cost trend rates. The net results of these changes will not materially affect the Company's results of operations.

1992 Compared to 1991

Sales

1992 sales of $2,789 million were $100 million higher than the $2,689 million achieved in 1991.

Technical Services: The increase of $22 million was generated by higher sales levels under various government contracts.

DOE Support: Sales increased $39 million due to higher program scopes at most of the operations.

Instruments: Sales decreased $3 million from lower security and industrial instruments sales that were partially offset by higher scientific instruments sales.

Mechanical Components: The $21 million decrease resulted from $14 million lower sales in the aerospace business due primarily to general softness in the market and, to a lesser extent, from a 1991 divestiture.

Optoelectronics: The sales of Heimann Optoelectronics acquired early in the second quarter of 1992 were the main contributor to the $64 million increase.

Income From Operations

Income from operations was $123.2 million in 1992, a decrease of $2 million from the 1991 level.

Technical Services: The $0.9 million increase was generated by the margin on increased government sales offset by lower margins in the automotive testing business caused by slightly lower sales and costs associated with follow-on test programs.

DOE Support: All operations contributed to the $14.7 million increase, the majority of which was due to higher award fee pools, with the largest increase at the Rocky Flats facility.

Instruments: The $5.4 million decrease was due to lower sales and changes in sales mix for security and industrial instruments as well as lower security instruments margins caused by competitive pricing pressures; these decreases were partially offset by improved margins and higher volume on scientific instruments.

Mechanical Components: Income decreased $6.3 million, resulting from cost inefficiencies and product mix in the industrial sealing and electromechanical businesses and the profit impact of lower sales. These decreases were partially offset by lower costs in Europe in 1992 and general productivity improvements in the aerospace business. The 1991 results included charges for environmental cleanup costs.

Optoelectronics: Income decreased $3.5 million. The 1992 results included a $6.3 million charge to write-down two businesses' net assets, including goodwill, to their estimated disposal value. This write-down was included in general and administrative expense. Higher costs and manufacturing inefficiencies at an operation also contributed to the decrease. Partially offsetting the decreases were improved margins at some operations. The 1991 results included program cost write-offs.

General Corporate Expenses: The $2.4 million increase was due to increased training and business development expenses as well as normal cost increases in 1992, partially offset by reduced management incentives.

The net change in other income (expense) was a decrease in expense of $2.8 million due primarily to lower interest expense. The decrease in the effective tax rate from 32.5% in 1991 to 27.5% in 1992 reflected a tax benefit resulting from the sale of an investment in a hydroelectric power plant and a higher favorable adjustment of prior estimated tax liabilities in 1992.

Financial Condition

The Company's cash and cash equivalents increased $2.4 million to $72.2 million at the end of 1993 while total debt increased $2.8 million to $45 million. During the second quarter of 1993, the Company acquired Wallac for net cash of $33.8 million and a one-year note for $5.4 million. Cash flows from operating activities totaled $112.1 million in 1993, $127.8 million in 1992 and $104.4 million in 1991 and were principally used for capital expenditures, acquisitions, debt retirement and dividends. In addition, the Company increased its purchases of common stock by one million shares in 1993.

At the end of 1993, the Company had $34.9 million of commercial paper outstanding, an increase of $3 million over last year's balance. Commercial paper, which is the Company's principal source of borrowing, continues to be rated "A-1" by Standard & Poor's. Moody's recently changed its rating to "Prime-2" from "Prime-1." The Company's commercial paper borrowing cost is not expected to increase significantly as a result of the rating change. Credit agreements, which are in the process of being restructured, total $300 million and serve as backup facilities.

The Company invested $27.9 million in physical plant and equipment in 1993 and expects to increase this level of investment to approximately $50 million in 1994 to support new product development initiatives in the Instruments and Optoelectronics segments. In October 1993, the Board of Directors authorized the purchase of up to a total of 5.5 million shares of the Company's common stock through periodic purchases on the open market. During 1993, the Company purchased 1.1 million shares under this new program. The Company, which is considering financing these activities with a combination of short-term and long-term debt and cash flows from operations, believes it can take these actions and retain the flexibility to maintain both its product development and growth strategies.

Dividends

In October 1993, the Board of Directors voted to increase the Company's quarterly cash dividend by 8% to 14 cents per share, beginning with the dividend payable in February 1994 and resulting in an annual rate of 56 cents per share for 1994. EG&G has paid cash dividends, without interruption, for 29 years and has increased dividends each year since 1974. The Company continues to retain what management believes to be sufficient earnings to support the funding requirements of its planned growth.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEET - As of January 2, 1994 and January 3, 1993

(Dollars in thousands except per share data)	1993	1992
Current Assets:		
Cash and cash equivalents	$ 72,185	$ 69,752
Accounts receivable (Note 3)	237,609	261,859
Inventories (Note 4)	121,581	114,196
Other (Note 16)	33,657	36,988
Total Current Assets	465,032	482,795
Property, Plant and Equipment:		
At cost (Note 5)	327,416	301,931
Less - Accumulated depreciation and amortization	221,320	205,767
Net Property, Plant and Equipment	106,096	96,164
Investments (Note 6)	25,920	26,660
Intangible and Other Assets (Notes 7 and 16)	171,760	144,121
Total Assets	$768,808	$749,740
Current Liabilities:		
Short-term debt (Note 8)	$ 43,589	$ 40,267
Accounts payable	60,794	69,727
Accrued expenses (Note 9)	132,714	125,283
Total Current Liabilities	237,097	235,277

Long-Term Liabilities (Notes 8 and 13)	54,177	40,827
Contingencies (Note 10)	-	-
Stockholders' Equity (Note 11):		
Preferred stock - $1 par value, authorized 1,000,000 shares; none outstanding	-	-
Common stock - $1 par value, authorized 100,000,000 shares; issued 60,102,000 shares	60,102	60,102
Capital in excess of par value	-	-
Retained earnings	496,063	473,262
Cumulative translation adjustments (Note 1)	(8,287)	(1,323)
	547,878	532,041

CONSOLIDATED BALANCE SHEET - As of January 2, 1994 and January 3, 1993 - Continued

(Dollars in thousands except per share data)	1993	1992
Stockholders' Equity (Note 11) - Continued:		
Less - Cost of shares held in treasury; 3,970,000 shares in 1993 and 3,289,000 shares in 1992	70,344	58,405
Total Stockholders' Equity	477,534	473,636
Total Liabilities and Stockholders' Equity	$768,808	$749,740

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME - For the Three Years Ended January 2, 1994

(Dollars in thousands except per share data)	1993	1992	1991
Sales (Note 1):			
Products	$1,584,644	$2,042,454	$1,974,260
Services	1,113,304	746,368	714,282
Total Sales	2,697,948	2,788,822	2,688,542
Costs and Expenses (Notes 4, 12, 13 and 14):			
Cost of sales:			
Products	1,343,473	1,777,704	1,723,414
Services	999,031	645,915	616,831
Total cost of sales	2,342,504	2,423,619	2,340,245
Selling, general and administrative expenses	234,597	242,045	223,102
Total Costs and Expenses	2,577,101	2,665,664	2,563,347
Income From Operations	120,847	123,158	125,195
Other income (expense), net (Note 15)	1,008	(2,083)	(4,837)
Income Before Income Taxes	121,855	121,075	120,358
Provision for Federal and non-U.S. income taxes (Note 16)	42,284	33,296	39,116
Income Before Cumulative Effect of Accounting Changes	79,571	87,779	81,242

Cumulative Effect of Accounting Changes:			
Income taxes (Note 16)	(7,300)	-	-
Postretirement benefits other than pensions (Note 13)	(13,200)	-	-
Net Income	$ 59,071	$ 87,779	$ 81,242
Earnings Per Share (Note 17):			
Income Before Cumulative Effect of Accounting Changes	$ 1.41	$ 1.56	$ 1.45
Cumulative Effect of Accounting Changes:			
Income taxes	(.13)	-	-
Postretirement benefits other than pensions	(.23)	-	-
Net Income	$ 1.05	$ 1.56	$ 1.45

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY - For the Three Years Ended January 2, 1994

(Dollars in thousands)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Cumulative Translation Adjustments	Cost of Shares Held in Treasury	Total Stock-holders Equity
Balance, December 30, 1990	$30,051	$ 5,010	$393,909	$10,097	$(69,436)	$369,631
Net income	-	-	81,242	-	-	81,242
Cash dividends ($.42 per share)	-	-	(23,453)	-	-	(23,453)
Exercise of employee stock options and related income tax benefits	-	(931)	-	-	5,371	4,440
Translation adjustments	-	-	-	(4,147)	-	(4,147)
Issuance of common stock for employee benefit plans	-	-	(7,459)	-	24,687	17,228
Purchase of common stock for treasury	-	-	-	-	(24,230)	(24,230)
Balance, December 29, 1991	30,051	4,079	444,239	5,950	(63,608)	420,711
Net income	-	-	87,779	-	-	87,779
Cash dividends ($.49 per share)	-	-	(27,575)	-	-	(27,575)
Exercise of employee stock options and related income tax benefits	-	(422)	(43)	-	8,901	8,436
Translation adjustments	-	-	-	(7,273)	-	(7,273)
Issuance of common stock for employee benefit plans	-	-	(4,744)	-	24,907	20,163
Purchase of common stock for treasury	-	-	-	-	(28,605)	(28,605)
Effect of 2-for-1 stock split (Note 11)	30,051	(3,657)	(26,394)	-	-	-
Balance, January 3, 1993	60,102	-	473,262	(1,323)	(58,405)	473,636
Net income	-	-	59,071	-	-	59,071
Cash dividends ($.52 per share)	-	-	(29,358)	-	-	(29,358)
Exercise of employee stock options and related income tax benefits	-	-	(298)	-	7,356	7,058
Translation adjustments	-	-	-	(6,964)	-	(6,964)
Issuance of common stock for employee benefit plans	-	-	(6,614)	-	25,724	19,110
Purchase of common stock for treasury	-	-	-	-	(45,019)	(45,019)
Balance, January 2, 1994	$60,102	$ -	$496,063	$(8,287)	$(70,344)	$477,534

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS - For the Three Years Ended January 2, 1994

(Dollars in thousands)	1993	1992	1991
Cash Flows From Operating Activities:			
Net income	$ 59,071	$ 87,779	$ 81,242
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting changes	20,500	-	-
Depreciation and amortization	37,842	36,292	33,726
Losses (gains) on dispositions and investments, net	(3,176)	(169)	530
Changes in assets and liabilities, net of effects from companies purchased and divested:			
Decrease (increase) in accounts receivable	30,167	(689)	(15,398)
Decrease (increase) in inventories	(1,971)	11,179	(2,069)
Increase (decrease) in accounts payable and accrued expenses	(16,798)	2,732	14,073
Change in prepaid and deferred taxes	(3,514)	(11,070)	(4,492)
Other	(9,984)	1,753	(3,183)
Net Cash Provided by Operating Activities	112,137	127,807	104,429
Cash Flows From Investing Activities:			
Capital expenditures	(27,860)	(22,446)	(26,617)
Proceeds from dispositions of businesses and sales of property, plant and equipment	9,503	2,593	4,531
Cost of acquisitions, net of cash and cash equivalents acquired	(32,186)	(58,070)	(23,624)
Funds held in escrow	-	-	21,112
Purchases of investment securities	(2,503)	(1,111)	(3,431)
Proceeds from sales of investment securities	7,813	5,275	14,473
Net Cash Used in Investing Activities	(45,233)	(73,759)	(13,556)
Cash Flows From Financing Activities:			
Changes in commercial paper	2,977	(10,428)	(35,319)
Other changes in debt	(17,752)	(7,396)	(214)
Proceeds from issuing common stock	26,168	28,599	21,668
Purchases of common stock	(45,019)	(28,605)	(24,230)
Cash dividends	(29,358)	(27,575)	(23,453)
Net Cash Used in Financing Activities	(62,984)	(45,405)	(61,548)
Effect of exchange rate changes on cash and cash equivalents	(1,487)	(1,916)	(458)
Net Increase in Cash and Cash Equivalents	2,433	6,727	28,867
Cash and cash equivalents at beginning of year	69,752	63,025	34,158
Cash and cash equivalents at end of year	$ 72,185	$ 69,752	$ 63,025

CONSOLIDATED STATEMENT OF CASH FLOWS - For the Three Years Ended January 2, 1994 - Continued

(Dollars in thousands)	1993	1992	1991
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the year for:			
Interest	$ 6,819	$ 7,486	$ 9,445
Income taxes	36,642	44,985	45,452

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of EG&G, Inc. and its subsidiaries (the Company). All material intercompany balances and transactions have been eliminated in consolidation.

Sales: Cost-reimbursement sales are recorded as costs are incurred and include applicable income in the proportion that costs incurred bear to total estimated costs. Sales and income on fixed-price contracts are recorded at the completion of the contract, at the end of a contract phase for service contracts and at the time of shipment for products. If a loss is anticipated on any contract, provision for the entire loss is made immediately.

The Company performs technical, scientific, production and support activities under contracts with the U.S. Department of Energy. The Consolidated Statement of Income does not include billings and associated costs for nonvalue-added support activities. However, the fees derived from these support activities were included in sales in the amounts of $13.8 million, $16.2 million and $12.3 million in 1993, 1992 and 1991, respectively. The shift in sales from products to services presented in the Consolidated Statement of Income in 1993 reflects the change, compared to 1992, from production to environmental restoration services at some of the DOE Support facilities.

Inventories: Inventories, which include material, labor and manufacturing overhead, are valued at the lower of cost or market. The majority of inventories is accounted for using the first-in, first-out method. All other inventories are accounted for using the last-in, first-out method.

Property, Plant and Equipment: The Company depreciates plant and equipment over their estimated useful lives using accelerated methods for both financial statement and income tax purposes. For financial statement purposes, the estimated useful lives generally fall within the following ranges: buildings and special-purpose structures - 10 to 25 years; leasehold improvements - estimated useful life or remaining term of lease, whichever is shorter; machinery and equipment - 3 to 7 years; special-purpose equipment - expensed or over the life of the initial related contract. Nonrecurring tooling costs are capitalized while recurring costs are expensed.

Pension Plans: The Company's funding policy provides that payments to the U.S. pension trusts shall at least be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974. Non-U.S. plans are generally not funded.

Foreign Exchange: The balance sheet accounts of non-U.S. operations, exclusive of stockholders' equity, are translated at year-end exchange rates, and income statement accounts are translated at weighted average rates in effect during the year; any translation adjustments are made directly to a component of stockholders' equity. The after-tax aggregate net transaction gains (losses) were not material for the years presented.

Intangible Assets: Intangible assets result from acquisitions accounted for using the purchase method of accounting and include the excess of cost over the fair market value of the net assets of the acquired businesses. These amounts are being amortized over periods of up to 40 years. Subsequent to the acquisition, the Company continually evaluates whether later events and circumstances have occurred that indicate the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable. When factors indicate that goodwill should be evaluated for possible impairment, the Company uses an estimate of the related business segment's future cash flow over the remaining life of the goodwill in measuring whether the goodwill is recoverable.

Cash Flows: For purposes of the Consolidated Statement of Cash Flows, the Company considers all highly liquid instruments with a purchased maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short maturities.

Financial Instruments: Disclosures about fair value of financial instruments, including the methods and assumptions used to estimate the fair values, are included in Notes 6 and 8.

2. Acquisitions

In June 1993, the Company acquired The Wallac Group (Wallac), a unit of Procordia AB, for a total purchase price of approximately $46 million, including related expenses, consisting of $41 million cash and a one-year note for $5 million. This acquisition was accounted for using the purchase method. The excess of the cost over the fair market value of the net assets acquired is estimated to be $24 million, which is being amortized over 20 years using a straight-line method. Wallac's results of operations were included in the consolidated results of the Company from the date of acquisition.

Early in the second quarter of 1992, the Company completed the acquisition of the Heimann Optoelectronics Division of Siemens AG for cash of approximately $60 million, including related expenses. This acquisition was accounted for using the purchase method. The excess of the cost over the fair market value of the net assets acquired was $23 million, which is being amortized over 20 years using a straight-line method. Heimann's results of operations were included in the consolidated results of the Company from the date of acquisition.

The effect of the purchased acquisitions was not material to the results of operations. The products of the acquired companies are described elsewhere in this report.

3. Accounts Receivable

Accounts receivable as of January 2, 1994 and January 3, 1993 included unbilled receivables of $67.8 million and $91.1 million, respectively, which were due primarily from U.S. Government agencies. Accounts receivable were net of reserves for doubtful accounts of $6.1 million and $5.6 million, respectively.

4. Inventories

Inventories as of January 2, 1994 and January 3, 1993 consisted of the following:

(In thousands)	1993	1992
Finished goods	$ 30,864	$ 29,801
Work in process	30,393	29,902
Raw materials	60,324	54,493
	$121,581	$114,196

The portion of inventories accounted for using the last-in, first-out (LIFO) method of determining inventory costs in 1993 and 1992 approximated 24% and 27%, respectively, of total inventories. The excess of current cost of inventories over the LIFO value was approximately $10 million at January 2, 1994 and $11 million at January 3, 1993.

5. Property, Plant and Equipment, at Cost

Property, plant and equipment as of January 2, 1994 and January 3, 1993 consisted of the following:

(In thousands)	1993	1992
Land	$ 14,327	$ 15,043
Buildings and leasehold improvements	91,280	78,828
Machinery and equipment	221,809	208,060
	$327,416	$301,931

6. Investments

Investments as of January 2, 1994 and January 3, 1993 consisted of the following:

(In thousands)	1993	1992
Marketable investments	$ 6,838	$ 3,895
Other investments	13,426	18,338
Joint venture investments	5,656	4,427
	$25,920	$26,660

Marketable investments consisted of common stocks and trust assets, which were invested in money market funds, fixed income securities and common stocks to meet the supplemental executive retirement plan obligation. These investments had an aggregate market value of $13.1 million and $9.7 million at January 2, 1994 and January 3, 1993, respectively. At January 2, 1994, gross unrealized gains on marketable investments were $6.3 million. The market values were based on quoted market prices.

Other investments consisted of nonmarketable investments in private companies and venture capital partnerships, which are carried at the lower of cost or net realizable value. The estimated aggregate fair value of other investments approximated the carrying amount at January 2, 1994 and January 3, 1993. The fair values of other investments were estimated based primarily on the most recent rounds of financing and securities transactions and, to a lesser extent, on other pertinent information, including financial condition and operating results.

Joint venture investments are accounted for using the equity method.

The Company will adopt SFAS No. 115 on accounting for certain investments in debt and equity securities in 1994. This new standard requires that available-for-sale investments in equity securities that have readily determinable fair values be measured at fair value in the balance sheet. Unrealized holding gains and losses for these investments shall be excluded from earnings and reported as a net amount in a separate component of stockholders' equity until realized. The Company does not expect at this time that the statement, when adopted, will have a material impact on its financial position.

7. Intangible and Other Assets

Intangible and other assets as of January 2, 1994 and January 3, 1993 consisted of the following:

(In thousands)	1993	1992
Intangible assets	$139,205	$126,540
Other assets	32,555	17,581
	$171,760	$144,121

Intangible assets were shown net of accumulated amortization of $25.5 million and $22.2 million at January 2, 1994 and January 3, 1993, respectively. The increase in intangible assets was due primarily to the acquisition of Wallac in 1993, partially offset by current year amortization and the effect of translating goodwill denominated in non-U.S. currencies at current exchange rates. The majority of the increase in other assets was due to increases in long-term prepaid pension of $7.9 million and income taxes of $4.3 million.

8. Debt

Short-term debt at January 2, 1994 and January 3, 1993 consisted primarily of commercial paper in the amounts of $34.9 million and $32 million, respectively, which had maturities of less than 90 days. Commercial paper borrowings averaged $42.7 million during 1993 at an average interest rate of 3.2% compared to average borrowings of $41.8 million during 1992 at an average interest rate of 4.1%. Current maturities of long-term debt are also included in this account.

The Company has a $150 million multicurrency credit agreement with a domestic banking group. It consists of a $100 million three-year revolving credit agreement followed by a three-year term loan, and a $50 million two-year revolving credit agreement followed by a three-year term loan. In addition, the Company has multicurrency credit agreements

with an international banking group totaling $150 million, consisting of a $120 million one-year revolving credit agreement and a $30 million two-year revolving credit agreement. These lines of credit serve as backup facilities for the commercial paper borrowing. The Company, which is in the process of restructuring its credit agreements, is in compliance with all covenants.

During 1993, the Company terminated its interest rate and currency exchange agreement, entered into in 1989, that effectively established a 73.5 million D-mark principal obligation in exchange for $40 million. Long-term liabilities associated with the swap agreement at January 3, 1993 were $5.3 million, which approximated fair value.

At January 2, 1994 and January 3, 1993, long-term debt amounts of $1.5 million and $2 million, respectively, were included in long-term liabilities. The carrying amount of the Company's long-term debt approximated fair value.

9. Accrued Expenses

Accrued expenses as of January 2, 1994 and January 3, 1993 consisted of the following:

(In thousands)	1993	1992
Payroll	$ 13,375	$ 12,170
Employee benefits	46,121	50,377

Federal, non-U.S. and state income taxes	26,119	14,927
Other	47,099	47,809
	$132,714	$125,283

10. Contingencies

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company. The Company has established accruals for matters that are probable and reasonably estimable. Management believes that any liability that may ultimately result from the resolution of these matters in excess of amounts provided will not have a material adverse effect on the financial position or results of operations of the Company.

In addition, the Company is conducting a number of environmental investigations and remedial actions at current and former Company locations and, along with other companies, has been named a potentially responsible party for certain waste disposal sites. The Company accrues for environmental issues in the accounting period in which the Company's responsibility is established and the cost can be reasonably estimated. There have been no environmental problems to date which had or are expected to have a material effect on the Company's financial position or results of operations.

11. Stockholders' Equity

At January 2, 1994, 4.5 million shares of the Company's common stock were reserved for employee benefit plans.

The Company has nonqualified and incentive stock option plans for officers and key employees. Under these plans, options may be granted at prices not less than 100% of the fair market value on the date of grant. All options are exercisable at the date of grant and expire 10 years from the date of grant. The Stock Option Committee of the Board of Directors, at its sole discretion, may also include stock appreciation rights in any option granted. There are no stock appreciation rights outstanding under these plans.

A summary of certain stock option information is as follows:

(In thousands)	1993		1992		1991	
	Number of Shares	Option Price	Number of Shares	Option Price	Number of Shares	Option Price
Outstanding, beginning of year	2,902	$55,126	2,754	$49,984	2,370	$38,315
Granted	726	15,916	678	13,643	706	16,140
Exercised	(355)	(6,217)	(510)	(8,131)	(318)	(4,446)
Lapsed	(13)	(279)	(20)	(370)	(4)	(25)
Outstanding and exercisable, end of year	3,260	$64,546	2,902	$55,126	2,754	$49,984
Shares available for grant, end of year	1,144		1,021		48	

The Company's Employees Stock Purchase Plan was terminated as of

October 31, 1993. During 1993 and 1992, the Company issued 1.2 million shares and 1.1 million shares, respectively, under this plan.

On January 22, 1992, the Board of Directors declared a 2-for-1 stock split, paid May 8, 1992, in the form of a dividend of one additional share of the Company's common stock for each share owned by stockholders of record at the close of business on April 17, 1992. Par value remained at $1 per share. The stock split resulted in the issuance of 30,051,000 additional shares of common stock from authorized but unissued shares. The issuance of authorized but unissued shares resulted in the transfer of $3,657,000 from capital in excess of par value and $26,394,000 from retained earnings to common stock, representing the par value of the shares issued.

The Company declared a dividend distribution of one right on each share of common stock outstanding on and after February 9, 1987. Each right, when exercisable, entitles a stockholder to buy one two-hundredth of a share of a new series of preferred stock at a price of $50. The rights become exercisable when a person or group acquires 20% or more or tenders for 30% or more of the Company's common stock. This preferred stock is nonredeemable and will have one vote per share. The rights are nonvoting, expire in 1997 and may be redeemed prior to becoming exercisable. The Company has reserved 500,000 preferred shares, designated as Series B Junior Participating Preferred Stock, for issuance upon exercise of such rights. In the event that the Company is acquired in a merger or other business combination, each outstanding right would entitle a holder to purchase that number of shares of common stock of the surviving company which, at the time of such transaction, would have a market value of two times the exercise price paid.

12. Research and Development

During 1993, 1992 and 1991, Company-sponsored research and development expenditures were approximately $34.7 million, $32.1 million and $24.7 million, respectively. Customer-sponsored research and development, primarily for Department of Energy programs, accounted for additional expenditures of approximately $137 million in 1993, $133 million in 1992 and $127 million in 1991.

13. Employee Benefit Plans

The Company has a savings plan for the benefit of qualified U.S. employees. Under this plan, the Company contributes an amount equal to the lesser of 50% of the amount of the employee's voluntary contribution or 3% of the employee's annual compensation. In 1994, the Company contribution will be increased to the lesser of 55% of the employee's voluntary contribution or 3.3% of the employee's annual compensation.

The Company has defined benefit pension plans covering substantially all U.S. employees and non-U.S. pension plans for non-U.S. employees. The plans provide benefits that are based on an employee's years of service and compensation near retirement. Assets of the U.S. plan are composed primarily of corporate equity and debt securities.

Net periodic pension cost included the following components:

(In thousands)	1993	1992	1991
Service cost - benefits earned during the period	$ 8,398	$ 8,164	$ 6,608
Interest cost on projected benefit obligations	14,030	12,824	11,184
Actual return on plan assets	(18,316)	(11,005)	(14,686)
Net amortization and deferral	3,852	(1,914)	2,783

	$ 7,964	$ 8,069	$ 5,889

The increase in 1992 pension costs resulted from the inclusion of new participants and the pension expense of Heimann Optoelectronics, acquired in 1992.

The following table sets forth the funded status of the principal U.S. plan and the principal non-U.S. plans and the amounts recognized in the Company's Consolidated Balance Sheet at January 2, 1994 and January 3, 1993:

(In thousands)	1993		1992	
	Non-U.S.	U.S.	Non-U.S.	U.S.
Actuarial present value of benefit obligations:				
Vested benefit obligations	$18,143	$141,325	$13,323	$109,944
Accumulated benefit obligations	$20,176	$148,295	$16,094	$115,402
Projected benefit obligations for service provided to date	$25,673	$173,379	$21,244	$142,778
Plan assets at fair value	-	164,593	-	139,774
Plan assets less than projected benefit obligations	25,673	8,786	21,244	3,004
Unrecognized net transition asset	-	6,010	-	6,762
Unrecognized prior service costs	(1,459)	1,041	-	(394)
Unrecognized net gain (loss)	(635)	(25,213)	925	(10,854)
Accrued pension liability (asset)	$23,579	$ (9,376)	$22,169	$ (1,482)
Assumptions of the principal plan were:				
Discount rate	7.00%	7.40%	7.50%	8.50%
Rate of compensation increase	4.50%	5.00%	5.00%	5.82%
Long-term rate of return on assets	-	9.75%	-	10.00%

The non-U.S. accrued pension liability included $22.7 million and $21.9 million classified as long-term liabilities as of January 2, 1994 and January 3, 1993, respectively. The U.S. pension asset was classified as other assets.

The Company also sponsors a supplemental executive retirement plan to provide senior management with benefits in excess of normal pension benefits. At January 2, 1994 and January 3, 1993, the projected benefit obligations were $10.2 million and $7.1 million, respectively. Assets of $4.7 million and $3.3 million, segregated in a trust, were available to meet this obligation as of January 2, 1994 and January 3, 1993. Pension expense for this plan was approximately $1 million in 1993, $0.9 million in 1992 and $0.7 million in 1991.

Effective January 4, 1993, the Company adopted SFAS No. 106 on accounting for postretirement benefits other than pensions for its U.S. retiree health benefits. This statement requires the expected cost of postretirement benefits to be charged to expense during the years in which employees render service. This is a change from the prior policy

of recognizing these costs as paid. As part of adopting the new standard, the Company recorded a one-time, non-cash charge against earnings of $20 million before taxes, or $13.2 million after income taxes ($.23 per share). This cumulative adjustment represents the discounted present value of expected future retiree health benefits attributed to employees' service rendered prior to January 4, 1993.

The Company provides health care benefits for eligible retired U.S. employees under a comprehensive major medical plan or under health maintenance organizations where available. The majority of the Company's U.S. employees become eligible for retiree health benefits if they retire directly from the Company and have at least 10 years of service. Generally, the major medical plan pays stated percentages of covered expenses after a deductible is met, and takes into consideration payments by other group coverages and by Medicare. The Plan requires retiree contributions under most circumstances and has provisions for cost sharing changes. For employees retiring after 1991, the Company has capped its medical premium contribution based on employees' years of service. The Company funds the amount allowable under a 401(h) provision in the Company's defined benefit pension plan. Assets of the plan are composed primarily of corporate equity and debt securities.

Postretirement medical benefit expense computed under SFAS No. 106 amounted to $2 million in 1993. Amounts included in expense for 1992 and 1991 under the previous cash method of accounting were $0.8 million and $0.7 million, respectively. If the 1993 expense had been determined under the cash method of accounting, the amount recognized would have been $1 million.

Net periodic postretirement medical benefit cost for 1993 included the following components:

(In thousands)	1993
Service cost - benefits earned during the period	$ 360
Interest cost on accumulated benefit obligation	1,686
Actual return on plan assets	(3)
Net amortization and deferral	3
	$2,046

The following table sets forth the plan's funded status and the amount recognized in the Company's Consolidated Balance Sheet at January 2, 1994:

(In thousands)	1993
Accumulated benefit obligation:	
Current retirees	$15,638
Active employees eligible to retire	3,134
Other active employees	3,217
	21,989
Plan assets at fair value	2,003
Plan assets less than accumulated benefit obligation	19,986
Unrecognized net loss	(993)
Accrued postretirement medical liability	$18,993
Assumptions of the plan are:	
Discount rate	7.4%
Health care cost trend:	
First year	15.0%
Ultimate	6.0%
Years to reach ultimate	10 years
Long-term rate of return on assets	9.75%

The accumulated postretirement medical benefit obligation included

$18 million classified as long-term liabilities as of January 2, 1994.

If the health care cost trend rate was increased 1%, the accumulated postretirement benefit obligation would have increased by approximately $1.6 million. The effect of this increase on the annual cost for 1993 would be approximately $0.1 million.

The Company also has an incentive compensation plan for certain officers and key employees. Awards under this plan are approved annually by the Board of Directors and are limited by certain predetermined criteria.

The total expense under all benefit plans referred to above amounted to approximately $18.8 million in 1993, $21 million in 1992 and $23.2 million in 1991. In addition, the Company maintains various other employee benefit plans, including health and life insurance plans.

The above information does not include amounts related to benefit plans applicable to employees associated with contracts with the Department of Energy and NASA because the Company is not responsible for the current or future funded status of the plans.

The Company will adopt SFAS No. 112 on accounting for postemployment benefits in 1994. This new standard requires that benefits paid for former or inactive employees after employment but prior to retirement must be accrued if certain criteria are met. The Company does not expect at this time that the statement, when adopted, will have a material impact on its financial position or results of operations.

14. Leases

The Company leases certain property and equipment under operating leases. Rental expense charged to earnings for 1993, 1992 and 1991 amounted to $18.7 million, $20.6 million and $19.6 million, respectively. Minimum rental commitments under noncancelable operating leases through 1998 do not exceed $16.7 million annually and aggregate $4.4 million after 1998. The above information does not include amounts related to leases covered by contracts with the Department of Energy and NASA because the costs are reimbursable under the contracts.

15. Other Income (Expense), Net

Other income (expense), net, consisted of the following:

(In thousands)	1993	1992	1991
Interest and dividend income	$ 4,043	$ 3,380	$ 2,789
Gains (losses) on investments, net	2,975	(338)	(622)
Interest expense	(6,264)	(7,241)	(8,833)
Other	254	2,116	1,829
	$ 1,008	$(2,083)	$(4,837)

Gains (losses) on investments for 1991 included net gains of $5.9 million resulting from sales of investment securities and a loss of $6.5 million due to a reduction in the carrying value of certain nonmarketable investments to their expected realizable values.

16. Income Taxes

Effective January 4, 1993, the Company adopted SFAS No. 109 on accounting for income taxes. This standard determines deferred income taxes based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities, given the provisions of enacted tax laws. Prior to the implementation of this statement, the Company accounted for income taxes under Accounting

Principles Board Opinion No. 11. As part of adopting the new standard, the Company recorded a one-time, non-cash charge against earnings of $7.3 million ($.13 per share).

The components of income before income taxes for financial reporting purposes were as follows:

(In thousands)	U.S.	Non-U.S.	Total
1993	$103,812	$18,043	$121,855
1992	$110,779	$10,296	$121,075
1991	$105,596	$14,762	$120,358

The components of the provision for income taxes were as follows:

(In thousands)	1993			1992			1991		
	Federal	Non-U.S.	Total	Federal	Non-U.S.	Total	Federal	Non-U.S.	Total
Current	$34,936	$6,398	$41,334	$34,147	$4,491	$38,638	$37,972	$5,577	$43,549
Deferred (Prepaid)	1,447	(497)	950	(3,761)	(1,581)	(5,342)	(2,268)	(2,165)	(4,433)
	$36,383	$5,901	$42,284	$30,386	$2,910	$33,296	$35,704	$3,412	$39,116

The provision for deferred (prepaid) taxes resulted primarily from temporary differences in the recognition of income and expenses for tax purposes and for financial statement purposes. The sources and tax effects related to the following:

(In thousands)	1993	1992	1991
Expenses not currently deductible	$ 1,303	$(4,693)	$(2,220)
Deferred award fee	(2,363)	604	1,770
Other	2,010	(1,253)	(3,983)
	$ 950	$(5,342)	$(4,433)

The major differences between the Company's effective tax rate and the Federal statutory rate were as follows:

	1993	1992	1991
Federal statutory rate	35.0%	34.0%	34.0%
Non-U.S. rate differential, net	(0.6)	(0.7)	(0.8)
Adjustment of prior estimated tax liabilities	-	(4.5)	(1.7)
Sale of an investment	-	(1.7)	-
Other, net	0.3	0.4	1.0
Effective tax rate	34.7%	27.5%	32.5%

The effect of SFAS No. 109 on the consolidated effective tax rate was minimal in 1993. If SFAS No. 109 had been in effect for 1992 and 1991, the consolidated effective tax rates would not have changed.

The tax effects of temporary differences and carry forwards which gave rise to prepaid (deferred) income taxes as of January 2, 1994 were as follows:

(In thousands)	1993
Nondeductible reserves	$ 3,748
Untaxed reserves	(3,948)
Depreciation	7,913
Inventory reserves	5,588
State income taxes	4,430
Vacation pay	5,107
Award and holdback fees	(5,619)
Non-U.S. net operating loss carryforwards	9,939
Valuation allowance	(9,939)
Postretirement health benefits	7,000
Pension contribution	(2,327)
All other, net	10,342
Total Prepaid Taxes	$32,234

In the above table, prepaid (deferred) income tax items were shown as assets or (liabilities) with no netting except for "other," which included prepaid tax assets of $19.7 million and deferred tax liabilities of $9.4 million.

At January 2, 1994, the Company had non-U.S. net operating loss carryforwards of approximately $22.3 million for income tax purposes which either expire in years 1994 through 2000 or carryforward indefinitely. The $9.9 million valuation allowance required under SFAS No. 109 represents the tax effect of non-U.S. net operating loss carryforwards that are not anticipated to be utilized.

Current prepaid income taxes of $18.7 million and $23.2 million at January 2, 1994 and January 3, 1993, respectively, were included in other current assets. Long-term prepaid income taxes of $13.6 million and $9.2 million were included in other long-term assets at January 2, 1994 and January 3, 1993, respectively.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-U.S. subsidiaries in those operations. Repatriation of retained earnings is done only when it is advantageous. Applicable Federal taxes are provided only on amounts planned to be remitted. Accumulated net earnings of non-U.S. subsidiaries for which no Federal taxes have been provided for 1993, 1992 and 1991 were $66.6 million, $59.1 million and $53 million, respectively, exclusive of those amounts that if remitted would result in little or no additional tax due to the availability of non-U.S. tax credits. Federal taxes on these earnings would have aggregated for 1993, 1992 and 1991, respectively, $19.5 million, $17.1 million and $16 million.

The Internal Revenue Service is currently examining the Company's Federal income tax returns for the years 1988 through 1990. The Company believes that the results of this examination will not have a material effect on its financial position or results of operations.

17. Earnings Per Share

Earnings per share of common stock were computed by dividing net income by the weighted average number of common shares outstanding. The number of shares issuable on the exercise of stock options had no material effect on earnings per share. The weighted average number of shares used in the earnings per share computations were 56,504,000 for 1993, 56,385,000 for 1992 and 55,901,000 for 1991.

18. Industry Segment and Geographic Area Information

The Company's operations are classified into five industry segments: Technical Services, DOE Support, Instruments, Mechanical Components and Optoelectronics. The Company has changed the way its products and services are grouped into industry segments to better reflect the markets served and the Company's strategies for the future. Data for prior periods have been restated accordingly. The products and services of the segments are described elsewhere in the Annual Report. Sales and income from operations by industry segment are shown in the Segment Sales and Income section of this report; such information with respect to 1993, 1992 and 1991 is considered an integral part of this note.

Sales to U.S. Government agencies, which were predominantly to the Department of Energy, the Department of Defense and NASA, were $1,939 million, $2,035 million and $1,987 million in 1993, 1992 and 1991, respectively. The Company currently has five major award-fee contracts with the Department of Energy, for which funds are appropriated, work scopes are determined and award-fee pools are negotiated annually. The

expiration dates for these contracts are as follows: one in 1994, three in 1995 and one in 1996. The Idaho contract expires in October 1994, and the Company is participating as the majority interest in a joint venture that has submitted a proposal for increased work scope at the facility. The Department of Energy's rules concerning contractor liability and performance evaluation currently apply to all five contracts. These new performance evaluation criteria create greater variability in the incentive awards earned. The contractor liability rules provide for increased contractor accountability for costs associated with events determined to have been avoidable. This liability is limited to the fee earned in the grading period in which the avoidable event occurs. In addition, the Department of Energy has announced its intention to proceed with a contract reform initiative. In October 1993, the Company was selected by NASA to continue as the base operations contractor at the Kennedy Space Center. The new contract has a potential term of 10 years, including options, contains reductions in contract value and could result in reductions in annual fee.

Additional information relating to the Company's operations in the various industry segments follows:

(In thousands)	Depreciation and Amortization Expense			Capital Expenditures		
	1993	1992	1991	1993	1992	1991
Technical Services	$ 8,422	$ 7,991	$ 7,653	$ 6,315	$ 5,650	$ 4,974
DOE Support	-	-	-	-	-	-
Instruments	9,213	8,131	8,425	6,555	4,768	6,276
Mechanical Components	6,870	7,755	8,643	5,598	5,290	9,606
Optoelectronics	12,417	11,595	8,189	8,469	6,305	4,708
Corporate	920	820	816	923	433	1,053
	$37,842	$36,292	$33,726	$27,860	$22,446	$26,617

(In thousands)	Identifiable Assets		
	1993	1992	1991
Technical Services	$127,917	$133,351	$131,931

	1993	1992	1991
DOE Support	11,959	22,189	17,171
Instruments	256,117	217,792	215,029
Mechanical Components	97,317	112,272	133,404
Optoelectronics	142,630	142,543	90,577
Corporate	132,868	121,593	109,785
	$768,808	$749,740	$697,897

DOE Support's identifiable assets mainly represent accounts receivable for fees from the U.S. Department of Energy. DOE Support's assets do not include U.S. Government funds and facilities that are devoted to the contracts and for which the Company is custodian. Corporate assets consist primarily of cash and cash equivalents, prepaid taxes and investments.

Information relating to geographic areas follows:

(In thousands)	Sales			Income From Operations		
	1993	1992	1991	1993	1992	1991
U.S.	$2,427,663	$2,532,494	$2,484,972	$129,858	$142,272	$137,346
Non-U.S.	270,285	256,328	203,570	18,562	10,781	15,305
Corporate	-	-	-	(27,573)	(29,895)	(27,456)
	$2,697,948	$2,788,822	$2,688,542	$120,847	$123,158	$125,195

(In thousands)	Identifiable Assets		
	1993	1992	1991
U.S.	$317,303	$355,722	$364,990
Non-U.S.	318,637	272,425	223,122
Corporate	132,868	121,593	109,785
	$768,808	$749,740	$697,897

Over 60% of the identifiable assets of the non-U.S. operations are located in European Community countries. Transfers between geographic areas were not material.

19. Quarterly Financial Information (Unaudited)

Selected quarterly financial information follows:

(In thousands except per share data)	Quarters				
	First	Second	Third	Fourth	Year
1993					
Sales	$648,926	$662,053	$746,248	$640,721	$2,697,948
Income From Operations	29,382	31,353	25,119	34,993	120,847
Income Before Cumulative Effect of Accounting Changes	19,107	21,068	15,213	24,183	79,571
Net Income	(1,393)*	21,068	15,213	24,183	59,071*
Earnings Per Share Before Cumulative Effect of Accounting Changes	.34	.37	.27	.43	1.41
Earnings Per Share	(.02)*	.37	.27	.43	1.05*
Cash Dividends Per Common Share	.13	.13	.13	.13	.52
1992					

Sales	654,828	695,752	749,026	689,216	2,788,822
Income From Operations	27,234	33,481	32,194	30,249	123,158
Net Income	18,058	21,770	22,096	25,855	87,779
Earnings Per Share	.32	.39	.39	.46	1.56
Cash Dividends Per Common Share	.115	.125	.125	.125	.49

<FN>
*Includes one-time after-tax charges of $20.5 million, or $.36 per share, due to the Company's adoption of SFAS Nos. 106 and 109.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of EG&G, Inc.:

We have audited the accompanying consolidated balance sheets of EG&G, Inc. (a Massachusetts corporation) and subsidiaries as of January 2, 1994, and January 3, 1993, and the related consolidated statements of income, stockholders' equity and cash flows for the years ended January 2, 1994, January 3, 1993, and December 29, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EG&G, Inc. and subsidiaries as of January 2, 1994, and January 3, 1993, and the results of their operations and their cash flows for the years ended January 2, 1994, January 3, 1993, and December 29, 1991, in conformity with generally accepted accounting principles.

As explained in Notes 13 and 16 to the consolidated financial statements, effective January 4, 1993, the Company changed its method of accounting for postretirement benefits other than pensions and for income taxes.

Boston, Massachusetts
January 24, 1994

/s/Arthur Andersen & Co.
Arthur Andersen & Co.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

a) DIRECTORS

The information required by this Item with respect to Directors is contained on Pages 3 through 9 of the Company's 1994 Proxy Statement under the captions "Election of Directors" and "Information Relative to the Board of Directors and Certain of its Committees" and is herein incorporated by reference.

b) EXECUTIVE OFFICERS

Listed below are the executive officers as of March 17, 1994. No family relationship exists between any of the officers.

Name	Position	Age
John M. Kucharski	Chairman of the Board, President and Chief Executive Officer	58
Fred B. Parks	Senior Vice President	46
Louis P. Valente	Senior Vice President	63
James O. Zane	Senior Vice President	60
Murray Gross	Vice President, General Counsel and Clerk	57
John F. Alexander, II	Corporate Controller and Acting Chief Financial Officer	37
Peter A. Broadbent	Treasurer	55
Angelo D. Castellana	Vice President	52
James R. Dubay	Vice President	57
Dale L. Fraser	Vice President	58

Listing of Executive Officers - Continued

Name	Position	Age
Elmar Illek	Vice President	44
Deborah S. Lorenz	Vice President	44
Richard F. Murphy	Vice President	57
Donald H. Peters	Vice President	53
Luciano S. Rossi	Vice President	48
Edward H. Snow	Vice President	57
Charles M. Williams	Vice President	57
Louis J. Williams	Vice President	54
Peter H. Zavattaro	Vice President	56

Mr. Kucharski joined the Company in 1972. He was elected a Vice President in 1979, a Senior Vice President in 1982 and Executive Vice President in 1985. In 1986 he was elected President and Chief Operating Officer and in 1987 Chief Executive Officer.

Dr. Parks joined the Company in 1976. He was elected a Vice President in 1988 and a Senior Vice President in 1991.

Mr. Valente joined the Company in 1968. He was elected Treasurer in 1979, a Vice President in 1983, and a Senior Vice President in 1991 and is Director of Acquisitions, Dispositions and Investments. Mr. Valente did not reflect in his reported holdings on Section 16(a) Form 4, 408 shares of Common Stock held by his wife and with respect to which Mr. Valente disclaims beneficial ownership. A Form 4 was filed correcting the inadvertent omission in Mr. Valente's reported holdings.

Mr. Zane joined the Company in 1976. He was elected a Vice President in 1986 and a Senior Vice President in 1991 and is Group Executive of the DOE Support segment.

Mr. Gross joined the Company in 1971. He was elected Assistant General Counsel and Assistant Clerk in 1978 and Vice President and General Counsel in 1990.

Mr. Alexander joined the Company in 1982. He was elected Corporate Controller in 1991 and was appointed Acting Chief Financial Officer effective January 1994.

Mr. Broadbent joined the Company in 1967. He was elected Treasurer in 1984.

Mr. Castellana joined the Company in 1965. He was elected a Vice President in 1991 and is Chief Operating Officer of the Instruments segment.

Mr. Dubay joined the Company in 1971. He was elected a Vice President in 1988 and is General Manager of EG&G Florida.

Mr. Fraser joined the Company in 1961. He was elected a Vice President in 1990 and is General Manager of Reynolds Electrical and Engineering Company.

Mr. Illek joined the Company in 1976. He was elected a Vice President in 1992 and is Group Executive of the Instruments segment.

Ms. Lorenz joined the Company in 1990. She was elected a Vice President in 1992. From 1980 to 1990 Ms. Lorenz was Assistant Director of Investor Relations at British Petroleum, plc.

Mr. Murphy joined the Company in 1960. He was elected a Vice President of the Company in 1987 and is Corporate Director of Human Resources.

Dr. Peters joined the Company in 1968. He was elected a Vice President in 1987 and is Director of Planning.

Mr. Rossi joined the Company in 1967. He was elected a Vice President in 1988 and is Group Executive of the Mechanical Components segment.

Dr. Snow joined the Company in 1977. He was elected a Vice President in 1992 and is Group Executive of the Optoelectronics segment.

Mr. C. M. Williams joined the Company in 1973. He was elected a Vice President in 1984 and is Group Executive of the Technical Services segment.

Mr. L. J. Williams joined the Company in 1973. He was elected a Vice President in 1988 and is Director of Strategic Tax Projects.

Mr. Zavattaro joined the Company in 1959. He was elected a Vice President in 1985 and is General Manager of Energy Measurements.

ITEM 1l. EXECUTIVE COMPENSATION

The information required to be disclosed by this Item is contained in Pages 12 - 21 of the Company's 1994 Proxy Statement from under the caption "Board Compensation Committee Report on Executive Compensation" up to and including "Aggregated Option Exercises in the Last Fiscal Year and Fiscal Year-End Value Table" and Notes thereto, and is herein incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is contained on Pages 9-12 of the Company's 1994 Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" and is herein incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

PART IV

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

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

1. FINANCIAL STATEMENTS

Included in Part II, Item 8:

Consolidated Balance Sheet as of January 2, 1994 and January 3, 1993

Consolidated Statement of Income for the Three Years Ended January 2, 1994

Consolidated Statement of Stockholder's Equity for the Three Years Ended January 2, 1994

Consolidated Statement of Cash Flows for the Three Years Ended January 2, 1994

Notes to Consolidated Financial Statements

Report of Independent Public Accountants

2. FINANCIAL STATEMENT SCHEDULES

Report of independent public accountants on financial statement schedules

Schedule VIII - Valuation and Qualifying Accounts

Schedule IX - Short-Term Borrowings

Financial statement schedules, other than those above, are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

Separate financial statements of the Registrant are omitted since it is primarily an operating company, and since all subsidiaries included in the consolidated financial statements being filed, in the aggregate, do not have minority equity interests and/or indebtedness to any person other than the Registrant or its consolidated subsidiaries in amounts which together exceed five percent of total consolidated assets.

3. EXHIBITS

(i) The Company's Restated Articles of Organization, as amended to date, including all Certificates of Vote of Directors Establishing a Series of a Class of Stock were filed with the Commission on July 16, 1992, as an Exhibit to Form-8 Amendment No. 1 to EG&G's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, and are herein incorporated by reference.

(ii) The Company's By-Laws as amended by the Board of Directors on April 23, 1991, and on January 22, 1992, were filed with the Commission as Exhibit 14 (a)(3).(ii) to EG&G's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, and are herein incorporated by reference.

(iii) The form of certificate used to evidence ownership of EG&G Common Stock, $1 par value, was filed as Exhibit 4(a) to EG&G's Registration Statement on Form S-3, File No. 2-69642, and is herein incorporated by reference.

* (iv) The EG&G, Inc. 1978 Non-Qualified Stock Option Plan as amended by the Board of Directors on January 26, 1988, was filed with the Commission as Exhibit 14(a)3.(v) to EG&G's Annual Report on Form 10-K for the fiscal year ending January 3, 1988, and is herein incorporated by reference.

* (v) The EG&G, Inc. 1982 Incentive Stock Option Plan as amended by the Board of Directors on January 24, 1990, was filed with the Commission as Exhibit B on pages 37-42 of EG&G's 1990 Proxy Statement, and is herein incorporated by reference.

* (vi) The EG&G, Inc. 1992 STOCK OPTION PLAN was filed as Exhibit 4(v) to EG&G's Registration Statement on Form S-8, File No. 33-49898, and is herein incorporated by reference.

* (vii) Employment Contracts:

(1) Employment contract between John M. Kucharski and EG&G dated November 1, 1993.

(2) Employment contract between Murray Gross and EG&G dated November 1, 1993.

(3) Employment contract between John F. Alexander, II and EG&G dated November 1, 1993.

(4) Employment contract between Peter A. Broadbent and EG&G dated November 1, 1993.

(5) Employment contract between Angelo Castellana and EG&G dated November 1, 1993.

(6) Employment contract between James R. Dubay and EG&G dated November 1, 1993.

(7) Employment contract between Dale L. Fraser and EG&G dated November 1, 1993.

(8) Employment contract between Deborah S. Lorenz and EG&G dated November 1, 1993.

(9) Employment contract between Richard F. Murphy and EG&G dated November 1, 1993.

(10) Employment contract between Fred B. Parks and EG&G dated November 1, 1993.

(11) Employment contract between Donald H. Peters and EG&G dated November 1, 1993.

(12) Employment contract between Luciano S. Rossi and EG&G dated November 1, 1993.

(13) Employment contract between Edward H. Snow and EG&G dated November 1, 1993.

(14) Employment contract between Louis P. Valente and EG&G dated November 1, 1993.

(15) Employment contract between Charles M. Williams and EG&G dated November 1, 1993.

(16) Employment contract between Louis J. Williams and EG&G dated November 1, 1993.

(17) Employment contract between James O. Zane and EG&G dated November 1, 1993.

(18) Employment contract between Peter H. Zavattaro and EG&G dated November 1, 1993.

Except for the name of the officer in the employment contracts identified by numbers 3 through and including 18, the form of said employment contracts is identical in all respects. The employment contracts identified by numbers 1 and 2 are identical to each other and are virtually identical to the contracts identified by numbers 3 through 18 except that they provide for a longer contract term. The employment contract between Richard F. Murphy and EG&G is representative of the employment contracts of the executive officers, and is attached hereto as Exhibit 14(a)(vii).

* (viii) Remunerative Plans:

(1) EG&G, Inc. Supplemental Executive Retirement Plan. Information with respect to this item is found following the Notes to Table II on Pages 17-18 of EG&G's 1994 Proxy Statement, and such information is herein incorporated by reference.

(2) EG&G, Inc. Management Incentive Plan. Information with respect to this item is found on Page 13 of EG&G's 1994 Proxy Statement under the caption "Annual Incentive Plan", and such information is herein incorporated by reference.

(ix) Power of Attorney (appears on signature page)

(x) Subsidiaries of the Registrant

* This exhibit is a management contract or compensatory plan or arrangement required to be filed as an Exhibit pursuant to Item 14(c) of Form 10-K.

(b) REPORTS ON FORM 8-K

There have been no reports on Form 8-K filed during the last quarter of the the fiscal year ended January 2, 1994.

(c) PROXY STATEMENT

EG&G's 1994 Proxy Statement, in definitive form, was filed electronically on March 17, 1994, with the Securities and Exchange Commission in Washington, D.C. pursuant to the Commission's Rule 14(a)-6.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULES

To EG&G, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of EG&G, Inc. included in this Form 10-K and have issued our report thereon dated January 24, 1994. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules VIII and IX are the responsibility of the Company's management and are presented for purposes of complying with the Securities an Exchange Commission's rules and are not part of the basic financial statements.

These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/Arthur Andersen & Co.

Arthur Andersen & Co.

Boston, Massachusetts
January 24, 1994

SCHEDULE VIII

EG&G, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE THREE YEARS ENDED JANUARY 2, 1994

(In thousands)

Description	Balance at Beginning of Year	Additions Charged to Income	Accounts Charged Off	Other	Balance at End of Year
Reserve for					
Doubtful Accounts					
Year Ended December 29, 1991	$6,453	$1,448	$(2,111)	$(265)	$5,525
Year Ended January 3, 1993	$5,525	$ 254	$ (920)	$ 762(A)	$5,621
Year Ended January 2, 1994	$5,621	$ 737	$ (755)	$ 523(B)	$6,126

<FN>
(A) Includes reserves of $1,378 related to a company acquired in 1992.
(B) Includes reserves of $705 related to a company acquired in 1993.

SCHEDULE IX

EG&G, INC. AND SUBSIDIARIES

SHORT-TERM BORROWINGS

FOR THE THREE YEARS ENDED JANUARY 2, 1994

(In thousands)

Category of Aggregate	Balance at End of Period		Maximum Amt. Outstanding	Average Amt. Outstanding	Weighted Avg. Int.
		Weighted			

Short-Term Borrowing	Amount	Average Int. Rate	During The Period	During The Period	Rate During The Period
Year Ended December 29, 1991:					
Commercial Paper	$42,392	4.9%	$92,550	$69,222	6.3%
Other Bank Loans	$14,029	10.9%	$14,029	$12,577	11.0%
Year Ended January 3, 1993:					
Commercial Paper	$31,964	3.8%	$77,000	$41,777	4.1%
Other Bank Loans	$ 7,929	10.4%	$14,579	$10,903	10.7%
Year Ended January 2, 1994					
Commercial Paper	$34,941	3.4%	$81,000	$42,731	3.2%
Other Bank Loans	$ 7,540	8.2%	$11,324	$ 8,501	8.0%

The average amount outstanding during the period was based upon daily balances for commercial paper and upon quarter-end balances for other bank loans.

The weighted average interest rate during the period was calculated based upon daily rates for commercial paper and upon quarter-end rates for other bank loans.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated January 24, 1994, included in this Form 10-K, into Registration Statements previously filed by EG&G, Inc. on, respectively, Form S-8, File No. 2-61241; S-8, File No. 2-98168; Form S-8, 33-17466; Form S-8, File No. 33-36082; Form S-8, File No. 33-35379; Form S-8, File No. 33-35374; Form S-8, File No. 33-43582; Form S-8, File No. 33-49898; and Form S-8, File No. 33-57606.

Boston, Massachusetts
March 31, 1994

/s/Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

POWER OF ATTORNEY

We, the undersigned officers and directors of EG&G, Inc., hereby severally constitute John M. Kucharski, and Murray Gross, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names, in the capacities indicated below, this Annual Report on Form 10-K and any and all amendments to said Annual Report on Form 10-K, and generally to do all such things in our name and behalf in our capacities as officers and directors to enable EG&G, Inc. to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission, hereby rectifying and confirming signed by our said attorneys, and any and all amendments thereto.

Witness our hands on the date set forth below.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EG&G, Inc.

March 30, 1994 By:/s/John M. Kucharski

John M. Kucharski
Chairman of the Board, President
and Chief Executive Officer
(Principal Executive Officer)

March 30, 1994 By:/s/John F. Alexander, II

John F. Alexander, II
Corporate Controller and Acting
Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

By: /s/John M. Kucharski

John M. Kucharski, Director
Date: March 30, 1994

By: /s/Gail Deegan

Gail Deegan, Director
Date: March 30, 1994

By:

Dean W. Freed, Director
Date: ______________________

By:

Robert F. Goldhammer, Director
Date: ______________________

By:

John B. Gray, Director
Date: ______________________

By: /s/Kent F. Hansen

Kent F. Hansen, Director
Date: March 31, 1994

By: /s/Greta Marshall

Greta Marshall, Director
Date: March 30, 1994

By: /s/Samuel Rubinovitz

Samuel Rubinovitz, Director
Date: March 30, 1994

By: /s/William F. Pounds

William F. Pounds, Director
Date: March 30, 1994

By: /s/John Larkin Thompson

John Larkin Thompson, Director
Date: March 30, 1994

By: /s/G. Robert Tod

G. Robert Tod, Director
Date: March 30, 1994

By: /s/Joseph F. Turley

Joseph F. Turley, Director
Date: March 30, 1994

EXHIBIT INDEX

Exhibit
Item 601,
Regulation S-K
- --------------

Exhibit 14(a)3.(vii) Employment Contract:

Employment contract between Richard F. Murphy and EG&G, Inc. dated November 1, 1993.

Exhibit 21 Subsidiaries of the Registrant

EXHIBIT 21

Subsidiaries of the Registrant

EG&G, Inc.

As of March 17, 1994, the following is a list of the parent (Registrant) and its subsidiaries, together with their subsidiaries. Except as noted, all voting securities of the listed subsidiaries are 100% beneficially owned by the Registrant or a subsidiary thereof.

Name of Company	State or Country of Incorporation or Organization	Number of Parent
1. EG&G, Inc.	Massachusetts	N/A
2. EG&G Alabama, Inc.	Alabama	1
3. EG&G Astrophysics Research Corporation	California	1
4. EG&G (Australia) Pty. Ltd.	Australia	21
5. EG&G Automotive Research, Inc.	Texas	21
6. EG&G Birtcher, Inc.	California	35
7. EG&G Benelux B.V.	Netherlands	77 (77%) 1 (23%)
8. EG&G Canada Limited	Canada	1 (10%) 30 (43.5%) 39 (46.5%)
9. EG&G Chandler Engineering Company	Oklahoma	1
10. EG&G Defense Materials, Inc.	Utah	1
11. EG&G Dynatrend, Inc.	Delaware	1
12. EG&G E.C.	Bahrain	21
13. EG&G Energy Measurements, Inc.	Nevada	1
14. EG&G Environmental, Inc.	Delaware	1
15. EG&G Exporters Ltd.	U.S. Virgin Islands	21
16. EG&G Finland OY	Finland	21
17. EG&G Florida, Inc.	Florida	1
18. EG&G Flow Technology, Inc.	Arizona	1
19. EG&G Gamma Scientific, Incorporated	Delaware	21
20. EG&G GmbH	Germany	21
21. EG&G Holdings, Inc.	Delaware	1 (79%) 29 (8%) 23 (6%) 75 (5%) 9 (2%)
22. EG&G Idaho, Inc.	Idaho	21
23. EG&G Instruments, Inc.	Delaware	21
24. EG&G Instruments, GmbH	Germany	1
25. EG&G International Marine Services Ltd.	Hong Kong	24
26. EG&G Investments, Inc.	Massachusetts	1
27. EG&G International, Ltd.	Cayman Islands	21
28. EG&G Japan, Inc.	Delaware	21
29. EG&G Java Drive, Inc.	California	1
30. EG&G Judson Infrared, Inc.	Pennsylvania	1
31. EG&G KT Aerofab, Inc.	California	21
32. EG&G Langley, Inc.	Virginia	17
33. EG&G Ltd.	United Kingdom	21 (80.9%) 3 (19.1%)
34. EG&G Management Systems, Inc.	New Mexico	1

Name of Company	State or Country of Incorporation or Organization	Number of Parent
35. EG&G Metals, Inc.	Massachusetts	1
36. EG&G Missouri Metal Shaping Company	Missouri	21
37. EG&G Mound Applied Technologies, Inc.	Ohio	1

38. EG&G Power Systems, Inc	California	1
39. EG&G Pressure Science Incorporated	Maryland	21
40. EG&G Rocky Flats, Inc.	Colorado	1
41. EG&G S.A.	France	21 (89.6%) 42 (10.4%)
42. EG&G Sealol, Inc.	Delaware	21
43. EG&G Sealol Eagle, Inc.	Delaware	42 (51%)
44. EG&G Sealol (Sealol Egypt)	Egypt	21 (22%) 27 (78%)
45. EG&G, SpA	Italy	21
46. EG&G Special Projects, Inc.	Nevada	1
47. EG&G Structural Kinematics, Inc.	Michigan	1
48. EG&G Technical Services of West Virginia, Inc.	West Virginia	51
49. Intentionally Left Blank		
50. EG&G Ventures, Inc.	Massachusetts	1
51. EG&G Washington Analytical Services Center, Inc.	District of Columbia	1
52. Antarctic Support Associates (Partnership)	Colorado	1 (40%)
53. Asmuss-Sealol (NZ) Limited	New Zealand	21 (25%)
54. B.A.I. GmbH	Austria	60
55. B.A.I. S.A.R.L.	France	56 (71%) 41 (29%)
56. Benelux Analytical Instruments S.A.	Belgium	1 (92.3%)
57. Berthold A.G.	Switzerland	60
58. Berthold Analytical Instruments, Inc.	Delaware	1
59. Berthold France S.A.	France	1
60. Berthold GmbH	Germany	1
61. Berthold Munchen GmbH	Germany	74 (60%)
62. Berthold Systems, Inc.	Pennsylvania	1 (30%)
63. Betron Scientific B.V.	Netherlands	60 (25%)
64. Biozone Oy	Finland	88
65. Dilor SA	France	41 (20%)
66. Eagle EG&G Aerospace Co. Ltd.	Japan	1 (49%)
67. EC III, Inc.	New Mexico	1 (50%)
68. Frank Hill Associates, Inc.	California	1
69. NOK EG&G Optoelectronics Corporation	Japan	1 (49%)
70. Heimann Optoelectronics GmbH	Germany	74
71. Intentionally Left Blank		

Name of Company	State or Country of Incorporation or Organization	Number of Parent
72. Heimann Shenzhen Optoelectronics Co. Ltd.	China	70 (60%)
73. Idaho Applied Technologies Company	Idaho	1 (63%)
74. Laboratorium Prof. Dr. Rudolf Berthold GmbH & Co	Germany	20 (58.0%) 24 (2.3%) 5 (39.7%)
75. Reticon Corporation	California	1
76. Reynolds Electrical & Engineering Co., Inc.	Texas	1
77. Rotron Incorporated	New York	1
78. Pribori Oy	Finland	88 (97%)
79. Science Support Corporation	Delaware	1
80. Sealol Hindustan Limited	India	42 (20%)
81. Sealol Kuwait K.S.C.	Kuwait	27 (49%)
82. Sealol S.A.	Venezuela	42
83. Seiko EG&G Co. Ltd.	Japan	1 (49%)
84. Shanghai EG&G Reticon Optoelectronics Co. Ltd.	China	75 (50%)

85. Societe Civile Immobiliere	France	1	(82.5%)	59 (17.5%)
86. Vactec, Inc.	Missouri	1		
87. WALLAC A/S	Denmark	88		
88. WALLAC Oy	Finland	16		
89. WALLAC, Inc.	Maryland	1		
90. WALLAC Canada, Inc.	Canada	88		
91. WALLAC Norge AS	Norway	88		
92. WALLAC Sverige AB	Sweden	88		
93. Wellesley B.V.	Netherlands	95		
94. Westpart, Inc.	Nevada	42		
95. Wickford N.V.	Netherlands Antilles	27		
96. Worcester Ltd.	Cayman Islands	27		
97. Wright Components, Inc.	New York	21		

EXHIBIT 14(a)3(vii)

EG&G, Inc.

EMPLOYMENT AGREEMENT

This Agreement made as of the 1st day of November, 1993, between EG&G, Inc., a Massachusetts corporation (hereinafter called the "Company"), and Richard F. Murphy of Needham, Massachusetts (hereinafter referred to as the "Employee").

WITNESSETH:

WHEREAS, the Employee has been employed in a management position with the Company; and

WHEREAS, the Employee hereby agrees to continue to perform such services and duties of a management nature as shall be assigned to him; and

WHEREAS, the Employee hereby agrees to the compensation herein provided and agrees to serve the Company to the best of his ability during the period of this Agreement.

NOW, THEREFORE, in consideration of the sum of One Dollar, and of the mutual covenants herein contained, the parties agree as follows:

1. a) Except as hereinafter otherwise provided, the Company agrees to continue to employ the Employee in a management position with the Company, and the Employee agrees to remain in the employment of the Company in that capacity for a period of one year from the date hereof and from year to year thereafter until such time as this Agreement is terminated.

b) The Company will, during each year of the term of this Agreement, place in nomination before the Board of Directors of the Company the name of the Employee for election as an Officer of the Company except when a notice of termination has been given in accordance with Paragraph 5(b).

2. The Employee agrees that, during the specified period of employment, he shall, to the best of his ability, perform his duties, and shall not engage in any business, profession or occupation which would conflict with the rendition of the agreed upon services, either directly or indirectly, without the prior approval of the Board of Directors.

3. During the period of his employment under this Agreement, the Employee shall be compensated for his services as follows:

a) Except as otherwise provided in this Agreement, he shall be paid a salary during the period of this Agreement at a base rate to be determined by the Company on an annual basis. Except as provided in Subparagraph 3d, such annual base salary shall under no circumstances be fixed at a rate below the annual base rate then currently in effect.

b) He shall be reimbursed for any and all monies expended by him in connection with his employment for reasonable and necessary expenses on behalf of the Company in accordance with the policies of the Company then in effect;

c) He shall be eligible to participate under any and all bonus, benefit, pension, compensation, and option plans which are, in accordance with company policy, available to persons in his position (within the limitation as stipulated by such plans). Such eligibility shall not automatically entitle him to participate in any such plan;

d) if, because of adverse business conditions or for other reasons, the Company at any time puts into effect salary reductions applicable to all management employees of the Company generally, the salary payments required to be made under this Agreement to the Employee during any period in which such general reduction is in effect may be reduced by the same percentage as is applicable to all management employees of the Company generally. Any benefits made available to the Employee which are related to base salary shall also be reduced in accordance with any salary reduction;

4. a) During the period of his employment by the Company or for any period which the Company shall continue to pay the Employee his salary under this Agreement, whichever shall be the longer, the Employee shall not directly or indirectly own, manage, control, operate, be employed by, participate in or be connected with the ownership, management, operation or control of any business which competes with the Company or its subsidiaries, provided, however, that the foregoing shall not apply to ownership of stock in a publicly held corporation which ownership is disclosed to the Board of Directors nor shall it apply to any other relationship which is disclosed to and approved by the Board of Directors.

b) During the period of his employment by the Company and two years following the Company's last payment of salary to him, the Employee shall not utilize or disclose to others any proprietary or confidential information of any type or description which term shall be construed to mean any information developed or identified by the Company which is intended to give it an advantage over its competitors or which could give a competitor an advantage if obtained by him. Such information includes, but is not limited to, product or process design, specifications, manufacturing methods, financial or statistical information about the Company, marketing or sales information about the Company, sources or supply, lists of customers, and the Company's plans, strategies, and contemplated actions.

c) During the period of his employment by the Company or for any period during which the Company shall continue to pay the Employee his salary under this Agreement, whichever shall be longer, the Employee shall not in any way whatsoever aid or assist any party seeking to cause, initiate or effect a Change in Control of the Company as defined in Paragraph 6 without the prior approval of the Board of Directors.

5. Except for the Employee covenants set forth in Paragraph 4 which covenants shall remain in effect for the periods stated therein, and subject to Paragraph 6, this Agreement shall terminate upon the the happening of any of the following events and (except as provided herein) all the Company's obligation under this Agreement, including, but not limited to, making payments to the Employee shall cease and terminate:

a) On the effective date set forth in any resignation submitted by the Employee and accepted by the Company, or if no effective date is agreed upon, the date of receipt of such letter.

b) One year after written notice of termination is given by either party to the other party.

c) At the end of the month in which the Employee shall have attained the age of sixty-five years;

d) At the death of the Employee;

e) At the termination of the Employee for cause. As used in the Agreement, the term "cause" shall mean:

1) Misappropriating any funds or property of the Company;

2) Unreasonable refusal to perform the duties assigned to him under this Agreement;

3) Conviction of a felony;

4) Continuous conduct bringing notoriety to the Company and having an adverse effect on the name or public image of the Company;

5) Violation of the Employee's covenants as set forth in Paragraph 4 above; or

6) Continued failure by the Employee to observe any of the provisions of this Agreement after being informed of such breach.

f) At termination of the Employee by the Company without cause.

g) Twelve months after written notice of termination is given by the Company to the Employee based on a determination by the Board of Directors that the Employee is disabled (which, for purposes of this Agreement, shall mean that the Employee is unable to perform his regular duties, with such determination to be made by the Board of Directors, in reliance upon the opinion of the Employee's physician or upon the opinion of one or more physicians selected by the Company). Such notice shall be given by the Company to the Employee on the 106th day of continuous disability of the Employee. Notwithstanding the foregoing, if, during the twelve-month notice period referred to above, the Employee is no longer disabled and is able to return to work, such notice of employment termination shall be rescinded, and the employment of the Employee shall continue in accordance with the terms of this Agreement. During the first 106 days of continuous disability of the Employee, the Company will make periodic payments to the Employee in an amount equal to the difference between his base salary and the benefits provided by the Company's Short-Term Disability Income Plan. During the twelve-month notice period following 106 days of continuous disability, the Company will make periodic payments to the Employee in an amount equal to the difference between his base salary and the benefits provided by the Company's Long-Term Disability Plan. If the employment of the Employee terminates at the end of such twelve-month notice period, the Company will make periodic payments to the Employee, up to the amount remaining in his sick leave reserve account, in an amount equal to the difference between his base pay and the post-employment benefits provided to him under the Company's Long-Term Disability Plan. Due to the fact that payments to the Employee under the Company's Long-Term Disability Plan are not subject to federal income taxes, the payments to be made directly by the Company pursuant to the two preceding sentences shall be reduced such that the total amount received by the Employee (from the Company and from the Long-Term Disability Plan), after payment of any income taxes, is equal to the amount that the Employee would have received had he been paid his base salary, after payment of any income taxes on such base salary.

h) Notwithstanding the foregoing provisions, in the event of the termination of the Employee by the Company without cause, the Employee shall, until the expiration of his then current employment term or one year from the date of such termination, whichever is later, (i) continue to receive his Full Salary (as defined below), which shall be payable in accordance with the payment schedule in effect immediately prior to his employment termination, and (ii) continue to be entitled to participate in all employee benefit plans and arrangements of the Company (such as life, health and disability insurance and automobile arrangements) to the same extent (including coverage of dependents, if any) and upon the same terms as were in effect immediately prior to his termination. For purposes of this Agreement, "Full Salary" shall mean the Employee's annual base salary, plus the amount of any bonus or incentive payments received by the Employee with respect to the last full fiscal year of the Company for which all bonus or incentive payments to be made have been made.

6. a) In the event that there is a Change in Control of the Company (as defined below), the provisions of this Agreement shall be amended as follows:

1) Paragraph 1a shall be amended to read in its entirety as follows:

> "Except as hereinafter otherwise provided, the Company agrees to continue to employ the Employee in a management position with the Company, and the Employee agrees to remain in the employment in the Company in that capacity, for a period of five (5) years less one day from the date of the Change in Control. Except as provided in Paragraph 3d, the Employee's salary as set forth in Paragraph 3a and his other employee benefits pursuant to the plans described in Paragraph 3c shall not be decreased during such period."

2) Paragraph 5a shall be amended by the addition of the following provision at the end of such paragraph:

> ", provided that the Employee agrees not to resign, except for Good Reason (as defined below), during the one-year period following the date of the Change in Control."

3) Paragraph 5b shall be deleted in its entirety.

4) Paragraph 5h shall be amended to read in its entirety as follows:

> "Notwithstanding the foregoing provisions, in the event of the termination of the Employee by the Company without cause, or the resignation of the Employee for Good Reason, the Employee shall (i) receive, on the date of his employment termination, a cash payment in an amount equal to his Full Salary (as defined below) multiplied by the number of years (including any portions thereof) remaining until the expiration of his then current employment term or five years from the date of such termination, whichever is later (it being agreed that such amount shall not be discounted based upon the present value of such amount), and (ii) continue to be entitled to participate in all employee benefit plans and arrangements of the Company (such as life, health and disability insurance and automobile arrangements) to the same extent (including coverage of dependents, if any) and upon the same terms as were in effect immediately prior to his termination. For purposes of this Agreement, "Full Salary" shall mean the Employee's annual base salary, plus the amount of any bonus or incentive payments received by the Employee with respect to the last full fiscal year of the Company for which all bonus or incentive payments to be made have been made.

Payments under this Paragraph 5h shall be made without regard to whether the deductibility of such payments (or any other "parachute payments," as that term is defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), to or for the benefit of the Employee) would be limited or precluded by Section 280G and without regard to whether such payments (or any other "parachute payments" as so defined) would subject the Employee to the federal excise tax levied on certain "excess parachute payments" under Section 4999 of the Code; provided that if the total of all "parachute payments" to or for the benefit of the Employee, after reduction for all federal, state and local taxes (including the tax described in Section 4999 of the Code, if applicable) with respect to such payments (the "Total After-Tax Payments"), would be increased by the limitation or elimination of any payment under this Paragraph 5h, amounts payable under this Paragraph 5h shall be reduced to the extent, and only to the extent, necessary to maximize the Total After-Tax Payments. The determination as to whether and to what extent payments under this Paragraph 5h are required to be reduced in accordance with the preceding sentence shall be made at the Company's expense by Arthur Andersen & Co. or by such other certified public accounting firm as the Board of Directors of the Company may designate prior to a Change in Control of the Company. In the event of any underpayment or overpayment under this Paragraph 5h as determined by Arthur Andersen & Co. (or such other firm as may have been designated in accordance with the preceding sentence), the amount of such underpayment or overpayment shall forthwith be paid to the Employee or refunded to the Company, as the case may be, with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code."

5) Paragraph 8 shall be amended to read in its entirety as follows:

"The Employee may pursue any lawful remedy he deems necessary or appropriate for enforcing his rights under this Agreement following a Change in Control of the Company, and all costs incurred by the Employee in connection therewith (including without limitation attorneys' fees) shall be promptly reimbursed to him by the Company, regardless of the outcome of such endeavor."

b) For purposes of this Agreement, a "Change in Control of the Company" shall occur or be deemed to have occurred only if (i) any "person", as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of stock in the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities; (ii) during any period of two consecutive years ending during the term of this Agreement, individuals who at the beginning of such period constitute the Board of Directors of the Company, and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were either directors at the beginning of the period or whose election or whose nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors; (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

c) For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events, except as provided in Paragraph 3d: (i) a reduction in the Employee's base salary as in effect on the date hereof or as the same may be increased from time to time; (ii) a failure by the Company to pay annual cash bonuses to the Employees in an amount at least equal to the most recent annual cash bonuses paid to the Employee; (iii) a failure by the Company to maintain in effect any material compensation or benefit plan in which the Employee participated immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such plan, or a failure to continue the Employee's participation therein on a basis not materially less favorable than existed immediately prior to the Change in Control; (iv) any significant and substantial diminution in the Employee's position, duties, responsibilities or title as in effect immediately prior to the Change in Control; (v) any requirement by the Company that the location at which the Employee performs his principal duties be changed to a new location outside a radius of 25 miles from the Employee's principal place of employment immediately prior to the Change in Control; or (vi) any requirement by the Company that the Employee travel on an overnight basis to an extent not substantially consistent with the Employee's business travel obligations immediately prior to the Change in Control. Notwithstanding the foregoing, the resignation shall not be considered to be for Good Reason if any such circumstances are fully corrected prior to the date of resignation.

7. Neither the Employee nor, in the event of his death, his legal representative, beneficiary or estate, shall have the power to transfer, assign, mortgage or otherwise encumber in advance any of the payments provided for in this Agreement, nor shall any payments nor assets or funds of the Company be subject to seizure for the payment of any debts, judgments, liabilities, bankruptcy or other actions.

8. Any controversy relating to this Agreement and not resolved by the Board of Directors and the Employee shall be settled by arbitration in the City of Boston, Commonwealth of Massachusetts, pursuant to the rules then obtaining of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction, and the Board of Directors and Employee agree to be bound by the arbitration decision on any such controversy. Unless otherwise agreed by the parties hereto, arbitration will be by three arbitrators selected from the panel of the American Arbitration Association. The full cost of any such arbitration shall be borne by the Company.

9. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times by either party.

10. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered personally to the Employee or to the General Counsel of the Company or when mailed by registered or certified mail to the other party (if to the Company, at 45 William Street, Wellesley, Massachusetts 02181, attention General Counsel; if to the Employee, at the last known address of the Employee as set forth in the records of the Company).

11. This Agreement has been executed and delivered and shall be construed in accordance with the laws of the Commonwealth of Massachusetts. This Agreement is and shall be binding on the respective legal representatives or successors of the parties, but shall not be assignable except to a successor to the Company by virtue of a merger, consolidation or acquisition of all or substantially all of the assets of the Company. All previous employment contracts between the Employee and the Company or any of the Company's present or former subsidiaries or affiliates is hereby cancelled and of no effect.

IN WITNESS WHEREOF, the Company has caused its seal to be hereunto affixed and these presents to be signed by its proper officers, and the Employee has hereunto set his hand and seal the day and year first above written.

EG&G, INC.

(SEAL)

By: /s/John M. Kucharski

John M. Kucharski,
Chairman and Chief
Executive Officer

Employee: /s/Richard F. Murphy

Richard F. Murphy