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SPS TECHNOLOGIES INC
Form 10-K
March 21, 2003

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002 Commission file number 1-4416

SPS TECHNOLOGIES, INC.
(Exact name of registrant as specified in its Charter)

| | |
|---|---|
| PENNSYLVANIA (State of incorporation) | 23-1116110 (I.R.S. Employer Identification No.) |
| Two Pitcairn Place, Suite 200 165 Township Line Road Jenkintown, Pennsylvania | 19046 |
| (Address of principal executive offices) | (Zip Code) |

(215) 517-2000
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE
SECURITIES EXCHANGE ACT OF 1934:

| | |
|--------------------------------|-------------------------|
| Title of Each Class | Name of Each Exchange |
| Common Stock, Par Value \$0.50 | on Which Registered |
| Per Share | New York Stock Exchange |

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. |X|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). YES X NO

The aggregate market value of the voting stock held by non-affiliates of the registrant at June 30, 2002, was approximately \$489,568,000.

The number of shares of registrant's common stock outstanding on March 14, 2003 was 12,556,833.

DOCUMENTS INCORPORATED BY REFERENCE

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Exhibit 13, which contains portions of the 2002 Annual Report to Shareholders of the registrant is incorporated by reference in Parts I, II and IV of this Report. Portions of the Definitive Proxy Statement of registrant, if filed with the Securities and Exchange Commission within 120 days after December 31, 2002, are incorporated by reference in Part III of this report. To the extent not so filed, such information will be provided on a Form 10-K/A filed with the Securities and Exchange Commission.

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SPS TECHNOLOGIES, INC. AND SUBSIDIARIES

PART I

Item 1. BUSINESS

SPS Technologies, Inc. and subsidiaries (the "Company") was incorporated in Pennsylvania in 1903. The Company is engaged in the design, manufacture and marketing of fasteners, specialty metals, magnetic products, aerospace structures and precision tools. The Company is multinational in operation. In addition to 23 manufacturing facilities in the United States, it operates 17 manufacturing facilities in eight different countries: England, Ireland, Canada, Brazil, Australia, China, Italy and France. Marketing operations are carried on by subsidiaries in three other countries.

The Company's operating earnings decreased in 2002 compared to 2001, primarily due to lower revenues in three of the Company's four segments compared to last year, particularly in those businesses that serve the aerospace, industrial gas turbine and electronics markets. The Company initiated plans in 2002 and 2001 to eliminate, consolidate and restructure certain of its operations. These plans were implemented to provide a meaningful reduction in the cost structure of the Company in response to declining market demand in many of the markets served by the Company. Additional information regarding the general development of business operations in 2002 is provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Company is organized into four reportable segments for financial reporting purposes. The four reportable segments are: Aerospace Fasteners and Components, Engineered Fasteners and Components, Specialty Materials and Alloys, and Magnetic Products. The Aerospace Fasteners and Components segment produces fasteners, fastening systems and structural assemblies for the aerospace market. Principal aerospace products are SPS(R) aerospace fasteners, MULTIPHASE(R) alloy fasteners, latches, struts, rods, self locking components, FLEXLOC(R) all-metal locknuts and GREER STOP NUT locknuts. Principal structural assemblies products are precision machined components, sheet metal fabrications and avionics assemblies. The Engineered Fasteners and Components segment produces fasteners for the automotive and industrial machinery markets and precision consumable tools used for metal forming and cutting. Principal engineered fastener products are fasteners and precision components for gasoline and diesel engines, other critical and non-critical automotive applications and off-highway equipment, UNBRAKO(R) brand socket screws, hex keys and dowel pins. Principal tooling products are HI-LIFE(R) thread roll dies and other metalworking tools. The Specialty Materials and Alloys (SM&A) segment produces specialty metals, superalloys and waxes and provides melting services for the manufacture of components for aerospace, industrial gas turbine, medical and general engineering applications. Principal SM&A products are air and vacuum-melted iron, cobalt, and nickel-based superalloys, including CMSX(R) single-crystal alloys. The Magnetic Products segment produces magnetic materials and products for the automotive, aerospace, reprographic, computer, security and advertising specialty markets. Principal

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magnetic products are metallic permanent magnets, pressed powder magnetic components, bonded magnets, magnetic components and assemblies and magnetic ultra-thin foil and strip products.

The Company sells directly to original equipment manufacturers and industrial, commercial and governmental users, and also sells through independent stocking distributors and dealers. There were no changes in the methods of distribution during 2002.

The principal sources of raw materials include major and specialty steel producers, and non-ferrous metal producers, converters and distributors. The Company anticipates it will have no significant problems with respect to sources or availability of the raw materials essential to the conduct of its business.

The Company owns and licenses certain trademarks and patents that it considers to be of importance to its four segments. The principal trademarks of the Company include ARNOLD(R), AVIBANK(R), CANNON-MUSKEGON(R), CMSX(R), FLEXLOC(R), FLEXMAG(R), GREER STOP NUT(R), HI-LIFE(R), HOWELL PENNCRAFT(R), MP35N(R), MP159(R), MULTIPHASE(R), NSS(R), PLASTIFORM(R), SPS(R), SPS TECHNOLOGIES(R), U130(R), and UNBRAKO(R). The trademarks have been registered in the United States and certain foreign countries. Generally, trademark registrations are valid so long as the trademarks registered are used and renewal of the registration is timely made. United States and foreign patents of the Company expire at various times. Patents covering the CMSX-4(R), CMSX-10K(R), CMSX-10N(R), CM 186 LC(R) and CM 247 LC(R) superalloys are of particular importance in protecting the proprietary superalloy technology of the Company's subsidiary, Cannon-Muskegon Corporation. However, the Company does not believe that its business as a whole is dependent on any one or more patents or trademarks or on patent or trademark protection generally.

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No material portion of the Company's business in any segment is seasonal.

No material part of the Company's business is dependent upon a single customer. In 2002, the five largest customers accounted for 16% of the Company's reported consolidated sales.

The backlog of orders by segment at December 31, which represents firm orders with scheduled delivery within the next twelve months, was as follows (in thousands of dollars):

| | 2002 | 2001 |
|---|-----------|-----------|
| | ----- | ----- |
| Aerospace Fasteners and Components | \$172,354 | \$189,320 |
| Engineered Fasteners and Components | 72,371 | 71,650 |
| Specialty Materials and Alloys | 9,161 | 15,512 |
| Magnetic Products | 25,329 | 22,654 |
| | ----- | ----- |
| Total | \$279,215 | \$299,136 |
| | ===== | ===== |

The Company's business is highly competitive. Competition is based primarily on technology, price, service, product quality and performance. The Company

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believes that its favorable competitive position is based upon its high-quality product performance and service to its customers, supported by its commitment to research and development.

Total expenditures during 2002, 2001 and 2000 for Company-sponsored research and development were \$6.1 million, \$8.4 million and \$7.3 million, respectively. In 2002, approximately 65% of the expenditures were for the Company's Aerospace Fasteners and Components segment.

Capital expenditures for property, plant and equipment are planned at \$30.5 million in 2003, excluding capital spending for any businesses that may be acquired in 2003.

There were approximately 2,826 persons employed in the Aerospace Fasteners and Components segment, 1,853 persons employed in the Engineered Fasteners and Components segment, 363 persons employed in the Specialty Materials and Alloys segment, and 818 persons employed in the Magnetic Products segment at December 31, 2002.

Additional narrative information and the financial information concerning industry segments and the foreign and domestic operations are included in Note 23 to the Company's Consolidated Financial Statements on pages 41 through 43 in the 2002 Annual Report to Shareholders. Exhibit 13.1 contains the information and is incorporated herein by reference.

The Company's Internet Web Site is at www.spstech.com. Investors can obtain copies of the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act as soon as reasonably practicable after the Company has filed such materials with, or furnished them to, the Securities and Exchange Commission. The Company will also furnish a paper copy of such filings free of charge upon request.

Item 2. PROPERTIES

The Company owns or leases the manufacturing properties described below. All properties are in good condition.

Location

| Owned ----- | Square Feet ----- |
|--------------------------------|----------------------|
| Jenkintown, Pennsylvania | 663,000 (a) |
| Leicester, England | 109,000 (a) |
| Salt Lake City, Utah | 104,000 (a) |
| Mansfield, England | 55,000 (a) |
| Auxerre, France | 45,600 (a) |
| Cleveland, Ohio | 375,000 (b) |
| Sorocaba, Brazil | 339,000 (b) |
| Waterford, Michigan | 114,000 (b) |
| Melbourne, Australia | 44,000 (b) |
| Nuneaton, England | 9,400 (b) |
| Transfer, Pennsylvania | 252,900 (c) |
| Muskegon, Michigan | 173,000 (c) |
| Mamaroneck, New York | 29,400 (c) |
| Marengo, Illinois | 320,000 (d) |
| Norfolk, Nebraska | 112,000 (d) |
| Marietta, Ohio | 86,600 (d) |

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| | |
|----------------------------|------------|
| Adelanto, California | 45,000 (d) |
| Derbyshire, England | 44,000 (d) |
| Ogallala, Nebraska | 22,000 (d) |

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| Leased ----- | Lease Expires ----- | Square Feet ----- |
|-------------------------------------|------------------------|----------------------|
| Nottinghamshire, England | (e) | 142,500 (a) |
| North Hollywood, California | (f) | 129,000 (a) |
| Nashville, Tennessee | (g) | 99,000 (a) |
| Burbank, California | (h) | 91,700 (a) |
| Santa Ana, California | (i) | 118,200 (a) |
| Auxerre, France | (j) | 39,300 (a) |
| Pointe-Claire, Quebec, Canada | (k) | 35,000 (a) |
| Leicester, England | (l) | 38,000 (a) |
| Shannon, Ireland | (n) (o) (p) | 232,000 (b) |
| Shannon, Ireland | (q) (r) | 64,000 (b) |
| Gadsden, Alabama | (s) | 130,000 (b) |
| Plymouth, Michigan | (t) | 115,000 (b) |
| Milan, Italy | (u) | 76,200 (b) |
| Coventry, England | (v) | 70,000 (b) |
| Valencia, California | (w) | 79,000 (b) |
| Canton, Michigan | (x) | 50,800 (b) |
| Howell, Michigan | (y) | 44,000 (b) |
| Rosemead, CA | (z) | 34,100 (c) |
| Rochester, New York | (aa) | 70,000 (d) |
| Shenzhen, China | (bb) (cc) | 155,000 (d) |
| Rochester, England | (dd) | 12,000 (d) |

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- (a) Aerospace Fasteners and Components segment.
 - (b) Engineered Fasteners and Components segment.
 - (c) Specialty Materials and Alloys segment.
 - (d) Magnetic Products segment.
 - (e) Lease for 142,500 square feet expires December 21, 2015.
 - (f) Lease for 129,000 square feet expires March 31, 2010.
 - (g) Lease for 99,000 square feet expires August 14, 2012.
 - (h) Lease for 91,700 square feet expires March 31, 2004.
 - (i) Leases for 118,200 square feet with various expirations. Primary lease expires (ii) June 30, 2009.
 - (j) Lease for 39,300 square feet expires February 28, 2004.
 - (k) Lease for 35,000 square feet expires October 31, 2007.
 - (l) Lease for 38,000 square feet expires January 12, 2012.
 - (n) Lease for 100,000 square feet expires November 13, 2010.
 - (o) Lease for 75,000 square feet expires November 15, 2010.
 - (p) Lease for 57,000 square feet expires April 1, 2004.
 - (q) Lease for 48,000 square feet expires January 1, 2112.
 - (r) Lease for 16,000 square feet expires December 31, 2023.
 - (s) Leases for 130,000 square feet expires June 30, 2009.
 - (t) Leases for 115,000 square feet with various expirations. Primary lease expires June 30, 2009.
 - (u) Lease for 76,200 square feet expires December 31, 2005.
 - (v) Lease for 70,000 square feet expires March 31, 2003.

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- (w) Leases for 79,000 square feet with various expirations. Primary lease expires February 28, 2010.
- (x) Lease for 50,800 square feet expires June 30, 2009.
- (y) Lease for 44,000 square feet expires June 30, 2003.
- (z) Leases for 34,100 square feet with various expirations. Primary lease expires October 31, 2008.
- (aa) Lease for 70,000 square feet expires October 31, 2006.
- (bb) Lease for 125,000 square feet expires August 31, 2011.
- (cc) Lease for 30,000 square feet expires June 30, 2007.
- (dd) Lease for 12,000 square feet expires June 24, 2007.

Industrial Development Revenue Bonds were issued to finance the acquisition and improvement of the Salt Lake City, Utah manufacturing facility. These bonds are collateralized by a first mortgage on the facility and a bank letter of credit.

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Item 3. LEGAL PROCEEDINGS

A discussion of legal proceedings is included in Note 14 to the Company's Consolidated Financial Statements on pages 29 and 30 in the 2002 Annual Report to Shareholders. Exhibit 13.1 contains the information and is incorporated herein by reference.

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

No matter was submitted to a vote of security holders during the fourth quarter of 2002, through the solicitations of proxies or otherwise.

EXECUTIVE OFFICERS OF THE REGISTRANT

All executive officers of the Company are named below and are appointed by the Board of Directors. The date that each officer was first appointed to their present position is indicated. No officer listed was appointed as a result of any arrangement between them and any other person as that phrase is understood under the Securities Exchange Act regulations. No family relationship exists among the executive officers of the Company.

| Name | Experience and Position Held |
|---------------------|---|
| ---- | ----- |
| Charles W. Grigg | Chairman since April 2002. Previously, Chairman and Chief Executive Officer since October 1999. Previously, Chairman, Chief Executive Officer and President since October 1997. Previously, Chairman and Chief Executive Officer since December 1994. |
| John S. Thompson | Chief Executive Officer and President since April 2002. Previously, President and Chief Executive Officer since October 1999. Previously, President and Chief Executive Officer of SPS Technologies Inc. since 1993. |
| William M. Shockley | Vice President, Chief Financial Officer since October 1998. Previously, Chief Financial Officer and Controller since July 1995. |
| Thomas S. Cross | Vice President, Human Resources since June 1999. Previously, Vice President, Human Resources, North American Aerospace Fasteners since January 1998. Previously, Human Resource Manager, North American Aerospace Fasteners since January 1994. |

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| | |
|---------------------|--|
| James D. Dee | Vice President, General Counsel and Secretary since April 1997. |
| Thomas W. McDonnell | Controller since February 2000. Previously, Director of Middle Market Ad PricewaterhouseCoopers LLP since July 1997. |
| Margaret B. Zminda | Treasurer, Assistant Secretary and Director, Investor Relations since February 2000. Previously, Controller since October 1998. Previously, Aerospace Fastener since September 1993. |

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PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Information regarding the principal markets on which SPS Technologies' common stock is traded, the high and low sales price for the stock on the New York Stock Exchange for each quarterly period during the past 2 years, and the approximate number of holders of common stock at March 13, 2003 is included under the caption entitled "Common Stock Information" on page 45 in the 2002 Annual Report to Shareholders. Exhibit 13.4 contains this information and is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

A summary of selected financial data for SPS Technologies for the years and year-ends specified is included under the caption entitled "Selected Financial Data" on page 45 in the 2002 Annual Report to Shareholders. Exhibit 13.3 contains this information and is incorporated herein by reference.

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

Information regarding SPS Technologies' financial condition, changes in financial condition and results of operations is included under the caption entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 46 through 61 in the 2002 Annual Report to Shareholders. Exhibit 13.5 contains this information and is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's quantitative and qualitative information about market risk is included in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 46 through 61 in the 2002 Annual Report to Shareholders. Exhibit 13.5 contains this information and is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements for SPS Technologies and the required supplementary data "Summary of Quarterly Results" are included on pages 14 through 45 in the 2002 Annual Report to Shareholders. Exhibits 13.1 and 13.2 contain this information and are incorporated herein by reference.

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

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None.

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PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Identification of directors:

Information regarding directors is incorporated by reference to the Definitive Proxy Statement, Election of Directors, if filed with the Securities and Exchange Commission (SEC) within 120 days after December 31, 2002. To the extent not so filed, such information will be provided on a Form 10-K/A filed with the SEC.

(b) Identification of executive officers:

Information regarding executive officers is contained in Part I of this report (page 5).

Item 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated by reference to the Definitive Proxy Statement, Executive Compensation and Board Meetings, Committees and Compensation of Directors, if filed with the SEC within 120 days after December 31, 2002. To the extent not so filed, such information will be provided on a Form 10-K/A filed with the SEC.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the Definitive Proxy Statement, Ownership of Voting Securities, if filed with the SEC within 120 days after December 31, 2002. To the extent not so filed, such information will be provided on a Form 10-K/A filed with the SEC.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions is incorporated by reference to the Definitive Proxy Statement, Certain Relationships and Related Transactions, if filed with the SEC within 120 days after December 31, 2002. To the extent not so filed, such information will be provided on a Form 10-K/A filed with the SEC.

Item 14. CONTROLS AND PROCEDURES

During the 90-day period prior to the filing date of this report, management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon, and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation. There were no significant

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deficiencies or material weaknesses identified in the evaluation and, therefore, no corrective actions were taken.

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PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Report:

1. The Consolidated Financial Statements and related Notes to Consolidated Financial Statements are set forth on pages 14 through 43 of the 2002 Annual Report to Shareholders. Exhibit 13.1 contains this information and is incorporated by reference. The Report of Independent Accountants, which covers the financial statement schedule, appears on page 13 of this report.
2. Financial Statement Schedules:
The following supplemental schedule is located in this Report on the page indicated.

II Valuation and Qualifying Accounts is on page 14

Schedules other than those listed above are omitted for the reason that they are either not applicable or not required or because the information required is contained in the financial statements or notes thereto.

3. Exhibits:
 - 3a Articles of Incorporation as amended. Exhibit 3a to the Annual Report on Form 10-K for the year ended December 31, 1997, is hereby incorporated by reference.
 - 3b By-Laws as amended, effective December 5, 2002 (submitted electronically herewith).
 - 4a Amended and Restated Rights Agreement, effective April 6, 2001. Exhibit 1 to the Company's Registration Statement on Form 8-A/A filed on April 9, 2001, is hereby incorporated by reference. Amendment No.1 to the Rights Agreement (submitted electronically herewith).
 - 4b Form of Registration Rights Agreement between the Company, the Purchasers and the Investors dated November 16, 1994. Exhibit 4.5 to the Form S-3 filed August 26, 1994, is hereby incorporated by reference.
- 10a SPS 1988 Long Term Incentive Stock Plan as amended, effective February 2, 1989. Exhibit 10a to the Annual Report on Form 10-K for the year ended December 31, 1988, is hereby incorporated by reference.
- 10b SPS Technologies, Inc. Restricted Stock Award Plan for Officers, Directors and Non-Officer Employees, effective February 10, 2000. Exhibit 10t to the Annual Report on Form 10-k for the year ended December 31, 2000, is hereby

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incorporated by reference.

- 10c Employment Agreement between SPS Technologies, Inc. and John S. Thompson, President and Chief Operating Officer, effective October 1, 1999. Exhibit 10c to the Annual Report on Form 10-K for the year ended December 31, 1999, is hereby incorporated by reference.
- 10d SPS Technologies, Inc. Management Incentive Plan as Amended and Restated, effective April 26, 1994. Exhibit 10d to the Annual Report on Form 10-K for the year ended December 31, 1995, is hereby incorporated by reference.
- 10e Form of standby Purchase Agreement dated November 16, 1994. Exhibit 10.1 to the Form S-3/A filed November 17, 1994, is hereby incorporated by reference.
- 10f Retirement Benefit Agreement, dated February 28, 1979. Exhibit 10f to the Annual Report on Form 10-K for the year ended December 31, 1991, is hereby incorporated by reference.
- 10g Fee Arrangement with Former Directors, effective November 29, 1984. Exhibit 10g to the Annual Report on Form 10-K for the year ended December 31, 1990, is hereby incorporated by reference.
- 10h Form of Employment Agreements between SPS Technologies, Inc. and certain employees, as amended and restated effective December 14, 1992. Exhibit 10h to the Annual Report on Form 10-K for the year ended December 31, 1992, is hereby incorporated by reference.
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- 10i SPS Technologies, Inc. Executive Deferred Compensation Plan, as amended and restated, effective December 14, 1992. Exhibit 10i to the Annual Report on Form 10-K for the year ended December 31, 1992, is hereby incorporated by reference.
- 10j SPS Technologies, Inc. Executive Deferred Compensation Plan II, as amended and restated effective December 1, 1993. Exhibit 10j to the Annual Report on Form 10-K for the year ended December 31, 1993, is hereby incorporated by reference.
- 10k SPS Technologies, Inc. Supplemental Executive Retirement Plan, as amended and restated effective July 31, 2001. Exhibit 10k to the Annual Report on Form 10-K for the year ended December 31, 2001, is hereby incorporated by reference.
- 10l Employment Agreement between SPS Technologies, Inc. and Charles W. Grigg, Chairman, effective December 1, 1993. Exhibit 10l to the Annual Report on Form 10-K for the period ended December 31, 1993, is hereby incorporated by reference. Amendment 1 to the Employment Agreement. Exhibit 10l to the Annual Report on Form 10-K for the year ended December 31, 2001, is hereby incorporated by reference. Amendment No. 2 to the Employment Agreement (submitted electronically herewith).
- 10m Form of Indemnification Agreements between SPS Technologies, Inc. and officers and directors dated February 2, 1987. Exhibit

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10m to the Annual Report on Form 10-K for the period ended December 31, 1992, is hereby incorporated by reference.

10n Split Dollar Insurance Agreements regarding certain officers and directors effective April 2, 1990, and November 27, 1991. Exhibit 10n to the Annual Report on Form 10-K for the year ended December 31, 1991, is hereby incorporated by reference.

10o SPS Technologies, Inc. Senior Executive Severance Plan, effective December 14, 1992. Exhibit 10o to the Annual Report on Form 10-K for the year ended December 31, 1992, is hereby incorporated by reference.

10p Agreement with Retiring Executive, approved December 14, 1992. Exhibit 10p to the Annual Report on Form 10-K for the year ended December 31, 1992, is hereby incorporated by reference.

10q SPS Technologies, Inc. Benefit Equalization Plan, as amended and restated effective December 14, 1992. Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1993, is hereby incorporated by reference.

10r SPS Technologies, Inc. Long Range Incentive Plan, effective January 1, 1995. Exhibit 10r to the Annual Report on Form 10-K for the year ended December 31, 1995, is hereby incorporated by reference.

10s SPS Technologies, Inc. Executive Deferred Compensation Plan III, effective January 1, 1998. Exhibit 10s to the Annual Report on Form 10-K for the year ended December 31, 1998, is hereby incorporated by reference. Amendment No. 1 and No. 2 to the Executive Deferred Compensation Plan III (submitted electronically herewith).

13.1 2002 Consolidated Financial Statements, Notes to Consolidated Financial Statements, Report of Independent Accountants and Report of Management.

13.2 Summary of Quarterly Results for 2002 and 2001.

13.3 Selected Financial Data for 1998 through 2002.

13.4 Common Stock Information for 2002 and 2001.

13.5 2002 Management's Discussion and Analysis of Financial Condition and Results of Operations.

21 Subsidiaries of the Registrant.

23 Consent of Independent Accountants.

(b) Reports on Form 8-K filed during the last quarter of 2002:

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities

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Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPS TECHNOLOGIES, INC.

(Registrant)

/s/ William M. Shockley

William M. Shockley
Vice President,
Chief Financial Officer

Date: March 14, 2003

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 dates indicated.

| Signature ----- | Title ----- | D --- |
|---|--|----------|
| /s/ CHARLES W. GRIGG ----- Charles W. Grigg | Chairman and Director | March |
| /s/ JOHN S. THOMPSON ----- John S. Thompson | Chief Executive Officer, President and Director (Principal Executive Officer) | March |
| /s/ WILLIAM M. SHOCKLEY ----- William M. Shockley | Vice President, Chief Financial Officer (Principal Financial Officer) | March |
| /s/ RICHARD W. KELSO ----- Richard W. Kelso | Director | March |
| /s/ JAMES F. O'CONNOR ----- James F. O'Connor | Director | March |
| /s/ RAYMOND P. SHARPE ----- Raymond P. Sharpe | Director | March |
| /s/ JAMES W. ZUG ----- James W. Zug | Director | March |

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CERTIFICATION

I, John S. Thompson, certify that:

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1. I have reviewed this annual report on Form 10-K of SPS Technologies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

/s/ John S. Thompson

John S. Thompson
Chief Executive Officer, President

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and Director

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CERTIFICATION

I, William M. Shockley, certify that:

1. I have reviewed this annual report on Form 10-K of SPS Technologies, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal

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controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

/s/ William M. Shockley

William M. Shockley
Vice President and Chief Financial
Officer

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of
SPS Technologies, Inc.:

Our audits of the consolidated financial statements referred to in our report dated February 12, 2003 appearing in the 2002 Annual Report to Shareholders of SPS Technologies, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 12, 2003

SCHEDULE II

SPS TECHNOLOGIES, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

Years ended December 31, 2002, 2001 and 2000
(Thousands of dollars)

| | | | |
|--|-------------------------|--|--------------------------------|
| | Balance at beginning | Additions charged (deductions credited) to costs and | Add ch (ded cre to |
|--|-------------------------|--|--------------------------------|

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| Description ----- | of year ----- | expenses ----- | ac ----- |
|--|------------------|-------------------|-------------|
| Year ended December 31, 2002: | | | |
| Allowance for doubtful accounts..... | \$4,880 ===== | \$1,307 ===== | == |
| Deferred income tax valuation allowance..... | \$8,089 ===== | \$3,251 ===== | \$ (|
| Year ended December 31, 2001: | | | |
| Allowance for doubtful accounts..... | \$3,815 ===== | \$1,281 ===== | \$ |
| Deferred income tax valuation allowance..... | \$8,407 ===== | \$ (68) ===== | \$ |
| Year ended December 31, 2000: | | | |
| Allowance for doubtful accounts..... | \$3,363 ===== | \$ 159 ===== | \$ |
| Deferred income tax valuation allowance..... | \$8,876 ===== | \$ (141) ===== | \$ |

- (a) Write off of uncollectible receivables, net of recoveries.
- (b) Translation adjustments.
- (c) Balance acquired in connection with acquisitions.