SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996, OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NUMBER: 1-6948

SPX CORPORATION
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	38-1016240
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
700 TERRACE POINT DRIVE, MUSKEGON, MICHIGAN	49443-3301
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: 616-724-5000

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON	NEW YORK STOCK EXCHANGE PACIFIC STOCK EXCHANGE
11 3/4% SENIOR SUBORDINATED NOTES, DUE 2002	NEW YORK STOCK EXCHANGE

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

NONE
(Title of Class)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS 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 REQUIREMENT FOR THE PAST 90 DAYS. YES [X] NO [ ]

STATE THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT.

$668,680,000 AS OF FEBRUARY 28, 1997

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

14,877,014 SHARES AS OF FEBRUARY 28, 1997

DOCUMENTS INCORPORATED BY REFERENCE: REGISTRANT'S PROXY STATEMENT FOR ITS ANNUAL MEETING ON APRIL 23, 1997 IS INCORPORATED BY REFERENCE INTO PART III.

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]

PART I

ITEM 1. BUSINESS

SPX Corporation ("SPX" or the "company") is a global provider of Vehicle Service Solutions to franchised dealers and independent service locations, Service Support to vehicle manufacturers, and Original Equipment Components to the worldwide motor vehicle industry.

The company was organized in 1911 under the laws of Michigan, and reincorporated in Delaware in 1968. It was known as The Piston Ring Company until 1931, when it changed its name to Sealed Power Corporation. The name was changed again in 1988, when the company became SPX Corporation. Today, SPX Corporation is a multi-national corporation with operations in 14 countries. The corporate headquarters is located in Muskegon, Michigan.

RECENT DEVELOPMENTS

The following significant events and initiatives were undertaken over the past year:

- Implemented an Economic Value Added ("EVA") measurement and incentive compensation program.

- Completed several restructurings designed to improve the company's cost structure. Most significantly, the company completed the restructuring of the Specialty Service Tool segment that combined five divisions into two divisions. Kent-Moore, Dealer Equipment and Services, and the program tool portion of the OTC division were combined to form the OE Tool and Equipment division. Automotive Diagnostics, Robinair, and the aftermarket tool portion of the OTC division were combined to form the Aftermarket Tool and Equipment division. The restructuring included closing two manufacturing facilities, a distribution facility and an operation in Europe, and combining sales, marketing, engineering and administrative functions at these units. The overall cost of this restructuring was approximately $18 million, $11 million in 1996 and $7 million in 1995, and annual savings are estimated to be $23 million by 1998.

- Sold the company's Hy-Lift division on November 1, 1996 for $15 million in cash.

- Completed the sale of the Sealed Power division for $223 million in cash on February 7, 1997. The accounting gain, net of taxes, is estimated to be approximately $31 million and will be recorded in the first quarter of 1997.

- Recognized an impairment write-off of Automotive Diagnostics' goodwill of $67.8 million. The strategic review process, completed late in 1996, indicated that the business, as originally acquired, would not be able to generate operating income sufficient to offset the annual goodwill amortization.

- Acquired an additional 30% interest in JATEK, a joint venture in Japan, and an additional 10% interest in IBS Filtran, a joint venture in Germany, in early 1997.

- Entered into strategic alliances with the Mac Tools division of The Stanley Works and with Hewlett-Packard Company in late 1996 and early 1997. The alliance with Mac Tools promotes the sale, distribution and service of SPX's mid-range and high-end products through Mac Tools' 2,000 mobile distributors. The new relationship with Hewlett-Packard will enable joint development of universal service solutions by leveraging Hewlett-Packard's technology leadership in measurement, communications, and computing with the company's expertise in vehicle diagnostics and global distribution of service tools and equipment.

- Effective January 1, 1997, the company executed a new employment agreement with John B. Blystone, Chairman and Chief Executive Officer. The agreement is designed to assure that Mr. Blystone remains with the company on a long-term basis. The agreement provides Mr. Blystone with strong economic incentives to achieve significant growth in the company's performance and shareholder value. In connection with the agreement, Mr. Blystone was granted 10 year stock options for 1,000,000 shares of common stock, which vest after 5 years. 250,000 options have an exercise price of $45.75 (the fair market value at the date of grant), and the remaining 750,000 options have exercise prices progressing from $60 to $90. The options were granted outside the 1992 Stock Compensation Plan.

- Starting in mid-March of 1997, the company announced a tender offer for the remaining $128.4 million of the 11 3/4% senior subordinated notes. The premium to purchase these notes will be recorded as an extraordinary item, net of taxes, when the tender is completed. Assuming all remaining notes are tendered and a 12% premium is paid, the pretax charge (including fees) would be approximately $16 million. If the actual premium is one percentage point higher or lower, the charge would be approximately $1.3 million higher or lower.

BUSINESS SEGMENTS

The company is comprised of two business segments. Specialty Service Tools includes operations that design, manufacture and market a wide range of specialty service tools, equipment and services, primarily to the global motor vehicle industry. Original Equipment Components includes operations that design, manufacture and market component parts for light and heavy duty vehicle markets. Segment and geographic information for the three years ended December 31, 1996 is incorporated by reference to Note 2 to the Consolidated Financial Statements in this report.

SPECIALTY SERVICE TOOLS

The Specialty Service Tools segment includes three operating divisions that design, manufacture and market a wide range of specialty service tools, equipment and services primarily to the worldwide motor vehicle industry. Approximately one fourth of revenues are to non-North American customers.

The company competes with numerous companies that specialize in certain lines of its Specialty Service Tools. The company believes it is the world leader in offering specialty service tools for motor vehicle manufacturers' dealership networks. The company is a major producer of electronic engine diagnostic equipment, emissions testing equipment and wheel service equipment in North America and Europe. The key competitive factors influencing the sale of specialty service tools are design expertise, timeliness of delivery, quality, service and price. Sales of specialty service tools essential to dealerships tend to vary with changes in vehicle design and the number of dealerships and are not directly dependent on the volume of vehicles that are produced by the motor vehicle manufacturers.

Design of specialty service tools is critical to their functionality and generally requires close coordination with either the motor vehicle manufacturer or with the ultimate users of the tools or instruments. These products are marketed as solutions to service problems and as aids to performance improvements. After the design is completed, the company manufactures, assembles or outsources these products. The company also markets a broad line of equipment of other manufacturers through dealership equipment programs coordinated with certain motor vehicle manufacturers and aftermarket service organizations.

OE Tool and Equipment -- This division provides customers with essential program and general specialty service tools, dealer equipment and other services. Customers include automotive, heavy duty, agricultural and construction vehicle dealerships of motor vehicle manufacturers. These products and services are sold or provided using the brands and trade names of Kent-Moore, OTC, V.L. Churchill, Lowener, Miller Special Tools, Jurubatech, Dealer Equipment and Services, and, in some cases, the motor vehicle manufacturer's identity.

Essential program and general specialty service tools include specialty hand-held mechanical tools and specialty hand-held electronic diagnostic instruments and related software. These products are based on customer needs, primarily to perform warranty and other service work at franchised dealers. The division's technical product development and sales staff works closely with the original equipment manufacturers to design tools to meet the exacting needs of specialty repair work. Products are sold to franchised dealers under both essential and general programs. Essential programs are those in which the motor vehicle manufacturer requires its dealers to purchase and maintain the tools for warranty and service work.

The division administers seventeen dealer equipment programs in North America. Included are programs for General Motors, Saturn, Mobil Oil, Michelin, Nissan Motor, Hyundai and others. Under the motor vehicle manufacturer's identity, the division supplies service equipment and support material to dealerships, develops and distributes equipment catalogues, and helps dealerships assess and meet their service equipment needs.

The division's manufacturing operation is in the United States. Sales and marketing operations exist in the United States, Switzerland, the United Kingdom, France, Australia, Spain, and Brazil. The division also manages the company's 80% interest in JATEK, a Japanese company that markets specialty service tools and equipment in the Pacific Rim.

Aftermarket Tool and Equipment -- This division provides the motor vehicle service aftermarket with a wide range of specialty service tools. These products are marketed under the name brands of Allen Testproducts, Bear, Litchfield, OTC, Robinair, and V.L. Churchill. Certain of the division's products are marketed to the company's OE Tool and Equipment division, which in turn markets these products to dealers of motor vehicle manufacturers. The division also markets a portion of its products to the appliance, refrigeration, and non-vehicular service repair market.

Products include specialized mechanical, electronic, and hydraulic service tools, electronic diagnostic equipment, refrigeration vacuum pumps, refrigerant recharging equipment and leak detection equipment, refrigerant and engine coolant recovery and recycling equipment, vehicle emissions testing equipment, wheel service equipment and shop equipment. The division distributes its products through warehouse distributors and jobbers, a direct sales force, OEM distribution, and independent distributorships (primarily in foreign countries.) In-house sales and technical staffs support these various types of distribution. In North America, the division is supported by a network of distribution and service centers.

The division's manufacturing facilities are located in the United States. Sales and marketing operations exist in the United States, Canada, Germany, the United Kingdom, Italy, Switzerland, Spain, and Australia.

Power Team -- The division is a leading producer and marketer of precision quality high-pressure hydraulic pumps, rams, valves, pullers and other equipment. The division markets these products through industrial distributors, its own sales force and independent agents. The sales and marketing effort is supported by a strong technical support staff as products must be designed to exacting specifications to meet the multitude of applications for these products. Approximately two thirds of the division's sales are related to the motor vehicle service industry, while the balance of sales are made in non-transportation markets such as construction, aerospace and industrial maintenance.

The division has sales, marketing and manufacturing operations in the United States. Additionally, sales and marketing offices are located in Australia, The Netherlands, the United Kingdom, and Singapore.

The division is one of two major producers in this marketplace, which is also supplied by many niche companies.

ORIGINAL EQUIPMENT COMPONENTS

The company has a range of products for both original equipment manufacturers and aftermarket customers. Each of the Original Equipment Components segment's operating divisions has achieved various OEM customer quality recognition and awards.

For the reporting period, the Original Equipment Components segment includes four operating divisions that design, manufacture and market component parts for light and heavy duty vehicle markets. The component parts for the light and heavy duty vehicle markets are composed of two primary sectors: (i) the OEM sector and (ii) the vehicle maintenance and repair sector; the so-called replacement market or aftermarket. The U.S.-Canadian-European OEM sector is composed primarily of four classes of customers:

(a) U.S. manufacturers, dominated by General Motors, Ford and Chrysler, but including other vehicle manufacturers such as Navistar International and Mack Trucks; (b) foreign companies producing vehicles in North America and Europe ("transplants"); (c) European vehicle manufacturers, sometimes sourcing the company's products through assemblies; and (d) vehicle manufacturers producing vehicles outside the U.S., Canada and Europe. Aftermarket customers include the service organizations of OEMs, automotive parts manufacturers and distributors and private brand distributors.

OEM contracts typically are from one to five years in length with the one year contracts typically being renewed or renegotiated, depending on part changes, in the ordinary course of business and the longer term contracts typically containing material cost pass-through and productivity improvement clauses. Sales of products to OEMs are affected, to a large extent, by vehicle production which, in turn, is dependent on general economic conditions. Historically, global vehicle production has been cyclical.

Aftermarket sales are tied to the age of vehicles in service and the need for replacement parts. Sales of products to the aftermarket historically have been less affected by general economic conditions than OEM sales since vehicle owners are more likely to repair vehicles than purchase new ones during recessionary periods.

In its main product areas, the company has a small number of principal competitors (including the OEMs in certain product categories), some of which are larger in size and have greater financial resources than the company. Competitive factors influencing sales include quality, technology, service and price.

Acutex -- This division produces solenoid valves and related assemblies for major vehicle and transmission manufacturers around the world. Acutex's proprietary solenoid valve products interface between the electronic signals of a vehicle's on-board computer and the vehicle's hydraulic systems. The company is using this technology in designing and manufacturing solenoid valves for electronically controlled automatic transmissions.

Products are sold almost exclusively to automotive OEMs through the division's marketing and sales personnel who are assisted by an outside sales organization. The market is driven primarily by major OEM model and assembly programs.

Contech -- This division produces precision aluminum and magnesium die cast parts for automotive steering systems, and other assorted automotive/light truck uses. Primary products in this area include steering column parts, rack-and-pinion components and other castings such as components for fuel systems, clutches, and transmissions. Approximately one-half of the castings are machined by the division prior to delivery to customers.

Products are sold almost exclusively to automotive OEMs through the division's marketing and sales personnel who are assisted by an outside sales organization. The market is driven primarily by major OEM model and assembly programs.

Filtran -- This division is a leading producer of automatic transmission filters and other filter products and has a leading position in the U.S. and Canadian OEM market and aftermarket. A typical transmission filter product consists of a composite plastic/metal or all metal housing which contains a highly specialized non-woven felt, polymesh, or metal screen filter element designed to capture foreign particles.

The division sells filters directly to the worldwide OEM market and aftermarket. Approximately two thirds of sales are to the aftermarket which includes the OEM parts and service organizations as well as private brand manufacturers and assorted transmission rebuilders and repackagers.

The division also participates in the worldwide OEM market. In Europe, a 60% owned company, IBS Filtran, manufactures and distributes filters to OEM customers. In the Pacific Rim, the division exports filters to OEM manufacturers in Japan, Korea and Australia.

Sealed Power Division -- Effective February 7, 1997, the company sold this division to Dana Corporation. The division is the leading North American producer of automotive piston rings and among the largest independent producers of cylinder liners for automotive and heavy duty engines. The division also produces sealing rings for automatic transmissions. The division includes SP Europe, a European designer, producer and distributor of automotive and heavy duty piston rings and cylinder liners, Allied Ring Corporation, a 50% owned U.S. joint venture which manufactures and distributes piston rings primarily to foreign companies producing engines in North America, and Promec, a 40% owned Mexican company that manufactures and distributes piston rings and cylinder liners in Mexico.

INTERNATIONAL OPERATIONS

The company has wholly owned operations located in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom. The company has an 80% interest in JATEK, a Japanese company that sells various products into the Asia Pacific Rim market, including many of the company's specialty service tool products, and a 60% interest in IBS Filtran, a German company that manufacturers and distributes automotive transmission filters to the European market.

Prior to February 7, 1997, the company owned 40% of Promec, a Mexican company which, through its subsidiaries, manufactures and distributes piston ring and cylinder liner products in Mexico and had a 70% ownership in SP Europe, located in France, Germany and Spain. These investments were included in the sale of the Sealed Power division.

The company's international operations are subject to the risk of possible currency devaluation and blockage, nationalization or restrictive legislation regulating foreign investments and other risks attendant to the countries in which they are located.

The company's total export sales, to both affiliated and unaffiliated customers, from the United States, were as follows:

	1996	1995	1994
	(IN MILLIONS)		
Export sales:			
To unaffiliated customers	$118.6	$ 83.0	$ 95.7
To affiliated customers	24.4	27.9	26.9
Total	$143.0	$110.9	$122.6

RESEARCH AND DEVELOPMENT

The company is actively engaged in research and development programs designed to improve existing products and manufacturing methods and to develop new products. These engineering efforts encompass all of the company's products with divisional engineering teams coordinating their resources. Particular emphasis has been placed on the development of new products that are compatible with, and build upon, the manufacturing and marketing capabilities of the company.

The company spent approximately $24.6 million on research activities relating to the development and improvement of its products in 1996, $26.3 million in 1995 and $26.4 million in 1994. There was no customer sponsored research activity in these years.

PATENTS/TRADEMARKS

The company owns numerous domestic and foreign patents covering a variety of its products and methods of manufacture and owns a number of registered trademarks. Although in the aggregate its patents and trademarks are of considerable importance in the operation of its businesses, the company does not consider any single patent or trademark to be of such material importance that its absence would adversely affect the company's ability to conduct its businesses as presently constituted.

RAW MATERIALS

The company's manufactured products are made predominately from iron, steel, aluminum, magnesium, plastics and electronic components. These raw materials are generally purchased from multiple sources of supply and the company has not experienced any significant disruptions in its businesses due to shortages.

OTHER MATTERS

At the end of 1996, the company's employment was 7,125 persons. Approximately one-third of the company's 3,927 U.S. production and maintenance employees are covered by collective bargaining agreements with various unions. These agreements expire at different times over the next several years. Management believes it has generally good relations with its employees and anticipates that all of its collective bargaining agreements will be extended or renegotiated in the ordinary course of business. Certain contracts with OEM customers require the company to build inventories of critical components prior to the expiration of collective bargaining agreements. At the end of 1996, 2,363 people were employed at the Sealed Power division which was sold on February 7, 1997, including 788 employees covered by collective bargaining agreements.

Sales to General Motors Corporation and its various divisions, dealers and distributors were approximately 20%, 20%, and 16% of the company's consolidated sales in 1996, 1995, and 1994, respectively. Sales to Ford Motor Company and its various divisions, dealers and distributors were approximately 11%, 12%, and 12% of the company's consolidated sales in 1996, 1995, and 1994, respectively. Sales to Chrysler Corporation and its various divisions, dealers and distributors were approximately 6%, 5%, and 7% of the company's consolidated sales in 1996, 1995, and 1994, respectively. No other customer or group of customers under common control accounted for more than 10% of consolidated sales for any of these years.

The company does not believe that order backlog is a significant factor in the specialty service tools segment. Within the original equipment components segment, long term contracts and the related level of new vehicle production are significant to future sales.

All of the company's businesses are required to maintain sufficient levels of working capital to support customer requirements, particularly inventory. Sales terms and payment terms are in line with the practices of the industries in which they compete, none of which are unusual.

The majority of the company's businesses tend to be nonseasonal and closely follow changes in vehicle design, vehicle production, and general economic conditions. However, specific markets such as air conditioning service and repair follow the seasonal trends associated with the weather (sales are typically higher in spring and summer). Government regulations, such as the Clean Air Act, can also impact the timing and level of certain specialty service tool sales.

ITEM 2. PROPERTIES

UNITED STATES -- The principal properties used by the company for manufacturing, administration and warehousing consist of 26 separate facilities totaling approximately 2.3 million square feet. These facilities are located in Georgia, Illinois, Indiana, Michigan, Minnesota, Ohio, and Pennsylvania. All facilities are owned, except for 7, which are leased (all non-manufacturing). These leased facilities aggregate 358,000 square feet and have an average lease term of 4+ years. As part of the sale of the Sealed Power division, 15 facilities, aggregating 1.1 million square feet, are no longer company properties and are excluded from the above figures.

The company also has 12 facilities located throughout the United States for distribution and servicing of its Specialty Service Tools. These distribution and service centers aggregate 62,000 square feet and all are leased. No single distribution and service center is of material significance to the company's business.

INTERNATIONAL -- The company owns approximately 91,000 square feet and leases approximately 121,000 square feet of manufacturing, administration and distribution facilities in Australia, Brazil, Canada, France, Germany, Italy, The Netherlands, Singapore, Spain, Switzerland and the United Kingdom. As part of the sale of the Sealed Power division, 3 facilities, aggregating 338,000 square feet are excluded from the above figures.

The company's properties used for manufacturing, administration and warehousing are adequate to meet its needs as of December 31, 1996. The company configures and maintains these facilities as required by their business use. At December 31, 1996, the company believes that it does not have significant excess capacity at any of its major facilities. Two facilities are directly affected by the specialty service tool restructuring initiated in late 1995. A 110,000 square foot Michigan manufacturing plant was closed during 1996 and is in the process of being sold. The other facility, a 157,000 square foot Pennsylvania manufacturing plant, is also in the process of being sold.

ITEM 3. LEGAL PROCEEDINGS

Note 14, Commitments and Contingent Liabilities, to the Consolidated Financial Statements is hereby incorporated by reference.

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

None

ITEM -- EXECUTIVE OFFICERS OF REGISTRANT

The following table sets forth with respect to each executive officer or other significant employee of the company, his name, age, all positions and offices with the company held by him, the term during which he has been an officer of the company and, if he has been an officer of the company for less than five years, his business experience during the past five years.

NAME AND AGE	OFFICE	EXECUTIVE OFFICER SINCE
John B. Blystone (43)........................	Chairman, President and Chief Executive Officer	1995(1)
Robert C. Huff (47)..........................	Vice President, Procurement	1994(2)
Richard U. Jelinek (49)......................	Vice President, Strategic Change	1997(3)
Christopher J. Kearney (41)..................	Vice President, Secretary and General Counsel	1997(4)
Stephen A. Lison (56)........................	Vice President, Human Resources	1989
Patrick J. O'Leary (39)......................	Vice President, Finance, Treasurer and Chief Financial Officer	1996(5)
James M. Sheridan (56).......................	Vice President, Counsel to the Chief Executive Officer	1976(6)
John D. Tyson (59)...........................	Vice President, Corporate Relations	1988

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See page 51 for a complete list of all executive compensation plans and arrangements.

(1) Effective November 1995, Mr. Blystone was elected Chairman, President and Chief Executive Officer. From September 1994 through November 1995, he served as President and Chief Executive Officer, Nuovo Pignone, an 80% owned subsidiary of General Electric Company. From November 1991 through August 1994 he served as Vice President, General Manager, Superabrasives of General Electric Company.

(2) Effective February 1996, Mr. Huff was appointed Vice President, Procurement. From February 1994 through February of 1996, he was Treasurer. From April 1989 through February 1994, he was Vice President, Finance of Sealed Power Technologies Limited Partnership.

(3) Effective January 1997, Mr. Jelinek was appointed Vice President, Strategic Change. From July 1994 through December 1996, he served as Managing Director and leader of the Change Practice at Dove Associates. From August 1993 through June 1994, he served as Executive Consultant to the Chairman and Chief Executive Officer of General Electric Company. From September 1991 through July 1993, he served as Vice President, Corporate Compensation and Benefits, GE Plastics of General Electric Company.

(4) Effective February 1997, Mr. Kearney was appointed Vice President, Secretary and General Counsel. From April 1995 through January 1997, he served as Senior Vice President and General Counsel of Grimes Aerospace Company. From September 1988 through April 1995, he was Senior Counsel at the global materials business of General Electric Company.

(5) Effective September 1996, Mr. O'Leary was appointed Vice President, Finance, Treasurer, and Chief Financial Officer. From 1994 through September 1996, he served as Chief Financial Officer and director at Carlisle Plastics, Inc. From 1982 through 1994, he served at various managerial capacities at Deloitte & Touche, becoming Partner in 1988.

(6) Effective February, 1997, Mr. Sheridan was appointed Vice President, Counsel to the Chief Executive Officer. From 1976 through February 1997, he was Vice President, General Counsel and Secretary of the company.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The company's common stock is traded on the New York Stock Exchange and Pacific Stock Exchange under the symbol "SPW".

Set forth below are the high and low sales prices for the company's common stock as reported on the New York Stock Exchange composite transaction reporting system and dividends paid per share for each quarterly period during the past two years:

	HIGH	LOW	DIVIDENDS PER SHARE
1996			
4th Quarter	$40 1/2	$26 7/8	$.10
3rd Quarter	31 5/8	21 5/8	.10
2nd Quarter	27 1/8	18	.10
1st Quarter	18 1/8	13 5/8	.10
1995			
4th Quarter	$17	$14 1/8	$.10
3rd Quarter	16	11 1/8	.10
2nd Quarter	15 1/8	10 3/4	.10
1st Quarter	17 3/8	14 1/4	.10

The approximate number of shareholders of the company's Common Stock as of December 31, 1996 was 7,244.

On December 11, 1996, the Board of Directors adopted, subject to shareholder approval, amendments to the company's 1992 Stock Compensation Plan to (i) increase the number of shares of common stock available for issuance under the plan by 1,200,000 to 1,900,000 shares, and (ii) eliminate the ability under the plan to issue options to non-employee directors.

The company is subject to a number of restrictive covenants under various debt agreements including a covenant that limits dividends. Please see Note 15 to the consolidated financial statements for further discussion. Future dividends will depend upon the earnings and financial condition of the company and other relevant factors.

ITEM 6. SELECTED FINANCIAL DATA

	1996(6)	1995	1994	1993	1992
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
Revenues	$1,109.4	$1,098.1	$1,079.9	$ 747.2(3)	$801.2
Operating income (loss)	(16.3)(1)	34.1(2)	57.4	(48.3)(4)	49.1
Interest expense, net	(31.8)	(35.7)	(35.2)	(15.9)	(15.1)
Gain on sale of businesses	--	--	--	105.4(5)	--
Income (loss) before income taxes	(48.1)	(1.6)	22.2	41.2	34.0
Income taxes	(7.6)	0.2	(9.1)	(28.1)	(13.4)
Income (loss) from continuing operations	$ (55.7)	$ (1.4)	$ 13.1	$ 13.1	$ 20.6
Per share of common stock:					
Income (loss) from continuing operations	$ (3.98)	$ (0.10)	$ 1.02	$ 1.04	$ 1.48
Weighted average number of common shares outstanding	14.0	13.2	12.8	12.6	13.9
Dividends paid	$ 0.40	$ 0.40	$ 0.40	$ 0.40	$ 0.40
Other Financial Data:					
Working capital	$ 233.7	$ 152.5	$ 151.9	$ 119.4	$182.2
Total assets	616.0	831.4	929.0	1,024.4	560.3
Long-term debt	227.9	318.9	414.1	336.2	160.3
Shareholders' equity	105.9	162.2	158.7	145.4	185.5
Capital expenditures	20.2	31.0	48.5	15.1	20.4
Depreciation and amort	40.8	43.5	38.5	24.4	25.3

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(1) Includes a restructuring charge of $20 million and a write-off of goodwill of $67.8 million. Refer to Notes 5 and 12 to the consolidated financial statements for explanation.

(2) Includes a restructuring charge of $10.7 million. Refer to Note 5 to the consolidated financial statements for explanation.

(3) In 1993, the company acquired Allen Testproducts and Sealed Power Technologies Limited Partnership and divested the Sealed Power Replacement and Truth divisions.

(4) Includes a restructuring charge of $27.5 million.

(5) Reflects the gain on the divestitures of the Sealed Power Replacement and Truth divisions.

(6) Includes the Sealed Power division which was sold on February 7, 1997. Refer to Note 4 to the consolidated financial statements for explanation and proforma information.

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

The following should be read in conjunction with the company's consolidated financial statements and the related footnotes.

Significant Events and Initiatives

The following significant events and initiatives were undertaken over the past year:

- Implemented an Economic Value Added ("EVA") measurement and incentive compensation program.

- Completed several restructurings designed to improve the company's cost structure. Most significantly, the company completed the restructuring of the Specialty Service Tool segment that combined five divisions into two divisions. Kent-Moore, Dealer Equipment and Services, and the program tool portion of the OTC division were combined to form the OE Tool and Equipment division. Automotive Diagnostics, Robinair, and the aftermarket tool portion of the OTC division were combined to form the Aftermarket Tool and Equipment division. The restructuring included closing two manufacturing facilities, a distribution facility and an operation in Europe, and combining sales, marketing, engineering and administrative functions at these units. The overall cost of this restructuring was approximately $18 million, $11 million in 1996 and $7 million in 1995, and annual savings are estimated to be $23 million by 1998.

- Sold the company's Hy-Lift division on November 1, 1996 for $15 million in cash.

- Completed the sale of the Sealed Power division for $223 million in cash on February 7, 1997.

- Recognized an impairment write-off of Automotive Diagnostics' goodwill of $67.8 million. The strategic review process, completed late in 1996, indicated that the business, as originally acquired, would not be able to generate operating income sufficient to offset the annual goodwill amortization.

- Acquired an additional 30% interest in JATEK, a joint venture in Japan, and an additional 10% interest in IBS Filtran, a joint venture in Germany, in early 1997.

- Entered into strategic alliances with the Mac Tools division of The Stanley Works and with Hewlett-Packard Company in late 1996 and early 1997. The alliance with Mac Tools promotes the sale, distribution and service of SPX's mid-range and high-end products through Mac Tools' 2,000 mobile distributors. The new relationship with Hewlett-Packard will enable joint development of universal service solutions by leveraging Hewlett-Packard's technology leadership in measurement, communications, and computing with the company's expertise in vehicle diagnostics and global distribution of service tools and equipment.

- Starting in mid-March of 1997, the company announced a tender offer for the remaining $128.4 million of the 11 3/4% senior subordinated notes.

Revenues

Revenues for 1996 were up 1% from 1995. The market for Specialty Service Tools was strong for dealer equipment, aftermarket tools and high-pressure hydraulics, but was down slightly from 1995 for essential program tools due to fewer new model introductions. Sales of high-end engine diagnostic, wheel service, and environmentally driven products did not reach expectations. Uncertainties in implementation of various state auto emission programs led to lower than expected sales of gas emission testing equipment. Revenues of Original Equipment Components were down from 1995 and reflect the sale of the Hy-Lift division on November 1, 1996 and lower aftermarket sales.

Current prospects for 1997 are positive for most of the company's business lines. Program tool sales should be up from 1996 due to more new model introductions. U.S. vehicle production forecasts anticipate similar levels to 1996. This presumes a continuing stable U.S. economy. Increases in 1997 revenues should include the realization of additional dealer equipment business due to new customers and the effect of consolidating JATEK and IBS Filtran, with aggregate revenues of approximately $35 million. The sales volume of environmentally related equipment remains a major uncertainty. While several states and regions still indicate initiation of enhanced gas emissions testing programs in 1997, previous experience indicates that this could change.

Operating Income from Continuing Operations

Operating income from continuing operations in 1996 and 1995 before restructuring charges and the goodwill write-off was $70.9 million and $41.8 million, respectively. The significant improvement was principally realized from the initiatives undertaken in 1996 and 1995. These initiatives included consolidating five Specialty Service Tool divisions into two divisions, closing of the foundry operation and other cost reductions at SP Germany, downsizing several international operations, and implementing the material and transportation sourcing program.

Operating income in 1997 will be significantly impacted by the elimination of the results of operations of the Sealed Power division which was sold February 7, 1997. However, continued benefits from the company's cost reduction initiatives will be realized.

Cash Flow and Debt Levels

During 1996, the company reduced its total debt levels by $90.5 million, while cash balances decreased $4.8 million. This reduction in total debt was a result of improved profitability, better working capital management, and the $15 million received on the sale of the Hy-Lift division. Also, capital expenditures were approximately $12 million less than depreciation, reflecting improved resource allocation under the company's EVA program.

Cash flow in 1997 will be positively impacted by the $223 million of gross proceeds from the sale of the Sealed Power division. Additionally, management believes that further improvements in working capital management are available and will pursue these opportunities during 1997. Capital expenditures in 1997 are expected to approximate $27 million.

RESULTS OF OPERATIONS -- COMPARISON OF FISCAL YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

CONSOLIDATED

	1996	1995	1994
	(IN MILLIONS)		
Revenues:			
Specialty Service Tools	$ 594.2	$ 572.3	$ 550.6
Original Equipment Components	515.2	525.8	529.3
Total	$1,109.4	$1,098.1	$1,079.9
Operating income (loss):			
Specialty Service Tools	$ (37.2)	$ 24.4	$ 29.4
Original Equipment Components	41.9	26.2	48.0
General corporate expenses	(21.7)	(19.5)	(20.0)
Total	$ (17.0)	$ 31.1	$ 57.4
Other expense (income), net	(0.7)	(3.0)	--
Interest expense, net	31.8	35.7	35.2
Income (loss) before income taxes	$ (48.1)	$ (1.6)	$ 22.2
Provision (benefit) for income taxes	7.6	(0.2)	9.1
Income (loss) from continuing operations	$ (55.7)	$ (1.4)	$ 13.1
Income (loss) from discontinued operation	$ --	$ (2.8)	$ 1.0
Income (loss) before extraordinary item	$ (55.7)	$ (4.2)	$ 14.1
Extraordinary item, net of taxes	(6.6)	(1.1)	--
Net income (loss)	$ (62.3)	$ (5.3)	$ 14.1
Capital expenditures	$ 20.2	$ 31.0	$ 48.5
Depreciation and amortization	40.8	43.5	38.5
Total assets	616.0	831.4	929.0

General corporate expenses and other consolidated items that are not allocated to the segments are explained below, followed by segment information.

General corporate expenses represent general unallocated expenses. 1996 expenses include higher incentive compensation than 1995. 1995 expenses included a $1.8 million charge related to early retirement and severance costs at the corporate office. 1995 expense was less than 1994 due to lower incentive compensation and the impact of cost reductions.

Other expense (income), net represents expenses not included in the determination of operating results, including gains or losses on currency exchange, the fees incurred on the company's accounts receivable securitization program, gains or losses on the sale of fixed assets, and unusual nonoperational gains or losses. 1996 includes a $1 million gain on the sale of a closed manufacturing facility. 1995 reflects a $1.5 million gain on the sale of the company's aftermarket export distribution business, a $.9 million gain on the sale of the company's 50% investment in RSV, and a $.6 million gain on the sale of a company airplane. 1994 included a $2.1 million charge for the settlement of a dispute regarding the sale of a noncore business in 1989.

Interest expense, net for 1996 was lower because of reduced debt levels. 1995 interest expense was comparable to 1994 and reflects the debt structure in place after the early 1994 refinancing.

Provision (benefit) for income taxes -- The 1996 effective income tax rate was not meaningful, principally because the write-off of $67.8 million of goodwill was not tax deductible. The 1996 effective tax rate would have been approximately 39%, excluding the impact of the goodwill write-off. The 1995 effective income tax rate of 14.4% was impacted by a $1.3 million benefit recorded on the sale of the company's 50% interest in RSV, and by not being able to tax benefit the minority interest charge of $4.8 million recorded in the fourth quarter. Without these unusual items, the 1995 effective income tax rate would have been approximately 41%, comparable to the 1994 effective income tax rate. See Note 10 to the consolidated financial statements for further information.

Income (loss) from discontinued operations for 1995 and 1994 includes the results of operations of SPX Credit Corporation, net of allocated interest and income taxes. In 1995, the company recorded a $4.8 million loss on the sale and on costs to close the operation.

Extraordinary item, net of taxes -- During 1996, the company purchased $100 million of its 11 3/4% senior subordinated notes in the open market at a premium of $6.6 million, net of income taxes. During 1995, the company purchased $31.7 million of these notes at a premium of $1.1 million, net of income taxes.

SPECIALTY SERVICE TOOLS

	1996	1995	1994
	(IN MILLIONS)		
Revenues	$594.2	$572.3	$550.6
Gross margin	186.2	183.6	181.3
% of revenues	31.3%	32.1%	32.9%
Selling, general & administration	135.5	147.1	146.8
% of revenues	22.8%	25.7%	26.7%
Goodwill/intangible amortization	4.3	5.3	5.2
(Earnings) from equity interests	(.1)	(.2)	(.1)
Restructuring charge and write-off of goodwill	83.7	7.0	--
Operating income (loss)	$(37.2)	$ 24.4	$ 29.4
Capital expenditures	$ 5.8	$ 7.4	$ 10.6
Depreciation and amortization	13.0	14.9	14.4
Identifiable assets	291.5	390.3	397.9

Revenues

Revenues for 1996 were up $21.9 million, or 3.8% over 1995. This increase was primarily a result of approximately $32 million of dealer equipment sales to one customer during the first half of 1996. Essential program tool sales were lower than 1995 due to fewer new vehicle platform introductions during 1996, and reduced sales of engine diagnostic and wheel service equipment. 1995 revenues were up $21.7 million, or 3.9%, over 1994 revenues, from increased sales of program service tools, high-pressure hydraulics and refrigeration related tools. However, sales of electronic diagnostic equipment and service tools to the aftermarket were down from 1994.

Gross margin

Gross margin of 31.3% in 1996 was lower than the 32.1% in 1995. The decrease was principally a result of higher dealer equipment sales which have a lower gross margin (less than 15%). 1995 gross margin of 32.1% was slightly lower than the 32.9% in 1994. This decrease was attributable to a higher portion of revenues from product purchased for resale in 1995. Such purchased product carries lower gross margin than manufactured product.

Selling, General and Administrative Expense ("SG&A")

SG&A for 1996 was 22.8% of revenues compared to 25.7% in 1995. The reduction reflects higher dealer equipment sales, which carry low SG&A expense relative to sales, lower expense levels from the various cost reduction initiatives, and higher R&D costs in 1995 to develop gas emissions and hand-held diagnostic equipment. 1995 SG&A was 25.7% of revenues compared to 26.7% in 1994. This decrease resulted from lower sales of electronic diagnostic equipment which have higher proportionate selling costs and from cost reductions in 1995.

Earnings from Equity Interests

Earnings from Equity Interests includes equity earnings of JATEK, a 50% owned joint venture in Japan. During the first quarter of 1997, the company acquired an additional 30% of JATEK. The 1997 results of JATEK will be consolidated.

Restructuring Charge and Write-off of Goodwill

During 1996, the company completed its consolidation of five Specialty Service Tool divisions into two divisions and incurred $11.2 million of restructuring costs. An additional $1.1 million charge was recorded for an early retirement program associated with this restructuring. Also, a $3.5 million restructuring charge was recorded to recognize severance costs associated with the reduction of 113 international employees and the related downsizing costs. In the fourth quarter of 1995, the company initiated the restructuring of its Specialty Service Tool segment and recorded an initial charge of $7.0 million to recognize severance and benefits for the employees affected, holding costs of vacated facilities, and to reflect the fair market value of one manufacturing facility to be closed.

At December 31, 1996, the company recognized a $67,817 goodwill write-off, with no associated tax benefit, related to the 1988 acquisition of Bear Automotive Company and the 1993 acquisition of Allen Testproducts, collectively referred to as Automotive Diagnostics. This goodwill represented the company's intangible business investment in high-end engine diagnostic equipment, wheel service equipment and gas emissions testing equipment. The decision to write-off the goodwill resulted from conclusions drawn from the company's strategic review process which was completed in December of 1996. The strategic review process indicated that the business, as originally acquired, would not be able to generate operating income sufficient to offset the annual goodwill amortization. See Note 12 to the consolidated financial statements for further information.

Operating Income (Loss)

Operating Income (Loss) in 1996 of $46.5 million (excluding the $83.7 million restructuring charge and goodwill write-off) was up over 1995 operating income of $31.4 million (excluding the $7 million restructuring charge). This improvement reflects the benefits of the various cost reduction initiatives. 1995 operating income of $31.4 million (excluding the $7.0 million restructuring charge) was up over 1994 operating income of $29.4 million. The improvement was attributable to higher revenue.

Capital Expenditures

Capital Expenditures for 1996 of $5.8 million were $1.6 million lower than in 1995. Capital expenditures for 1997 are estimated to be $12 million.

Identifiable Assets

Identifiable Assets decreased in 1996 from 1995 levels as a result of inventory reductions, the $67.8 million write-off of goodwill, and capital expenditures that were lower than depreciation and amortization. The company will continue to pursue working capital reductions, particularly inventory.

ORIGINAL EQUIPMENT COMPONENTS

	1996	1995	1994
		(IN MILLIONS)	
Revenues	$515.2	$525.8	$529.3
Gross margin	73.1	61.0	77.1
% of revenues	14.2%	11.6%	14.6%
Selling, general & administration	29.3	27.8	31.3
% of revenues	5.7%	5.3%	5.9%
Goodwill/intangible amortization	2.9	3.6	2.6
Minority interest (income)	--	3.3	(2.2)
(Earnings) from equity interests	(5.2)	(3.6)	(2.6)
Restructuring charge	4.2	3.7	--
Operating income (loss)	$ 41.9	$ 26.2	$ 48.0
Capital expenditures	$ 13.7	$ 23.2	$ 35.9
Depreciation and amortization	26.2	26.3	22.8
Identifiable assets	271.6	361.8	367.9

Revenues

Revenues for 1996 were down $10.6 million, or 2%, from 1995 due to the sale of the Hy-Lift division on November 1, 1996, and from lower sales to the aftermarket. Revenues for 1995 were down $3.5 million from 1994 due to the loss of hydraulic valve train business with a major customer. Mitigating this loss of revenue, were higher European revenues.

Gross Margin

Gross margin in 1996 was 14.2% compared to 11.6% in 1995. The improvement was attributable to overall cost reduction initiatives, mainly at the piston ring plant in Germany. 1995 gross margin was 11.6% compared to 14.6% in 1994. Several factors contributed to this decrease including the loss of valve train business and a $1.2 million charge taken in connection with the purchase of inventory from an aftermarket customer. Also, SP Europe incurred approximately $1 million in severance costs and additional costs associated with the ongoing process to achieve profitability.

Selling, General, & Administrative Expense

S,G&A for 1996 of $29.3 million, or 5.7% of revenues, compares to 1995 SG&A of $27.8 million, or 5.3% of revenues. The increase reflects higher incentive compensation costs associated with improved performance. 1995 SG&A of $27.8 million, or 5.3% of revenues, compares to 1994 SG&A of $31.3 million, or 5.9% of revenues. The reduction reflects continuing cost controls.

Minority Interest (Income)

Minority Interest (Income) in 1995 and 1994 reflects the 30% partners' minority interest in SP Europe. In 1995, the company's partner in SP Europe limited its participation by not fully funding its 30% share of this partnership. Due to this limited participation, the company recorded a $4.8 million charge for the cumulative losses previously attributed to this partner.

Earnings from Equity Interests

Earnings from Equity Interests includes the company's equity share of earnings or losses in RSV, Promec, IBS Filtran and Allied Ring Corporation ("ARC"). In December of 1995, the company's 50% interest in RSV was sold to the joint venture partner.

Restructuring Charge

During the second quarter of 1996, the company offered an early retirement program at the Sealed Power division and recorded a $4.2 million restructuring charge for the 94 employees accepting the program. During the fourth quarter of 1995, the company initiated the closing of the foundry at SP Europe. The $3.7 million restructuring charge was for severance costs paid to affected employees.

Operating Income (Loss)

Operating Income (Loss) in 1996 of $41.9 million was up from $26.2 million in 1995 due to the significant impact of cost reduction initiatives. 1995 operating income of $26.2 million was down from 1994 operating income of $48.0 million. The reduction was a result of lower gross margins, recording of $3.3 million of minority interest loss in 1995 compared to $2.2 million of minority interest income in 1994, and the $3.7 million restructuring charge.

Capital Expenditures

Capital Expenditures for 1996 of $13.7 million were $9.5 million lower than in 1995 as efforts were focused upon cost reduction initiatives and process improvements. 1997 capital expenditures are estimated at $15 million, excluding the Sealed Power division (sold in February of 1997) and Hy-Lift division (sold in November of 1996), and will be focused upon certain capacity expansions, cost reductions and maintenance of operations.

Identifiable Assets

Identifiable Assets in 1996 decreased approximately $90 million over 1995 due to the sale of Hy-Lift division and because approximately $49 million of liabilities of Sealed Power division were included in "Net assets under agreement for sale." See Note 4 to the consolidated financial statements for further information.

FACTORS THAT MAY AFFECT FUTURE RESULTS

General Business Conditions -- The company operates within the motor vehicle industry and future results may be affected by a number of factors including industry conditions, economic conditions principally in the U.S. and Europe, and the economic strength of motor vehicle dealerships. The majority of the company's revenues are not subject to seasonal variation. Revenues within the Original Equipment Components segment are predominantly dependent upon domestic and foreign motor vehicle production which can be cyclical and dependent on general economic conditions and other factors. Revenues within the Specialty Service Tool segment are dependent upon new vehicle introductions, environmental regulations, and the general economic status of motor vehicle dealerships and aftermarket repair facilities. These factors can, therefore, effect the company's working capital requirements. However, as the company receives production forecasts from original equipment manufacturers and is knowledgeable about new vehicle introductions, it is able to anticipate and manage these requirements.

Use of Proceeds from the Sale of SPD -- On February 7, 1997, the company received $223 million of gross cash proceeds from the sale of Sealed Power division. Upon receipt of the cash, the company reduced its revolving credit debt, ($73 million at December 31, 1996) and invested the remainder in short term investments. In mid-March of 1997, the company announced a tender offer to purchase the remaining $128.4 million of 11 3/4% senior subordinated notes. As of this filing, the tender offer is in process and will terminate 20 days after the date of announcement. The anticipated premium to purchase these notes will result in an extraordinary loss in 1997.

Impact of Inflation -- The company believes that inflation has not had a significant impact on operations during the period 1994 through 1996.

Environmental -- The company's operations and properties are subject to federal, state, local, and foreign regulatory requirements relating to environmental protection. It is the company's policy to comply fully with applicable environmental requirements. Management established an ongoing internal compliance auditing program in 1989. Based on current information, management believes that the company's operations are in substantial compliance with applicable environmental laws and regulations, and the company is not aware of any violation that could have a material adverse effect on the business, financial condition, or results of operations of the company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the company's business or operations in the future. See Note 14 to the consolidated financial statements for further discussion.

Accounting Pronouncements -- As of January 1, 1996, the company was required to adopt two Statements of Financial Accounting Standards, No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and No. 123, "Accounting for Stock-Based Compensation." The effect of adopting Statement No. 121 did not have a significant impact on the company's consolidated financial position or results of operations. For Statement No. 123, the company elected to continue to measure stock-based compensation cost using the intrinsic value based method of accounting and provided the required disclosures in Note 17 to the consolidated financial statements.

LIQUIDITY AND FINANCIAL CONDITION

The company's liquidity needs arise from capital investment in equipment, funding working capital requirements to support business growth initiatives, and to meet interest costs. Management believes cash flow from operations, credit arrangements, and the proceeds from the 1997 sale of Sealed Power division will be sufficient to supply funds needed by the company in 1997.

Cash Flow

	YEAR 1996	YEAR 1995
	(IN MILLIONS)	
Cash flow from operations (1)	$ 52.1	$ 52.5
Change in income tax balances	.5	18.7
Change in operating assets and liabilities	39.2	(8.9)
Other	1.5	4.1
Net cash provided by operating activities	$ 93.3	$ 66.4
Other investing and financing activities:		
Capital expenditures	(20.2)	(31.0)
Net proceeds on sale of business	15.0	73.2
Reduction in debt	(90.9)	(95.9)
Dividends	(5.5)	(5.3)
All other	3.5	(0.2)
Net cash flow	$ (4.8)	$ 7.2

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(1) Includes net loss adjusted for the following non-cash items included in the net loss: extraordinary loss, depreciation and amortization, earnings from equity interests, loss applicable to minority interest, restructuring charges, write-off of goodwill, and compensation recognized under employee stock plan.

Over the past two years, the company has reduced its debt by $185.9 million, from $415.2 million at the end of 1994 to $229.3 million at the end of 1996. Contributing to this debt reduction was the 1995 sale of SPX Credit Corporation for $73.2 million, the 1996 sale of Hy-Lift division for $15 million, $28 million of federal income tax refunds received in 1995, and approximately $39 million of reduction in net operating assets and liabilities in 1996. Additionally, capital expenditures over the last two years were approximately $33 million less than depreciation and amortization expense.

Total Debt -- At December 31, 1996, total debt was comprised primarily of borrowings on the $175 million revolving credit facility and the $128.4 million of 11 3/4% senior subordinated notes. At December 31, 1996, the weighted average interest rate on outstanding revolving credit borrowing was 7.0%. The company has three interest rate cap agreements which entitle it to receive the amounts, if any, by which LIBOR exceeds 8.5% on $25 million and 9.0% on $75 million. These agreements expire in 1997 and 1998. The following summarizes the debt outstanding and unused credit availability, as of December 31, 1996:

	TOTAL COMMITMENT	AMOUNT OUTSTANDING	UNUSED CREDIT AVAILABILITY
		(IN MILLIONS)	
Revolving credit	$175.0	$ 73.0	$86.0(a)
Swingline loan facility	5.0	--	5.0
Senior Subordinated Notes	128.4	128.4	--
Industrial Revenue Bonds	15.1	15.1	--
Other	15.0	12.8	2.2
Total	$338.5	$229.3	$93.2

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(a) Decreased by $16.0 million of facility letters of credit outstanding at December 31, 1996 which reduce the unused credit availability.

At December 31, 1996, the company was in compliance with all restrictive covenants contained in the revolving credit agreement, as amended, and the senior subordinated note indenture. Under the most restrictive of these covenants, the company was required to:

- Maintain a leverage ratio, as defined, of 75% or less, declining on a graduated scale to 65% in 1999. At December 31, 1996, the ratio was 72%.

- Maintain an interest expense coverage ratio, as defined, of 2.25:1 or greater in 1996 rising on a graduated scale to 3.50:1 or greater in 1998 and thereafter. As of December 31, 1996, the ratio was 2.72:1.

- Maintain a fixed charge coverage ratio, as defined, of 1.50:1 or greater in 1996, and 2:1 or greater thereafter. As of December 31, 1996, the ratio was 1.97:1.

- Limit dividends paid during the preceding twelve months to 10% of operating income plus depreciation and amortization (EBITDA) for the twelve month period. Dividends paid for the twelve month period ended December 31, 1996 were $5.5 million, and 10% of EBITDA for the period was $8.6 million.

Covenants also limit capital expenditures, investments, and transactions with affiliates.

Management believes that the after-tax proceeds from the sale of the Sealed Power division and the unused credit availability is sufficient to meet operating cash needs, including working capital requirements associated with growth initiatives, and capital expenditures planned for 1997. Aggregate future maturities of total debt are not material for 1997 and 1998 (see Note 15 to the consolidated financial statements). In 1999, the revolving credit agreement expires and borrowings on the revolver would become due, however, management believes that the revolving credit agreement would likely be extended or that alternate financing will be available to the company.

ADDITIONAL ITEM. SAFE HARBOR FOR FORWARD LOOKING STATEMENTS

The company or its representatives from time to time may make or may have made certain forward looking statements, orally or in writing, including without limitation any such statements made or to be made in the Management's Discussion and Analysis of Financial Condition and Results of Operations contained in various SEC filings. The company wishes to ensure that such statements are accompanied by meaningful cautionary statements, so as to ensure to the fullest extent possible the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995. Accordingly, such statements are qualified in their entirety by reference to factors discussed under the caption "Factors That May Affect Future Results" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this filing and by the following discussion of certain important factors that could cause actual results to differ materially from those projected in such forward looking statements.

The company cautions the reader that this list of factors may not be exhaustive. The company operates in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such risk factors, nor can it assess the impact, if any, of such risk factors on the company's business or the extent to which any factors, or combination of factors, may cause actual results to differ materially from those projected in any forward looking statements. Accordingly, forward looking statements should not be relied upon as a prediction of actual results.

POTENTIAL VOLATILITY OF STOCK PRICE

The market price of the company's common stock has been, and could be subject to wide fluctuations in response to, among other things, quarterly fluctuations in operating results, failure to achieve published estimates of, or changes in earnings estimates by securities analysts, announcements of new products or services by competitors, sales of common stock by existing holders, loss of key personnel and market conditions in the industry.

SIGNIFICANT CUSTOMERS

The company's three largest customers, General Motors Corporation, Ford Motor Company and Chrysler Corporation (including divisions, dealers and distributors of each) comprised over one-third of the company's revenues in 1996. Should the company's current relationships with these customers change adversely, the resulting loss of business could have a material unfavorable impact on the company's operating results and financial condition.

REGULATIONS AFFECTING CERTAIN PRODUCT SALES

Sales of certain of the company's products, namely refrigerant recovery and recycling systems, and gas emissions testing equipment, are driven primarily by governmental regulations and laws such as the Federal Clean Air Act. The future sales of these products can be significantly impacted by changes or amendments to these regulations and laws or by the level of enforcement efforts to ensure compliance with these regulations and laws. There is no assurance that changes in these regulations and laws could not have a material adverse affect on the company's results of operations or financial position in the future.

LEGAL EXPOSURE

From time to time, the company becomes involved in lawsuits arising from various commercial matters, including but not limited to, competitive issues, contract issues, intellectual property matters, workers' compensation and product liability. Litigation tends to be unpredictable and costly. While litigation costs have historically not been significant, there can be no assurance that such costs could not have a material adverse affect on the company's results of operations or financial position in the future.

The company maintains property, cargo, auto, product, general liability and directors' and officers' liability insurance to protect itself against potential loss exposures. To the extent that losses occur, there could be a material adverse affect on the company's financial results depending on the nature of the loss and the level of insurance coverage maintained by the company. From time to time, the company reevaluates and may change the types and levels of insurance coverage that it purchases.

DEPENDENCE ON KEY PERSONNEL

The company's future success will depend in large part upon its ability to attract and retain highly skilled business leaders and management information, operations, sales, marketing and technical personnel. Should the company not be able to attract or retain key qualified employees, future operating results may be adversely impacted.

INTERNATIONAL OPERATIONS

The company is increasing its sales outside the United States which exposes the company to a number of risks including unexpected changes in regulatory requirements and tariffs, possible difficulties in enforcing agreements, longer payment cycles, exchange rate fluctuations, difficulties obtaining export licenses, and the possible imposition of withholding or other taxes, embargoes, exchange controls and the adoption of other restrictions on foreign trade. Should any of these risks occur, they may have a material adverse impact on the operating results of the company.

FLUCTUATION IN QUARTERLY RESULTS

The company's quarterly operating results depend on a variety of factors including the seasonality of certain business lines, the number of and timing of new vehicle platform introductions by customers and the cyclically of the original equipment vehicle production. Accordingly, the company may be subject to significant quarter to quarter fluctuations.

INTEREST RATE CHANGES

The company's revolving credit borrowing facility provides for variable interest rates, subject to certain interest rate caps. The interest rates are established at the time of borrowing based upon either the prime rate or LIBOR, plus a factor. Accordingly, interest expense is subject to variation due to the variability of these rates.

TAX RATE CHANGES

Income tax rate changes by governments and changes in the tax jurisdictions in which the company operates could influence the effective tax rates in future years. The anticipated growth of the company's international business increases the likelihood of such fluctuation occurring.

ITEM 8.

SPX CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1996

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
SPX Corporation:

We have audited the accompanying consolidated balance sheets of SPX CORPORATION (a Delaware corporation) AND SUBSIDIARIES as of December 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. 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 financial statements referred to above present fairly, in all material respects, the financial position of SPX Corporation and subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 7, 1997

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31 1996	DECEMBER 31 1995
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	
CURRENT ASSETS:		
Cash and temporary investments	$ 12,312	$ 17,069
Receivables (Note 8)	96,495	130,171
Inventories (Note 9)	109,258	150,851
Deferred income tax asset and refunds (Note 10)	42,208	47,246
Net assets under agreement for sale (Note 4)	133,795	--
Prepaid and other current assets	14,073	18,191
Total current assets	$408,141	$363,528
INVESTMENTS (Note 11)	3,464	18,885
PROPERTY, PLANT AND EQUIPMENT, at cost		
Land	$ 5,710	$ 10,064
Buildings	65,304	91,916
Machinery and equipment	175,828	314,618
Construction in progress	4,468	9,038
Total property, plant and equipment	$251,310	$425,636
Less: Accumulated depreciation	127,445	212,672
Net property, plant and equipment	$123,865	$212,964
OTHER ASSETS	21,908	43,647
COSTS IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED (Note 12)	58,665	192,334
TOTAL ASSETS	$616,043	$831,358
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt (Note 15)	$ 1,430	$ 893
Accounts payable	53,011	71,379
Accrued liabilities (Note 13)	115,016	135,387
Income taxes payable (Note 10)	4,973	3,352
Total current liabilities	$174,430	$211,011
LONG-TERM LIABILITIES (Note 7)	92,618	113,737
DEFERRED INCOME TAXES (Note 10)	15,219	25,489
COMMITMENTS AND CONTINGENCIES (Note 14)	--	--
LONG-TERM DEBT (Note 15)	227,859	318,894
SHAREHOLDERS' EQUITY (Note 17):		
Preferred stock, no par value, authorized 3,000,000 shares; no shares issued	$ --	$ --
Common stock, $10 par value, authorized 50,000,000 shares; issued 16,397,314 in 1996 and 15,947,893 in 1995	163,969	159,474
Paid in capital	60,756	57,668
Retained earnings	(48,688)	18,997
Common stock held in treasury	(50,000)	(50,000)
Unearned compensation	(20,797)	(26,888)
Cumulative translation adjustments	677	2,976
Total shareholders' equity	$105,917	$162,227
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$616,043	$831,358

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31		
	1996	1995	1994
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
REVENUES (Note 2)	$1,109,422	$1,098,103	$1,079,870
COSTS AND EXPENSES:			
Cost of products sold	850,160	853,537	821,505
Selling, general and administrative	186,477	194,485	198,032
Goodwill/intangibles amortization	7,179	8,824	7,767
Minority interest (income) loss	--	3,278	(2,198)
Earnings from equity interests	(5,288)	(3,836)	(2,692)
Restructuring charges and write-off of goodwill (Notes 5 and 12)	87,863	10,724	--
OPERATING INCOME (LOSS)	$ (16,969)	$ 31,091	$ 57,456
Other expense (income), net	(702)	(3,060)	32
Interest expense, net	31,767	35,729	35,220
INCOME (LOSS) BEFORE INCOME TAXES	$ (48,034)	$ (1,578)	$ 22,204
PROVISION (BENEFIT) FOR INCOME TAXES (Note 10)	7,610	(227)	9,121
INCOME (LOSS) FROM CONTINUING OPERATIONS	$ (55,644)	$ (1,351)	$ 13,083
DISCONTINUED OPERATION, NET OF TAXES (Note 3):			
Income from discontinued operation	$ --	$ 140	$ 1,017
Loss on sale	--	(2,987)	--
Income (loss) from discontinued operation	$ --	$ (2,847)	$ 1,017
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	$ (55,644)	$ (4,198)	$ 14,100
EXTRAORDINARY ITEM, NET OF TAXES (Note 6)	(6,627)	(1,078)	--
NET INCOME (LOSS)	$ (62,271)	$ (5,276)	$ 14,100
INCOME (LOSS) PER SHARE OF COMMON STOCK:			
From continuing operations	$ (3.98)	$ (.10)	$ 1.02
From discontinued operation	--	(.22)	0.08
Extraordinary item, net of taxes	(.47)	(.08)	--
Net income (loss)	$ (4.45)	$ (.40)	$ 1.10
Weighted average number of common shares outstanding (Note 17)	13,998	13,174......	12,805

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	COMMON STOCK	PAID IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	OTHER ACCOUNTS
			(IN THOUSANDS)		
BALANCE, DECEMBER 31, 1993	$155,558	$58,926	$ 20,282	$(35,900)	$(53,479)
Net income	--	--	14,100	--	--
Cash dividends	--	--	(5,131)	--	--
Net shares sold under stock option plans	920	390	--	--	--
Earned KSOP shares	--	(1,244)	--	4,692	--
Tax benefit on dividends paid to KSOP trust	--	--	160	--	--
Minority interest in SP Europe	--	--	--	--	(2,198)
Translation adjustment	--	--	--	--	1,481
Vesting of restricted stock	--	--	--	135	--
BALANCE, DECEMBER 31, 1994	$156,478	$58,072	$ 29,411	$(31,073)	$(54,196)
Net loss	--	--	(5,276)	--	--
Cash dividends	--	--	(5,274)	--	--
Net shares sold under stock option plans	1,061	374	--	--	--
Earned KSOP shares	--	(1,977)	--	6,065	--
Tax benefit on dividends paid to KSOP trust	--	--	136	--	--
Minority interest in SP Europe	--	--	--	--	3,278
Translation adjustment	--	--	--	--	3,894
Issuance of stock under incentive program	685	480	--	--	--
Issuance of restricted stock	1,250	719	--	(1,969)	--
Vesting of restricted stock	--	--	--	89	
BALANCE, DECEMBER 31, 1995	$159,474	$57,668	$ 18,997	$(26,888)	$(47,024)
Net income	--	--	(62,271)	--	--
Cash dividends	--	--	(5,518)	--	--
Net shares sold under stock option plans	4,495	2,322	--	--	--
Earned KSOP shares	--	(726)	--	5,691	--
Tax benefit on dividends paid to KSOP trust	--	--	104	--	--
Translation adjustment	--	--	--	--	(2,299)
Tax benefit of stock options	--	1,492	--	--	--
Vesting of restricted stock	--	--	--	400	
BALANCE, DECEMBER 31, 1996	$163,969	$60,756	$(48,688)	$(20,797)	$(49,323)

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31		
	1996	1995	1994
	(IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss) from operating activities	$ (62,271)	$ (5,276)	$ 14,100
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Extraordinary loss	6,627	1,078	--
Depreciation and amortization	40,764	43,522	38,515
Earnings from equity interests	(5,288)	(3,836)	(2,692)
(Income) loss applicable to minority interest	--	3,278	(2,198)
Restructuring charges	--	10,724	--
Noncash write-off of goodwill	67,817	--	--
Compensation recognized under employee stock plan	4,421	3,026	2,778
Deferred taxes	(5,240)	18,773	(5,765)
Change in operating assets and liabilities:			
Receivables	4,338	5,303	(2,430)
Inventories	18,218	2,761	10,743
Prepaid and other assets	17,089	9,353	(418)
Accounts payable and accrued liabilities	(2,420)	(19,477)	(7,182)
Income taxes payable	5,763	(58)	(9,247)
Long-term liabilities	1,941	(6,904)	(2,594)
Other, net	1,542	4,105	873
Net cash provided by operating activities	$ 93,301	$ 66,372	$ 34,483
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchase of businesses	--	--	(39,000)
Net proceeds from sale of businesses	15,000	73,183	--
Capital expenditures	(20,220)	(31,009)	(48,451)
Sale of property, plant and equipment, net	6,931	801	2,422
Net cash provided (used) by investing activities	$ 1,711	$ 42,975	$ (85,029)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) borrowings -- revolving credit agreement	8,421	(63,000)	95,000
Long-term debt borrowings	--	--	260,000
Long-term debt payments	(99,898)	(32,621)	(278,272)
Increase (decrease) in notes payable and current maturities of long-term debt	600	(266)	(93,214)
Payment of costs related to debt extinguishment	(10,688)	(1,797)	(34,170)
Net shares sold under stock option plans	6,817	1,435	1,310
Dividends paid	(5,518)	(5,274)	(5,131)
Net cash used by financing activities	$(100,263)	$(101,523)	$ (54,477)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	494	(614)	(2,961)
NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	$ (4,757)	$ 7,210	$(107,984)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF PERIOD	$ 17,069	$ 9,859	$ 117,843
CASH AND TEMPORARY INVESTMENTS, END OF PERIOD	$ 12,312	$ 17,069	$ 9,859
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash payments for interest	$ 32,602	$ 40,237	$ 40,260
Cash payments (refunds), net, for income taxes	$ 4,901	$ (21,631)	$ 23,992

The accompanying notes are an integral part of these statements.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1996

(1) SUMMARY OF ACCOUNTING POLICIES

Dollar amounts in the Notes to Consolidated Financial Statements are in thousands, except per share amounts.

The significant accounting and financial policies of SPX Corporation (the "company") are described below.

Basis of Presentation -- The preparation of the company's consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation -- The consolidated financial statements include the accounts of the company and majority owned subsidiaries after the elimination of significant intercompany accounts and transactions. Amounts representing the company's percentage interest in the underlying net assets of less than majority owned companies are included in "Investments."

Foreign Currency Translation -- The cumulative translation adjustment in shareholders' equity reflects the unrealized translation adjustments of the company's foreign subsidiaries.

Revenue Recognition -- The company recognizes revenues from product sales upon shipment to the customer. Revenue from service contracts and long-term maintenance arrangements is deferred and recognized on a pro rata basis over the agreement period.

Research and Development Costs -- Research and development costs are expensed and were $24,600 in 1996, $26,300 in 1995, and $26,400 in 1994.

Environmental Remediation Costs -- Costs incurred to investigate and remediate environmental conservation issues are expensed unless the costs incurred extend the economic useful life of related assets employed by the company. Liabilities are recorded and expenses are reported when it is probable that an obligation has been incurred and the amounts can be reasonably estimated.

Property, Plant and Equipment -- The company uses the straight line method for computing depreciation expense over the useful life of property, plant and equipment. Asset additions and improvements are added to the property accounts while maintenance and repairs, which do not renew or extend the lives of the respective assets, are expensed. Upon sale or retirement of depreciable properties, the related cost and accumulated depreciation are removed from the property accounts. The net gain or loss on disposition of property is reflected in income.

Derivatives -- Premiums paid for purchased interest rate cap agreements are amortized to interest expense over the terms of the caps. Unamortized premiums are included in other assets. Amounts receivable under cap agreements, if any, are accrued as a reduction of interest expense. Gains and losses related to qualifying hedges of firm commitments or anticipated transactions are deferred and are recognized in income or as adjustments of carrying amounts when the hedged transaction occurs.

Costs in Excess of the Net Assets of Businesses Acquired -- The company amortizes costs in excess of the net assets of businesses acquired ("goodwill") on a straight-line method over the estimated periods benefited, not to exceed 40 years. After an acquisition, the company continually reviews whether subsequent 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. If events and circumstances indicate that goodwill related to a particular business should be reviewed for possible

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

impairment, the company uses projections to assess whether future operating income on a non-discounted basis (before goodwill amortization) of the unit is likely to exceed the goodwill amortization over the remaining life of the goodwill, to determine whether a writedown of goodwill to recoverable value is appropriate.

(2) BUSINESS DESCRIPTION

The company is comprised of two business segments. Specialty Service Tools includes operations that design, manufacture and market a wide range of specialty service tools, equipment and services primarily to the motor vehicle industry in North America and Europe. Major customers are franchised dealers of motor vehicle manufacturers, aftermarket vehicle service facilities, and independent distributors. Original Equipment Components includes operations that design, manufacture and market engine, transmission and steering components for light and heavy duty vehicle markets, principally in North America and Europe. Major customers of this segment are vehicle manufacturers and aftermarket private brand distributors.

Revenues by business segment represent sales to unaffiliated customers. Intercompany sales between segments are not significant. Operating income (loss) by segment does not include general unallocated corporate expense, other expense (income), net, interest expense, income taxes and extraordinary items.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

Identifiable assets by business segment are those used in company operations in each segment. General corporate assets are principally cash, deferred tax assets, and certain prepaid expenses.

BUSINESS SEGMENTS	1996	1995	1994
Revenues:			
Specialty Service Tools	$ 594,244	$ 572,270	$ 550,557
Original Equipment Components	515,178	525,833	529,313
Total	$1,109,422	$1,098,103	$1,079,870
Operating income (loss):			
Specialty Service Tools(a)	$ (37,160)	$ 24,364	$ 29,408
Original Equipment Components(b)	41,891	26,158	48,038
General Corporate expenses	(21,700)	(19,431)	(19,990)
Total	$ (16,969)	$ 31,091	$ 57,456
Capital expenditures:			
Specialty Service Tools	$ 5,754	$ 7,385	$ 10,616
Original Equipment Components	13,698	23,193	35,856
General Corporate	768	431	1,979
Total	$ 20,220	$ 31,009	$ 48,451
Depreciation and amortization:			
Specialty Service Tools	$ 13,007	$ 14,884	$ 14,420
Original Equipment Components	26,202	26,336	22,760
General Corporate	1,555	2,302	1,335
Total	$ 40,764	$ 43,522	$ 38,515
Identifiable assets:			
Specialty Service Tools	$ 291,463	$ 390,332	$ 397,920
Original Equipment Components	271,553	361,782	367,871
Discontinued operation	--	--	79,596
General Corporate	53,027	79,244	83,657
Total	$ 616,043	$ 831,358	$ 929,044

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(a) 1996 includes a $67,817 write-off of goodwill and a $15,802 restructuring charge to complete the combination, begun in 1995, of five divisions into two divisions and to rationalize certain international operations. 1995 includes a $7,000 restructuring charge to begin the combination of five divisions into two divisions.

(b) 1996 includes a $4,244 restructuring charge for an early retirement program. 1995 includes a $3,724 restructuring charge to close a foundry operation in Germany.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

GEOGRAPHIC AREAS	1996	1995	1994
REVENUES -- UNAFFILIATED CUSTOMERS:			
United States(a)	$ 943,901	$ 915,717	$ 915,071
Europe	133,155	150,991	139,371
Other	32,366	31,395	25,428
Total	$1,109,422	$1,098,103	$1,079,870
REVENUES -- BETWEEN AFFILIATED CUSTOMERS:			
United States	$ 24,458	$ 28,102	$ 26,903
Europe	1,545	1,479	960
Other	--	128	134
Eliminations	(26,003)	(29,709)	(27,997)
Total	$ --	$ --	$ --
OPERATING INCOME (LOSS):			
United States(b)	$ (11,452)	$ 39,409	$ 57,828
Europe(c)	(6,105)	(9,767)	(1,780)
Other	588	1,449	1,408
Total	$ (16,969)	$ 31,091	$ 57,456
TOTAL ASSETS:			
United States	$ 519,497	$ 702,980	$ 815,935
Europe	77,635	107,586	93,816
Other	18,911	20,792	19,293
Total	$ 616,043	$ 831,358	$ 929,044

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(a) Included in the United States revenues were export sales of $118,600 in 1996, $83,000 in 1995 and $95,700 in 1994.

(b) 1996 includes a $67,817 write-off of goodwill and a $16,597 restructuring charge, and 1995 includes a $7,000 restructuring charge.

(c) 1996 and 1995 include restructuring charges of $3,449 and $3,724, respectively.

Sales to General Motors Corporation and its various divisions, dealers and distributors were approximately 20%, 20%, and 16% of the company's consolidated sales in 1996, 1995, and 1994, respectively. Sales to Ford Motor Company and its various divisions, dealers and distributors were approximately 11%, 12%, and 12% of the company's consolidated sales in 1996, 1995, and 1994, respectively. Sales to Chrysler Corporation and its various divisions, dealers and distributors were approximately 6%, 5%, and 7% of the company's consolidated sales in 1996, 1995, and 1994, respectively. No other customer or group of customers under common control accounted for more than 10% of consolidated sales for any of these years.

(3) DISCONTINUED OPERATION

On September 29, 1995, the company sold its SPX Credit Corporation operations and lease financing receivables to Textron Financial Corporation ("TFC"), a subsidiary of Textron Inc. The sales proceeds were $73,183. The company recorded a $2,987 after-tax loss ($4,817 pretax) on the sale.

The results of operations, net of taxes, are presented in the accompanying consolidated financial statements as a discontinued operation through the third quarter of 1995. The results of the discontinued

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

operation are not necessarily indicative of the results of operations which may have been obtained had continuing and discontinued operations been operating independently.

The following summarizes the results of operations for the nine months ended September 29, 1995 and the twelve months ended December 31, 1994:

	1995	1994
Revenues	$9,163	$12,877
Operating income	4,622	7,361
Interest expense	4,391	5,665
Income before income taxes	$ 231	$ 1,696
Provision for income taxes	91	679
Income from operations	$ 140	$ 1,017

(4) SUBSEQUENT EVENT -- SALE OF SEALED POWER

On February 7, 1997, the company completed the sale of substantially all of the assets and rights used in the manufacture and distribution of piston rings and cylinder liners, known as the Sealed Power division ("SPD"). The sale to Dana Corporation was for $223,000 gross cash proceeds. SPD included the accounts of Sealed Power, a U.S. division, SP Europe Limited Partnership, 70% owned, Allied Ring Corporation, 50% owned, and Promec, 40% owned. In addition, the buyer assumed substantially all of the liabilities and obligations of the business, excluding liabilities relating to income and other taxes, certain liabilities arising outside the ordinary course of business, debt, and certain employee related liabilities. The transaction includes a ten year noncompetition agreement precluding the company from competing with SPD.

The accompanying Consolidated Statements of Income and Cash Flows include the results of operations and cash flows of SPD through December 31, 1996. The accompanying Consolidated Balance Sheets presents the assets and liabilities which were sold to or assumed by the buyer as "Net assets under agreement for sale." The following summarizes this amount at December 31, 1996:

Receivables	$ 24,057
Inventories	19,655
Investments	18,496
Property, plant and equipment, net	55,330
Goodwill	59,519
All other assets	5,392
Total assets	$182,449
Less:	
Accounts payable	$ 14,412
Accrued liabilities	18,470
Long-term liabilities -- postretirement health care and life insurance	15,772
Net assets under agreement for sale	$133,795

Additionally, effective November 1, 1996, the company sold its Hy-Lift division to W.A. Thomas Company. Hy-Lift manufactures and distributes engine valve train components to both the original equipment market and the aftermarket. The sales proceeds were $15,000 and were paid in cash at the closing.

The accompanying consolidated financial statements include the results of SPD through December 31, 1996 and the results of Hy-Lift through November 1, 1996, its date of disposition. The following unaudited

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

1996 and 1995 proforma selected financial data reflects the disposition of these divisions as if they had occurred as of beginning of periods, respectively. The unaudited proforma selected results of operations do not purport to represent what the company's results of continuing operations would actually have been had the transactions in fact occurred as of January 1, 1996, or January 1, 1995, or project the results for any future date or period.

	1996 REPORTED	PROFORMA ADJ. DIVEST.(A)	PROFORMA ADJ. OTHER	1996 PROFORMA	1995 PROFORMA
	(IN MILLIONS, EXCEPT PER SHARE)				
Revenues	$1,109.4	$(269.5)		$839.9	$824.6
Cost of products	850.1	(240.6)		609.5	592.7
Gross margin	$ 259.3	$ (28.9)		$230.4	$231.9
SG&A	186.5	(15.0)		171.5	179.5
Goodwill/intangible	7.2	(1.8)		5.4	6.4
Earnings from equity	(5.3)	4.4		(0.9)	(0.3)
Restructuring charges and goodwill write-off	87.9	(4.2)		83.7	7.0
Operating income (loss)	$ (17.0)	$ (12.3)		$(29.3)	$ 39.3
Other income	(0.7)	(0.1)		(0.8)	(1.2)
Interest expense, net	31.8	--	(6.4)(b)	25.4	29.7
Income (loss) before income taxes	$ (48.1)	$ (12.2)	$ 6.4	$(53.9)	$ 10.8
Provision (benefit) for income taxes	7.6	(4.6)	2.3(c)	5.3	3.1
Income (loss)(d)	$ (55.7)	$ (7.6)	$ 4.1	$(59.2)	$ 7.7
Income (loss) per share	$ (3.98)			$(4.23)	$ .58
Weighted average number of shares	14.0			14.0	13.2

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(a) Historical results include SPD for the full years and Hy-Lift through its date of disposition, November 1, 1996.

(b) Adjustment to interest expense, net assuming the use of net proceeds to reduce revolving credit and other debt.

(c) Adjustment to income tax expense to reflect an effective tax rate of 38%.

(d) Income (loss) excludes Discontinued operation and Extraordinary item, net of taxes.

(5) RESTRUCTURING CHARGES

During the fourth quarter of 1995, management authorized and committed the company to undertake two significant restructuring plans. The first plan consolidated five Specialty Service Tool divisions into two divisions. The second plan closed SP Europe's German foundry operation and transferred certain piston ring operations to other facilities. In 1996, three additional restructuring actions were initiated including an early retirement program at the Specialty Service Tool divisions, a cost reduction initiative at several Specialty

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

Service Tool international locations, and an early retirement program at the Sealed Power division. A summary of these restructurings follows:

	1996	1995
Specialty Service Tool -- Five divisions consolidated into two divisions	$11,229	$ 7,000
Specialty Service Tool -- Early retirement	1,124	--
Specialty Service Tool -- International	3,449	--
OEC -- Closing foundry at SP Europe	--	3,724
OEC -- SPD early retirement	4,244	--
Total	$20,046	$10,724

Specialty Service Tool Restructuring -- In order to improve customer service, reduce costs and improve productivity and asset utilization, the company decided to consolidate five existing Specialty Service Tool divisions into two. This restructuring plan involved closing two company owned manufacturing facilities, a company owned distribution facility, several leased service centers and a leased sales facility in France. The plan also included combining sales, engineering and administrative functions, and was completed at the end of 1996. The plan included the termination of approximately 570 employees resulting in a net reduction of approximately 310 employee positions after considering staffing requirements at remaining facilities.

The company recorded a $7,000 charge in 1995 and an $11,229 charge in 1996 to complete this restructuring. These charges recognized severance and benefits for employees to be terminated, holding costs of vacated facilities, the fair market value of one manufacturing facility to be closed, and other costs to complete the consolidation of the divisions. These charges were recorded in the appropriate periods in accordance with the requirements of Emerging Issues Task Force Pronouncement 94-3. The distribution facility was sold during the fourth quarter of 1996 and the manufacturing facilities are scheduled to be sold during 1997. At December 31, 1996, approximately $3,000 of accruals are available for remaining costs, mostly severance.

Specialty Service Tool -- Early Retirement -- Closely associated with the consolidation of five divisions into two, an early retirement program was accepted by approximately 60 people and the company recorded a $1,124 charge in the first quarter of 1996.

Specialty Service Tool -- International -- During the second quarter of 1996, the company recorded a $3,449 restructuring charge principally to recognize severance associated with the termination of 113 international employees and related operating downsizing costs.

OEC -- Closing Foundry at SP Europe -- The company closed its unprofitable foundry operations at SP Europe and transferred certain piston ring operations to other facilities. This closing resulted in the elimination of approximately 200 positions and was completed at the end of the third quarter of 1996. In 1995, the company recorded a $3,724 restructuring charge to accrue severance that was paid to the employees.

OEC -- Sealed Power Division Early Retirement -- During the second quarter of 1996, the company recorded a $4,244 restructuring charge for the early retirement of 94 employees at the Sealed Power division.

(6) EXTRAORDINARY ITEM

During 1996, the company purchased $99,895 of its 11 3/4% senior subordinated notes at a premium of $10,688. During 1995, the company purchased $31,690 of these notes at a premium of $1,797. These premiums, net of income taxes, have been recorded as an extraordinary item.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

(7) EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION PLANS

The company has defined benefit pension plans covering substantially all domestic employees. These plans provide pension benefits that are based on the employees' years of credited service and levels of earnings. Contributions in excess of pension expense are considered prepayments for financial accounting purposes. Foreign defined benefit pension plans are immaterial to the consolidated financial statements. Net periodic pension cost (benefit) included the following components:

	1996	1995	1994
Service cost-benefits earned during the period	$ 6,991	$ 7,711	$ 7,906
Interest cost on projected benefit obligation	18,002	16,738	14,920
Actual (gain) loss on assets	(43,365)	(64,439)	1,069
Net amortization and deferral	20,996	42,294	(23,973)
Net periodic pension cost (benefit)	$ 2,624	$ 2,304	$ (78)
Actuarial assumptions used:			
Discount rate	7.5%	7.5%	8.25%
Rate of increase in compensation levels	5.5	5.0	5.5
Expected long-term rate of return on assets	9.0	9.0	9.5

Plan assets principally consist of equity and fixed income security investments. Plans with accumulated benefit obligations in excess of plan assets were not material. The following table shows the plans' funded status and amounts recognized in the company's consolidated balance sheets as Other Assets:

	DECEMBER 31,	
	1996	1995
Actuarial present value of benefit obligations:		
Vested benefit obligation	$191,389	$186,819
Accumulated benefit obligation	$206,655	$206,256
Projected benefit obligation	$244,493	$232,361
Plan assets at fair value	295,542	285,017
Projected benefit obligation less than plan assets	$ 51,049	$ 52,656
Unrecognized net gain	(44,830)	(39,554)
Unrecognized prior service cost	5,354	9,473
Remaining unamortized net asset at transition	(1,906)	(2,637)
Prepaid pension cost recognized in the consolidated balance sheets	$ 9,667	$ 19,938

In the fourth quarter of 1995, the company recorded a curtailment gain of $1,853 for employee terminations included in the Specialty Service Tool restructuring and the gain has been recorded against the restructuring charge.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE

Postretirement health care and life insurance expense was as follows:

	1996	1995	1994
Benefit cost for service during the year -- net of employee contributions	$ 1,123	$ 1,096	$ 1,472
Net amortization and deferral	(2,314)	(2,709)	(2,057)
Actual return on assets	(161)	(148)	--
Interest cost on accumulated post-retirement benefit obligation	6,400	6,261	6,674
Postretirement benefit cost	$ 5,048	$ 4,500	$ 6,089

The accumulated postretirement benefit obligation was actuarially determined based on assumptions regarding the discount rate and health care trend rates. The health care trend assumption applies to postretirement medical and dental benefits. Different trend rates are used for pre-age 65 and post-age 65 medical claims and for expected dental claims. The trend rate used for the medical plan was 12% in 1996, grading to a 6% ultimate rate by 1% each year for pre-65 claims; and 9.0% in 1996 grading to 6% by .5% each year for post-age 65 claims. The trend rate for the dental plan was 6% each year. The liability was discounted using the pension rates. Increasing the health care trend rate by one percentage point would increase the accumulated postretirement benefit obligation by $4,700 and would increase the 1996 postretirement benefit cost by $400.

The following table summarizes the accumulated benefit obligation (1996 excludes the liability assumed by the purchaser of SPD):

	DECEMBER 31,	
	1996	1995
Accumulated postretirement benefits obligation ("APBO")		
Retirees	$55,674	$ 56,605
Actives fully eligible	9,108	9,131
APBO fully eligible	64,782	65,736
Actives not fully eligible	4,345	18,692
Total APBO	$69,127	$ 84,428
Assets	(857)	(1,024)
Unfunded status	$68,270	$ 83,404
Unrecognized:		
Prior service costs	22,790	27,044
Net gain	1,009	1,764
Accrued APBO included in long-term liabilities	$92,069	$112,212

During 1996, the company recorded curtailment and settlement gains of $5,418 from the Sealed Power division early retirement program and the sale of the Hy-Lift division. In the fourth quarter of 1995, the company recorded a curtailment gain of $1,274 from employee terminations included in the Specialty Service Tool restructuring.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

In 1994, the company combined its former Retirement Savings Plan and its Employee Stock Ownership Plan ("ESOP") into a single plan, the KSOP. The plan provides benefits to approximately 3,000 domestic employees. These employees can contribute up to 15% of their earnings. The company matches a portion of the employee's contribution with shares from the plan's trust. In 1996 and 1995, 198,822 and 211,882 shares, respectively, were allocated to employees under the plan. Compensation expense is recorded based upon the market value of shares as the shares are allocated to employees. In 1996, 1995 and 1994, $4,420, $3,027, and $2,778 were recorded as compensation expense, respectively. Employees may vote their allocated shares directly, while the KSOP trustee votes the unallocated shares in the trust proportionally on the same basis as the allocated shares voted. At December 31, 1996, there were 671,733 unallocated shares in the trust with a fair market value of $26,000.

OTHER

The company provides defined contribution retirement plans for substantially all employees not covered by defined benefit pension plans. Collectively, the company's contributions to these plans were $1,629 in 1996, $1,519 in 1995, and $1,308 in 1994.

The company provided a Retirement Savings Plan for certain eligible domestic employees that were not included in the KSOP until 1996. These employees could contribute up to 15% of their earnings. The company matched a portion of the employee's contribution with cash. The company's cash contribution to this plan was $1,033 in 1995 and $1,019 in 1994.

(8) RECEIVABLES

Changes in the allowance for losses on receivables were as follows:

	DECEMBER 31,		
	1996	1995	1994
Balance at beginning of year	$ 8,358	$ 7,968	$ 9,177
Amount charged to income	5,619	1,614	3,358
Accounts written off, net of recoveries	(6,047)	(1,981)	(2,000)
Reduction resulting from sale of Hy-Lift and reclass of SPD amounts to "Net assets under contract for sale"	(912)	--	--
Reclassifications and other	1,052	757	(2,567)
Balance at end of year	$ 8,070	$ 8,358	$ 7,968

(9) INVENTORIES

Domestic inventories, amounting to $85,200 and $111,300 at December 31, 1996 and 1995, respectively, are based on the last-in, first-out (LIFO) method. Such inventories, if priced on the first-in, first-out (FIFO) method, would have been approximately $12,100 and $18,900 greater at December 31, 1996 and 1995, respectively. During 1996, 1995 and 1994, certain inventory quantities were reduced resulting in liquidations of LIFO inventory quantities carried at lower costs prevailing in prior years. The effect was to increase net income in 1996 by $670, in 1995 by $173 and in 1994 by $223. Substantially all foreign inventories are valued at FIFO costs. Inventories include material, labor and factory overhead costs. None of the inventories exceed realizable values.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

The components of inventory at year-end were as follows:

	DECEMBER 31, 1996	DECEMBER 31, 1995
Finished products	$ 67,978	$ 87,235
Work in process	18,664	28,711
Raw materials and supplies	22,616	34,905
	$109,258	$150,851

(10) INCOME TAXES

Income (loss) before income taxes and the related provision (benefit) for income taxes from continuing operations consist of the following:

	1996	1995	1994
Income (loss) before income taxes			
Domestic	$(42,637)	$ 10,136	$25,135
Foreign	(5,397)	(11,714)	(2,931)
Total	$(48,034)	$ (1,578)	$22,204
Provision (benefit) for income taxes			
U.S. Federal:			
Current	$ 5,198	$ 4,329	$10,535
Deferred	4,284	(1,896)	(2,981)
State	270	290	1,967
Foreign	(2,142)	(2,950)	(400)
Total	$ 7,610	$ (227)	$ 9,121

A reconciliation of the effective rate for income taxes with the U.S. statutory rate of 35% is shown below:

	1996	1995	1994
Amount computed at statutory rate	(35.0)%	(35.0)%	35.0%
Increase (decrease) in taxes resulting from:			
Tax credits and incentives	--	--	(1.1)
Net effect of foreign operations	1.9	72.9	2.8
State income taxes, net of federal income tax benefit	0.4	11.9	5.8
Amortization of goodwill and other acquisition costs	52.6	99.0	6.9
Capital loss on sale of investment in RSV	--	(82.1)	--
Tax benefit of the Foreign Sales Corporation	(3.6)	(32.3)	(2.2)
Earnings from equity interests	(3.3)	(70.4)	(3.0)
Other, net	2.8	21.6	(3.1)
	15.8%	(14.4)%	41.1%

No provision has been made for income and withholding taxes which would become payable upon distribution of the undistributed earnings of foreign subsidiaries and affiliates. It is the company's present intention to permanently reinvest these earnings in its foreign operations. The amount of undistributed earnings which have been reinvested in foreign subsidiaries and affiliates at December 31, 1996, was $32,400. It is not practical to determine the hypothetical U.S. federal income tax liability if all such earnings were

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

remitted, but distribution as dividends at the end of 1996 would have resulted in payment of withholding taxes of approximately $2,200.

The components of the net deferred income tax assets (liabilities) were as follows:

	DECEMBER 31, 1996	DECEMBER 31, 1995
Deferred income tax asset:		
Receivables allowance	$ 7,338	$ 7,566
Inventory allowance	6,361	6,007
Compensation and benefit-related	12,220	9,644
Restructuring accruals	1,323	3,738
Warranty accruals	948	1,069
Other liabilities	10,208	8,952
Current deferred tax asset	$ 38,398	$ 36,976
Non-current deferred tax:		
Depreciation	$(26,077)	$(28,553)
Postretirement health and life	37,872	39,893
Book basis investment greater than tax basis investment in affiliates	(28,733)	(37,802)
Other	1,719	973
Net operating loss carryforwards	10,400	8,200
Valuation allowance	(10,400)	(8,200)
Non-current deferred tax liability	$(15,219)	$(25,489)
Net deferred tax asset	$ 23,179	$ 11,487

Included on the consolidated balance sheets are U.S. federal income tax refunds and receivables of $3,810 in 1996 and $10,270 in 1995.

At December 31, 1996, the company has net operating loss carryforwards attributable to foreign operations of $23,100 available to offset future taxable income. These loss carryforwards expire as follows: $600 in 1997, $2,400 in 1998, $0 in 1999, $300 in 2000, $2,300 in 2001 and $17,500 thereafter. During 1996, the company utilized $1,700 of net operating loss carryforwards attributable to foreign operations, resulting in tax benefits of $600. The deferred tax asset related to the net operating loss carryforwards has been reserved in the valuation allowance.

(11) INVESTMENTS

As of December 31, 1996, investments, as shown on the consolidated balance sheet, include equity investments in non-majority owned subsidiaries. These investments include the company's 50% owned interest in JATEK, a joint venture in Japan, and a 50% interest in IBS Filtran, a German company. These investments are accounted for using the equity method. These investments, both individually and collectively, are not material to the company's consolidated financial statements. During the first quarter of 1997, the company acquired an additional 30% of JATEK and an additional 10% of IBS Filtran.

The company's 50% owned interest in a U.S. joint venture, Allied Ring Corporation, and a 40% interest in a Mexican company, Promec, aggregating $18,496, related to SPD which was sold on February 7, 1997. These investments were included in "Net assets under agreement for sale."

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

In 1995, the company sold its 50% ownership in RSV, a joint venture in Japan. The company recorded a gain of $950, which represented equity losses previously recorded in excess of the original investment. The company also recorded a $1,295 tax benefit to reflect utilization of a capital loss.

In 1995, the company's partner in SP Europe announced its decision to limit its participation by not fully funding its 30% share of this partnership. The company had accounted for this minority partner's 30% share of SP Europe's losses as minority interest income and recorded the cumulative losses attributed to the partner as "minority interest" in the equity section of the consolidated balance sheets. Due to the partner's decision to not fully fund its 30% share, the company recorded a $4,767 charge to minority interest (income) loss for the cumulative losses previously attributed to this partner.

(12) COSTS IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED

At December 31, 1996 and 1995, total costs in excess of net assets of businesses acquired was $76,983 and $224,291, and accumulated amortization of costs in excess of net assets of businesses acquired was $18,319 and $31,957, respectively. Amortization was $6,334 in 1996, $6,811 in 1995 and $6,007 in 1994.

At December 31, 1996, $64,322 of gross goodwill and $4,803 of accumulated amortization related to SPD, which was sold on February 7, 1997, was included in "Net assets under agreement for sale."

At December 31, 1996, the company recognized a $67,817 goodwill write-off ($82,986 gross and $15,169 of accumulated amortization), with no associated tax benefit. The goodwill was related to the 1988 acquisition of Bear Automotive Company and the 1993 acquisition of Allen Testproducts, collectively referred to as Automotive Diagnostics. This goodwill represented the company's intangible business investment in high-end engine diagnostic equipment, wheel service equipment and gas emissions testing equipment. The decision to write-off the goodwill resulted from conclusions drawn from the company's strategic review process which was completed in December of 1996. The strategic review process indicated that the business, as originally acquired, would not be able to generate operating income sufficient to offset the annual goodwill amortization.

The strategic review process found accelerating technological changes have significantly reduced the remaining life of high-end diagnostic equipment, significant uncertainties about the future opportunities related to gas emissions testing equipment, and a decline in the company's wheel service equipment market share. Assessing the impact of these factors on the business, as originally acquired, management concluded that Automotive Diagnostics' goodwill was impaired.

Management remains firmly committed to the automotive diagnostic, wheel service and gas emissions testing equipment markets, and has reached a number of decisions it anticipates will position the company as a leader in these markets as well as generate positive Economic Value Added. Examples of these decisions include the elimination of Automotive Diagnostics' manufacturing by combining with other existing operations, the redirection of direct selling activities to a third party, and heavy emphasis upon future technology developed by other company operations and third parties.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

(13) ACCRUED LIABILITIES

Details of accrued liabilities follow:

	DECEMBER 31, 1996	DECEMBER 31, 1995
Accrued payroll and benefits	$ 54,471	$ 57,672
Property, sales and use taxes	6,473	6,673
Warranty accruals	3,293	4,270
Restructuring accruals	3,313	12,629
Interest payable	1,484	2,597
Deferred revenue -- service contracts	9,874	12,338
Repossession accruals	835	1,664
Other	35,273	37,544
	$115,016	$135,387

(14) COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES

The company leases certain offices, warehouses and equipment under lease agreements which expire at various dates through 2007. Future minimum rental commitments under noncancelable operating leases are $9,916 for 1997, $7,739 for 1998, $6,247 for 1999, $5,091 for 2000, $3,425 for 2001 and aggregate $9,561 thereafter. Rent on these leases was $11,684 in 1996, $14,800 in 1995 and $11,400 in 1994.

GENERAL

Certain claims, including environmental matters, suits and complaints arising in the ordinary course of business, have been filed or are pending against the company. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position, results of operations, or cash flows of the company if disposed of unfavorably.

The company has, for at least the last three and one-half years, been engaged in discussions with Snap-on Corporation regarding claims which the company has against Snap-on and which Snap-on believes it has against the company. As of August 26, 1993, the company had asserted a number of patent infringement claims against Snap-on, relating to products marketed either by Snap-on or by Sun Electric Corporation, a company whose stock Snap-on purchased in 1992. As of August 26, 1993, Snap-on had asserted claims of breach of contract against the company related to the hiring of a former Sun Electric executive and violation of securities laws against that executive arising out of his former employment with Sun Electric and against the company as an aider and abettor of those violations. On that date, a Standstill Agreement was executed between the parties which preserved the parties' rights while permitting settlement discussions. Since that time, Snap-on has raised patent infringement claims against the company which, by agreement, are covered by the August 26, 1993 Standstill Agreement, as well as another independent patent infringement claim for which a lawsuit was filed in California in late December 1995. On January 8, 1996, after extensive but unsuccessful negotiations to resolve all asserted claims, Snap-on Corporation and Sun Electric Corporation notified the company of the termination of the Standstill Agreement and initiated litigation to assert their claims. The company intends to litigate its claims against Snap-on and Sun. The company has what it believes to be meritorious defenses as well as counterclaims which it will raise and intends to vigorously prosecute in this litigation. The asserted value of the claims against the company and those to be brought by the company are in the multiple millions of dollars.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

During the first quarter of 1995, the company reached agreement to settle a dispute involving a non-core business sold in 1989. As of December 31, 1994, the company recorded a $2,100 charge for this settlement.

ENVIRONMENTAL

The company's operations and properties are subject to federal, state, local, and foreign regulatory requirements relating to environmental protection. It is the company's policy to comply fully with all such applicable requirements. As part of its effort to comply, management established an ongoing internal compliance auditing program in 1989. Based on current information, management believes that the company's operations are in substantial compliance with applicable environmental laws and regulations, and the company is not aware of any violation that could have a material adverse effect on the business, financial conditions, results of operations, or cash flows of the company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the company's business or operations in the future.

The company is also subject to potential liability for the costs of environmental remediation. This liability may be based upon the ownership or operation of industrial facilities where contamination may be found as well as contribution to contamination existing at offsite, non-owned facilities. In the case of contamination existing upon properties owned or controlled by the company, the company has established reserves which it deems adequate to meet its current remediation obligations.

The company is involved as a potentially responsible party ("PRP") under the Comprehensive, Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, or similar state superfund statutes in ten proceedings involving off-site waste disposal facilities. At seven of these sites it has been established that the company is a de minimis contributor. A determination has not been made with respect to the remaining three sites, but the company believes that it will be found to be a de minimis contributor at one of them. Of these remaining sites, one is approaching settlement with the Environmental Protection Agency with an expected cost to the company of approximately $200. Another is expected to be resolved at a cost not to exceed $50, and the final site is under investigation with an expected cost of approximately $150. These amounts have been accrued in the consolidated financial statements. Based on information available to the company, which in most cases includes estimates from PRPs and/or federal or state regulatory agencies for the investigation, clean up costs at those sites, and data related to the quantities and characteristics of materials generated at or shipped to each site, the company believes that the costs for each site are not material and in total the anticipated clean up costs of current PRP actions would not have material adverse effect on the company's business, financial condition, results of operations, or cash flows.

EXECUTIVE SEVERANCE AGREEMENTS

The company's Board of Directors has adopted executive severance agreements which create certain liabilities in the event of the termination of the covered executives following a change of control of the company. The aggregate commitment under these executive severance agreements should all ten covered employees be terminated is approximately $14,700. Additionally, should a change in control occur, restrictions on any outstanding restricted stock and stock options granted under the 1992 Stock Compensation Plan would lapse.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

(15) NOTES PAYABLE AND DEBT

	DECEMBER 31, 1996	DECEMBER 31, 1995
Revolving Credit Agreement	$ 73,000	$ 60,000
Swingline loan facility	--	2,000
Senior Subordinated Notes, 11 3/4%	128,415	228,310
Industrial Revenue Bonds, with interest rates established monthly based on an index of short-term municipal bond interest rates, due 2010 to 2025	15,100	15,100
Other	12,774	14,377
Total Consolidated debt	$229,289	$319,787
Less -- Notes payable and current maturities of long-term debt	1,430	893
Total long-term Debt	$227,859	$318,894

Aggregate maturities of total debt are $1,430 in 1997, $4,979 in 1998, $78,944 in 1999, $0 in 2000, $0 in 2001 and $143,936 thereafter.

REVOLVING CREDIT AGREEMENT -- The company has a credit agreement, as amended, with a syndicate of banks providing unsecured revolving credit commitments in an aggregate amount not to exceed $175,000. The agreement, dated March 24, 1994, has a termination date of March 15, 1999 with mandatory revolving credit commitment reductions of $12,500 in June and December of 1997 and 1998, respectively. At the option of the company, revolving credit advances may be Floating rate advances or Eurodollar advances. Floating rate advances bear interest at the prime rate. Eurodollar advances bear interest at LIBOR plus 1.0% for an interest period of one, two, three or six months, selected by the company prior to each Eurodollar advance. At December 31, 1996, the weighted average interest rate on outstanding revolving credit borrowings was 7.0%.

The agreement also provides a letter of credit facility, which is available for the issuance of standby letters of credit in an aggregate amount of $35,000. Standby letters of credit issued under this facility, $15,960 at December 31, 1996, reduce the aggregate amount available under the revolving credit commitment.

The company must pay a commitment fee of .375% per annum on the aggregate revolving credit commitment, minus the sum of the outstanding balance of the revolving credit loans and the letter of credit facility obligations.

The company also has a $5,000 swingline loan facility to assist in managing daily cash requirements. Loans under the swingline bear interest at the prime rate and are due in 90 days.

SENIOR SUBORDINATED NOTES -- In May 1994, the company issued $260,000 of senior subordinated notes which bear interest of 11 3/4%, payable semi-annually and are due June 1, 2002. The notes are redeemable at the option of the company after June 1, 1998 at a premium which declines to par in the year 2000.

RESTRICTIVE COVENANTS -- At December 31, 1996, the company was in compliance with all restrictive covenants contained in the revolving credit agreement, as amended, and the senior subordinated note indenture. Under the most restrictive of these covenants, the company was required to:

- Maintain a leverage ratio, as defined, of 75% or less, declining on a graduated scale to 65% in 1999. At December 31, 1996, the ratio was 72%.

- Maintain an interest expense coverage ratio, as defined, of 2.25:1 or greater in 1996 rising on a graduated scale to 3.50:1 or greater in 1998 and thereafter. As of December 31, 1996, the ratio was 2.72:1.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

- Maintain a fixed charge coverage ratio, as defined, of 1.50:1 or greater in 1996, and 2:1 or greater thereafter. As of December 31, 1996, the ratio was 1.97:1.

- Limit dividends paid during the preceding twelve months to 10% of operating income plus depreciation and amortization (EBITDA) for the twelve month period. Dividends paid for the twelve month period ended December 31, 1996 were $5,518 and 10% of EBITDA for the period was $8,643.

Covenants also limit capital expenditures, investments and transactions with affiliates.

(16) FINANCIAL INSTRUMENTS

DERIVATIVE FINANCIAL INSTRUMENTS

The company has only limited involvement with derivative financial instruments and does not use them for trading purposes. They are used to manage well-defined interest rate and transaction specific foreign exchange risks.

Interest rate cap agreements are used to reduce the potential impact of increases in interest rates on floating rate long-term debt. At December 31, 1996, the company was party to three interest rate cap agreements which expire in 1997 and 1998. The agreements entitle the company to receive from the counterparties on a quarterly basis the amounts, if any, by which LIBOR exceeds 8.5% on $25,000 and 9.0% on $75,000.

The company enters into foreign exchange contracts to hedge specific purchase and sale transactions involving more than one currency. The company's forward exchange contracts and futures hedge transactions are principally denominated in European currencies. Some of the contracts involve the exchange of two foreign currencies, according to local needs in foreign subsidiaries. The term of the currency derivatives is rarely more than six months. The purpose of the company's foreign currency hedging activities is to protect the company from the risk that the eventual total dollar net cash inflows resulting from transactions will be adversely affected by changes in exchange rates. At December 31, 1996 and 1995, the company had no significant foreign exchange contracts outstanding.

OFF-BALANCE SHEET RISK

As collateral for performance on contracts and as credit guarantees to banks and insurers, the company is contingently liable under standby letters of credit in the amount of $15,960 and $22,467 at December 31, 1996 and 1995, respectively. These standby letters of credit are generally in force for one year, for which the company pays fees to various banks that generally range from 0 to 1.25 percent per annum of their face value. If the company was required to obtain replacement standby letters of credit as of December 31, 1996 for those currently outstanding, it is the company's opinion that the replacement costs would not significantly vary from the present fee structure.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the company's financial instruments at December 31 are as follows:

	1996		1995	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	(IN THOUSANDS)			
Cash and temporary investments	$ 12,312	$ 12,312	$ 17,069	$ 17,069
Receivables	96,495	96,495	130,171	130,171
Other assets (derivative)	40	--	159	11
Notes payable and current maturities of long-term debt and Long-term debt	(227,859)	(244,057)	(319,787)	(336,376)
Off-Balance Sheet Financial Instruments:				
Letters of Credit	--	(15,960)	--	(22,467)

The following methods and assumptions were used by the company in estimating its fair value disclosures:

- Cash and temporary investments, and receivables: The carrying amount reported on the consolidated balance sheets approximates its fair value because of the short maturity of those instruments.

- Other assets (derivatives): The amount reported relates to the interest rate cap agreements. The carrying amount comprises the unamortized premiums paid for the contracts. The fair value is estimated using option pricing models and essentially values the potential for the cap to become in-the-money through changes in interest rates during the remaining term.

- Notes payable and current maturities of long-term debt and Long-term debt: The fair value of the company's debt either approximates its carrying value or is estimated based on quoted market prices.

- Letters of credit: The company utilizes letters of credit to back certain financing instruments and insurance policies. The letters of credit reflect fair value as a condition of their underlying purpose and are subject to fees competitively determined in the marketplace.

RECEIVABLES SOLD

The company retained certain repurchase and recourse liability related to lease receivables sold to Textron Financial Corporation ("TFC"). As of December 31, 1996, approximately $1,700 of lease receivables held by TFC are subject to recourse equal to their net lease balance. The company's allowance for this recourse liability, net of the estimated recoverable value, was $600 at December 31, 1996. Additionally, as of December 31, 1996, TFC holds approximately $50,429 of net lease receivables that provide for limited repurchase liability to the company. The company's analysis indicates that this limited repurchase liability approximates the estimated recoverable value.

The company has a three year agreement, expiring in April 1997, with a financial institution whereby the company agreed to sell undivided fractional interests in designated pools of domestic trade accounts receivable, in an amount not to exceed $30,000. In order to maintain the balance in the designated pools of trade accounts receivable sold, the company sells participating interests in new receivables as existing receivables are collected. At December 31, 1996 and 1995, the company had sold $25,950 of trade accounts receivable under this program. Under the terms of this agreement, the company is obligated to pay fees which approximate the purchasers' cost of issuing a like amount in commercial paper plus certain administrative

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

costs. Such fees were $1,690 in 1996, $1,860 in 1995, and $1,390 in 1994 and are included in other expense, net.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the company to significant concentrations of credit risk consist of cash and temporary investments, trade accounts receivable and interest rate cap agreements.

Cash and temporary investments are placed with various high quality financial institutions throughout the world and exposure is limited at any one institution. The company periodically evaluates the credit standing of these financial institutions.

Concentrations of credit risk arising from trade accounts receivable are due to the company selling to a large number of customers operating in the motor vehicle industry, particularly in the United States. The company performs ongoing credit evaluations of its customers' financial conditions and does obtain collateral or other security when appropriate. The company's three largest customers including their divisions, dealers and distributors, General Motors Corporation, Ford Motor Company and Chrysler Corporation, accounted for approximately 37% of sales in 1996.

The company is exposed to credit losses in the event of nonperformance by counterparties to its interest rate cap agreements, but has no off-balance-sheet credit risk of accounting loss. The company anticipates, however, that counterparties will be able to fully satisfy their obligations under the contracts. The company does not obtain collateral or other security to support financial instruments subject to credit risk but monitors the credit standing of counterparties.

(17) CAPITAL STOCK

COMMON STOCK

Authorized shares of common stock (par value $10.00) total 50,000,000 shares. Common shares issued and outstanding are summarized in the table below (in thousands.)

	DECEMBER 31,		
	1996	1995	1994
Issued shares	16,397	15,948	15,648
Treasury shares (average cost of $30 5/8)	(1,633)	(1,633)	(1,633)
Outstanding shares	14,764	14,315	14,015
KSOP trust -- unallocated	(672)	(871)	(1,083)
Outstanding stock options common stock equivalents	337	23	--
End of year shares used to compute earnings per share	14,429	13,467	12,932
Average shares used to compute earnings per share for the year ended	13,998	13,174	12,805

PROFORMA RESULTS -- "ACCOUNTING FOR STOCK-BASED COMPENSATION" (SFAS NO. 123)

The company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). Accordingly, no compensation cost has been recognized for stock options. Had compensation cost for the company's stock options been determined based on the fair value at the grant date for awards in 1996 and 1995 consistent with the provisions

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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of SFAS No. 123, the company's net loss and loss per share would have been increased to the proforma amounts indicated below:

	1996	1995
Net Loss -- as reported	$(62,271)	$(5,276)
Net Loss -- proforma	$(63,034)	$(5,638)
Loss per share -- as reported	$ (4.45)	$ (.40)
Loss per share -- proforma	$ (4.50)	$ (.43)

The 1996 fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

YEAR OF GRANT	DIVIDEND YIELD	EXPECTED VOLATILITY	RISK FREE INTEREST RATE	EXPECTED VESTING %	EXPECTED OPTION LIFE
1996	3.2%	.344	5.80%	75%	6 Years
1995	3.3%	.332	5.76%	100%	6 Years

1992 STOCK COMPENSATION PLAN

Under the 1992 Stock Compensation Plan, as amended in December 1996, up to 1,900,000 shares of the company's common stock may be granted to key employees. Those shares still available for use under the 1982 Stock Option Plan carried forward and form a part of the 1,900,000 shares. Awards of incentive stock options, nonqualified stock options, stock appreciation rights (SAR's), performance units and restricted stock may be made under the Plan although no more than 200,000 shares may be granted in the form of restricted stock.

Stock options may be granted to key employees in the form of incentive stock options or nonqualified stock options. The option price per share may be no less than the fair market value of the common stock of the company on the date of grant. Beginning in 1996, fifty percent of the options issued to key employees after December 31, 1995 become exercisable two years after the date of grant. The remaining options vest three years after the date of grant. Prior to 1996, options became exercisable six months after the date of the grant. Key employee options expire no later than 10 years from the date of grant (or 10 years and 1 day with respect to nonqualified stock options).

SAR's may be granted to key employees either in conjunction with the awarding of nonqualified stock options or on a stand-alone basis. The SAR's entitle the holder to receive a cash payment equal to the excess of the fair market value of a share of common stock of the company over the exercise price of the right at the date of exercise of the right.

Performance units, which are equivalent to a share of common stock, may be granted to key employees and may be earned, in whole or in part, dependent upon the attainment of performance goals established at the time of grant.

Restricted stock may be granted to key individuals to recognize or foster extraordinary performance, promotion, recruitment or retention. At the time of the grant, restrictions are placed on ownership of the shares for a stated period of time during which a participant will not be able to dispose of the restricted shares. Upon lapse of the restriction period, complete ownership is vested in the participant and the shares become freely transferable.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

The following summarizes stock options and the weighted average option exercise price. The following also includes restricted stock granted and shares available for grant under the 1992 Stock Compensation Plan:

	1996		1995		1994	
Stock Options:						
Outstanding at beginning of year...	1,011,200	$15.48	1,080,225	$15.32	924,300	$15.36
Options granted....................	300,500	15.94	138,800	15.73	258,600	15.00
Options exercised..................	(449,975)	14.92	(111,025)	12.53	(93,850)	13.27
Surrendered/canceled...............	1,750		(96,800)		(8,825)	
Outstanding at end of year...........	863,475	15.62	1,011,200	15.48	1,080,225	15.32
Exercisable at end of year.........	658,975	15.91	886,200	15.45	1,080,225	15.32
Restricted Stock granted............	--		68,835		--	
Available for grant end of year......	1,159,529		206,777		192,612	

Stock options outstanding at December 31, 1996 and related weighted average price and life information follows:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING 12/31/96	REMAINING LIFE-YEARS (WTD AVE)	EXERCISE PRICE (WTD AVE)	EXERCISABLE OPTIONS 12/31/96	EXERCISE PRICE (WTD AVE)
$11.375 - $15.875........................	553,825	7	$15.00	379,325	$15.21
$16.25 - $20.125.........................	240,250	6	$16.77	240,250	$16.77
$23.625 - $30.125........................	69,400	9	$29.68	39,400	$29.45

OTHER

In 1995, the company issued 125,000 shares of restricted common stock and granted an option to acquire 125,000 shares of common stock to the Chairman, President, and Chief Executive Officer, as part of his employment agreement. The shares and options are not a part of the 1992 Stock Compensation Plan.

SHAREHOLDER RIGHTS PLAN

On June 25, 1996, the company entered into a Rights Agreement, pursuant to which the company issued a dividend of one preferred stock purchase right on each outstanding share of common stock. Each right entitles the holder, upon the occurrence of certain events, to purchase one one-thousandth of a share of a new series of junior participating preferred stock for $100. Furthermore, if the company is involved in a merger or other business combination at any time after the rights become exercisable, the rights will entitle the holder to buy the number of shares of common stock of the acquiring company having a market value of twice the then current exercise price of each right. Alternatively, if a 15% or more shareholder acquires the company by means of a reverse merger in which the company and its stock survive, or engages in self-dealing transactions with the company, or if any person acquires 15% or more of the company's common stock, then each right not owned by a 15% or more shareholder will become exercisable for the number of shares of common stock of the company having a market value of twice the then current exercise price of each right. The rights, which do not have voting rights, expire on June 25, 2006, and may be redeemed by the company at a price of $.01 per right at any time prior to the time any person or affiliated group of persons acquires 15% or more of the company's common stock.

SPX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996

(18) QUARTERLY RESULTS (UNAUDITED)

	1996				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Revenues	$292,308	$310,623	$254,979	$251,512	$1,109,422
Gross profit	63,875	74,908	63,332	57,147	259,262
Income (loss) from continuing operations	2,764	3,527	3,837	(65,772)*	(55,644)
Extraordinary item	--	(379)	(774)	(5,474)	(6,627)
Net income (loss)	2,764	3,148	3,063	(71,246)	(62,271)
Income (loss) per share:					
Continuing operations	$ .20	$ .26	$ .27	$ (4.58)	$ (3.98)
Extraordinary item	.00	(.03)	(.05)	(.38)	(.47)
Net income (loss)	.20	.23	.22	(4.96)	(4.45)

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* Includes an after-tax goodwill write-off of $67,817.

	1995				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Revenues	$275,769	$293,376	$268,790	$260,168	$1,098,103
Gross profit	58,556	68,490	63,752	53,768	244,566
Income (loss) from continuing operations	201	3,572	4,204	(9,328)*	(1,351)
Income (loss) from discontinued operation	121	63	(3,031)	--	(2,847)
Extraordinary item	(72)	(206)	(471)	(329)	(1,078)
Net income (loss)	250	3,429	702	(9,657)	(5,276)
Income (loss) per share:					
Continuing operations	$ .01	$ .28	$ .32	$ (.70)	$ (.10)
Discontinued operation	.01	.00	(.23)	.00	(.22)
Extraordinary item	.00	(.02)	(.04)	(.03)	(.08)
Net income (loss)	.02	.26	.05	(.73)	(.40)

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* Includes a pretax restructuring charge of $10,724 ($6,972 after-tax).

	1994				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL YEAR
Revenues	$274,084	$285,807	$249,805	$270,174	$1,079,870
Gross profit	64,749	70,013	62,658	60,945	258,365
Income from continuing operations	2,675	6,651	3,032	725	13,083
Income from discontinued operation	425	249	168	175	1,017
Net income	3,100	6,900	3,200	900	14,100
Income per share:					
Continuing operations	$ .21	$ .52	$ .24	$ .06	$ 1.02
Discontinued operation	.03	.02	.01	.01	.08
Net income	.24	.54	.25	.07	1.10

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

(a) Directors of the company.

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the caption "Election of Directors".

(b) Executive Officers of the company.

See Part I of this Form 10-K at page 7.

ITEM 11. MANAGEMENT REMUNERATION AND TRANSACTIONS

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the headings "Compensation of Executive Officers" and "Directors' Compensation".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See the company's Proxy Statement, incorporated by reference as Part III of this Form 10-K, under the caption "Stock Ownership of Management and Certain Beneficial Owners".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Peter H. Merlin, a Director of the company, is a Partner in the law firm of Gardner, Carton & Douglas which the company has retained in 1996 and many prior years and anticipates retaining in 1997.

PART IV

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

(a) The following documents are filed, or incorporated by reference, as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements on page 22 of this Form 10-K.

2. Financial Statement Schedules. None required. See page 22 of this Form 10-K.

3. Exhibits

ITEM NO.	DESCRIPTION
2	Acquisition Agreement between SPX Corporation and Riken Corporation, incorporated herein from the company's Annual Report of Form 10-K, file No. 1-6948, for the year ended December 31, 1993.
3(i)	Restated Certificate of Incorporation, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1987.
(ii)	Certificate of Ownership and Merger dated April 25, 1988, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1988.
(iii)	By-Laws as amended through October 25, 1995, incorporated herein by reference from the company's Quarterly Report on Form 10-Q, file No. 1-6948, for the quarter ended September 30, 1995.
4(i)	Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of March 24, 1994, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1993.
(ii)	11 3/4% Senior Subordinated Notes due 2002, incorporated herein by reference from the company's Amendment No. 2 to Form S-3 Registration Statement 33-52833, filed on May 27, 1994.
(iii)	Indenture, dated as of June 6, 1994, between the company and The Bank of New York, as trustee, relating to the 11 3/4% Senior Subordinated Notes due 2002, incorporated herein by reference from the company's Amendment No. 2 to Form S-3 Registration Statement 33-52833, filed on May 27, 1994.
(iv)	Waiver and amendment No. 1 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of June 3, 1994, incorporated herein by reference from the company's Quarterly Report on Form 10-Q, file No. 1-6948, for the quarter ended March 31, 1995.
(v)	Waiver and amendment No. 2 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of April 20, 1995, incorporated herein by reference from the company's Quarterly Report on Form 10-Q, file No. 1-6948, for the quarter ended March 31, 1995.
(vi)	Waiver and amendment No. 3 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of December 12, 1995, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1995.
	Waiver and amendment No. 4 to Credit Agreement between SPX Corporation and The First National Bank of Chicago, as agent for the banks named therein, dated as of February 28, 1996, incorporated herein by reference from the company's Annual Report on Form 10-K, file No. 1-6948, for the year ended December 31, 1995.

EXHIBIT 3.4(viii)

AMENDMENT NO. 7 TO CREDIT AGREEMENT

This Amendment No. 7 to Credit Agreement ("Amendment No. 7") dated as of December 31, 1996 is made by and among SPX Corporation, a Delaware corporation (the "Borrower"), each of the Lenders and The First National Bank of Chicago, individually and as agent for the Lenders.

R E C I T A L S

A. The parties hereto are party to a certain Credit Agreement dated as of March 24, 1994 (as heretofore amended, the "Credit Agreement"). Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

B. The parties hereto desire to enter into this Amendment No. 7 in order to amend Sections 6.29.2(b) and 6.29.3(b) of the Credit Agreement to make certain changes as more fully described hereinafter.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the Agent, the Lenders and the Borrower agree as follows:

1. Amendments.

1.1. Amendment of Section 6.29.2(b).

Section 6.29.2(b) of the Credit Agreement is hereby amended by adding a proviso at the end of such Section to read as follows:

"provided, however, that the Interest Expense Coverage Ratio shall be computed without giving effect to the one time non-cash write off of goodwill not exceeding $68,000,000 associated with the Borrower's acquisition of Bear Automotive Service Equipment Company and Allen Test Products, Division of The Allen Group, Inc. taken in the Borrower's fiscal quarter ending December 31, 1996.

1.2. Amendment of Section 6.29.3(b).

Section 6.29.3(b) of the Credit Agreement is hereby amended by adding a proviso at the end of such Section to read as follows:

"provided, however, that the Fixed Charge Coverage Ratio shall be computed without giving effect to the one time non-cash write off of goodwill not exceeding $68,000,000 associated with the Borrower's acquisition of Bear Automotive Service Equipment Company and Allen Test Products, Division of The Allen Group, Inc. taken in the Borrower's fiscal quarter ending December 31, 1996.

2. Representations and Warranties. The Borrower represents and warrants that: (a) this Amendment No. 7 is a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (ii) general principals of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law); and (b) after giving effect to the execution of this Amendment No. 7, no Default or Unmatured Default has occurred and is continuing.

3. Effective Date. Each waiver and amendment contained in this Amendment No. 7 shall become effective only upon receipt by the Agent (with sufficient copies for the Lenders) of written agreement thereto by the Agent, the Required Lenders and the Borrower. The date upon which the above condition has been satisfied is the "Effective Date." Upon the occurrence of the Effective Date, each amendment contained herein shall be deemed to have become effective as of the date first written above.

4. Effect of Amendment. Upon execution of this Amendment No. 7 and the occurrence of the Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words like import, and each reference to the Credit Agreement in any of the other Loan Documents shall mean and be a reference to the Credit Agreement as amended hereby. Except as specifically set forth above, the Credit Agreement, the Exhibits and Schedules thereto and the Notes shall remain unaltered and in full force and effect and the respective terms, conditions or covenants thereof are hereby in all respects ratified and confirmed.

6. Counterparts. This Amendment No. 7 may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

7. Governing Law. This Amendment No. 7 shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois, but giving effect to federal laws applicable to national banks.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 7 to be executed by their duly authorized representatives as of the date first written above.

SPX CORPORATION

By: P.J. O'Leary

Title: Vice President Finance, Treasurer
and Chief Financial Officer

THE FIRST NATIONAL BANK OF
CHICAGO, individually as a Lender and
as Agent

By: Patricia N. Besser

Title: Vice President

THE BANK OF NEW YORK, as Lender

By: John M. Lokay, Jr

Title: Vice President

THE BANK OF NOVA SCOTIA,
as Lender

By: F.C.H. Ashby

Title: Senior Manager Loan Operations

MICHIGAN NATIONAL BANK,
as Lender

By: Joseph M. Redoutey

Title: Commerical Relationship Manager

SUMITOMO BANK, as Lender

By: Hiroyuki Iwami

Title: Joint General Manager

THE YASUDA TRUST & BANKING CO., LTD.,
as Lender

By: Joseph C. Meek

Title: Deputy General Manager

MITSUBISHI TRUST & BANKING CORPORATION,
as Lender

By: Masaaki Yamagishi

Title: Chief Manager

COMERICA BANK, as Lender

By: James R. Grossett

Title: Vice President

OLD KENT BANK, as Lender

By: Richard K. Russo

Title: Vice President

THE BANK OF TOKYO TRUST COMPANY, as Lender

By: Friedrich N. Wilms

Title: Vice President

EXHIBIT 3.4(ix)

WAIVER AND AMENDMENT NO. 8 TO CREDIT AGREEMENT

This Waiver and Amendment No. 8 to Credit Agreement ("Amendment No. 8") dated as of February 24, 1997 is made by and among SPX Corporation, a Delaware corporation (the "Borrower"), each of the Lenders and The First National Bank of Chicago, individually and as agent for the Lenders.

R E C I T A L S

A. The parties hereto are party to a certain Credit Agreement dated as of March 24, 1994 (as heretofore amended, the "Credit Agreement"). Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

B. The parties hereto desire to enter into this Amendment No. 8 in order to (a) amend the definition of EBITDA contained in the Credit Agreement and Section 6.32 of the Credit Agreement as more fully described hereinafter and (b) waive a currently existing Default under the Credit Agreement more fully described hereinafter.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the Agent, the Lenders and the Borrower agree as follows:

1. Amendments.

1.1 Amendment of Definition of EBITDA. The Definition of "EBITDA" contained in Article I of the Credit Agreement is hereby amended by adding a proviso at the end of such definition to read as follows:

> "provided, however, that such amount shall be computed without giving effect to the one time non-cash write off of goodwill in the amount of $67,800,000 associated with the Borrower's acquisition of Bear Automotive Service Equipment Company and Allen Test Products Division of The Allen Group, Inc. taken in the Borrower's fiscal quarter ending December 31, 1996."

1.2 Amendment of Section 6.32. Section 6.32 of the Credit Agreement is hereby amended by deleting it in its entirety.

2. Waiver. By its signature below each of the undersigned Lenders hereby specifically waives any objection that it may have and any Default caused by the violation of Section 6.10 of the Credit Agreement as a result of the Borrower having declared a cash dividend for its fiscal quarter ended December 31, 1996 in violation of the terms of Section 6.10 of the Credit Agreement provided that such declaration is in compliance with the terms of Section 6.10 of the Credit Agreement after giving effect to the amendment contained in paragraph 1.1 of this Amendment No. 8. This specific waiver applies only to the above-specified write off of goodwill.

3. Representations and Warranties. The Borrower represents and warrants that: (a) this Amendment No. 8 is a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, except as the enforcement thereof may be subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (ii) general principals of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law); and (b) after giving effect to the execution of this Amendment No. 8, no Default or Unmatured Default has occurred and is continuing.

4. Effective Date. Each waiver amendment contained in this Amendment No. 8 shall become effective only upon receipt by the Agent (with sufficient copies for the Lenders) of written agreement thereto by the Agent, the Required Lenders and the Borrower. The date upon which the above condition has been satisfied is the "Effective Date."

5. Effect of Amendment. Upon execution of this Amendment No. 8 and the occurrence of the Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words like import, and each reference to the Credit Agreement in any of the other Loan Documents shall mean and be a reference to the Credit Agreement as amended hereby. Except as specifically set forth above, the Credit Agreement, the Exhibits and Schedules thereto and the Notes shall remain unaltered and in full force and effect and the respective terms, conditions or covenants thereof are hereby in all respects ratified and confirmed.

6. Counterparts. This Amendment No. 8 may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one instrument.

7. Governing Law. This Amendment No. 8 shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of Illinois, but giving effect to federal laws applicable to national banks.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 8 to be executed by their duly authorized representatives as of the date first written above.

SPX CORPORATION

By: P. J. O'Leary

Title: Vice President Finance, Treasuer
and Chief Financial Officer

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CORPORATION, as Lender

By: Aaki Yamagishi

Title: Chief Manager

COMERICA BANK, as Lender

By: James R. Grossett

Title: Vice President

OLD KENT BANK, as Lender

By: Richard K. Russo

Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY,
as Lender

By: Friedrich N. Wilms

Title: Vice President

EXHIBIT 3.10 (xvi)

EMPLOYMENT AGREEMENT

THIS AGREEMENT, made and entered into as of January 1, 1997, by and between SPX Corporation (hereinafter called the "Corporation") and John B. Blystone, (hereinafter called the "Executive").

WITNESSETH THAT:

WHEREAS, the Corporation desires to continue to employ the Executive as its Chairman, President and Chief Executive Officer, and the Executive desires to continue in such employment;

NOW, THEREFORE, the Corporation and the Executive, each intending to be legally bound, hereby mutually covenant and agree as follows:

1. Employment and Term.

(a) Employment. The Corporation shall employ the Executive as the Chairman, President and Chief Executive Officer of the Corporation, and the Executive shall so serve, for the term set forth in Paragraph 1(b).

(b) Term. The initial term of the Executive's employment under this Agreement shall commence as of January 1, 1997 and end on December 31, 2001, subject to the extension of such term as hereinafter provided and subject to earlier termination as provided in Paragraph 7, below. Beginning on January 1, 1999, the term of this Agreement shall be extended automatically for one (1) additional day for each day which has then elapsed since December 31, 1998, unless, at any time after December 31, 1998, either the Board of Directors of the Corporation (the "Board"), on behalf of the Corporation, or the Executive gives written notice to the other, in accordance with Paragraph 14, below, that such automatic extension of the term of this Agreement shall cease. Any such notice shall be effective immediately upon delivery. The initial term of this Agreement, plus any extension by operation of this Section 1, shall be hereinafter referred to as the "Term".

2. Duties. During the period of employment as provided in Paragraph 1(b) hereof, the Executive shall serve as Chairman, President and Chief Executive Officer of the Corporation and have all powers and duties consistent with such positions, subject to the reasonable direction of the Board. The Executive shall also continue to serve as a member of the Board if elected as such. The Executive shall devote substantially his entire time during reasonable business hours (reasonable sick leave and vacations excepted) and best efforts to fulfill faithfully, responsibly and to the best of his ability his duties hereunder. However, the Executive may, with the approval of the Board, which shall not be withheld unreasonably, serve on corporate, civic and/or charitable boards and committees.

3. Salary.

(a) Base Salary. For services performed by the Executive for the Corporation pursuant to this Agreement during the period of employment as provided in Paragraph 1(b) hereof, the Corporation shall pay the Executive a base salary at the rate of six hundred fifty thousand dollars ($650,000 per year, payable in substantially equal installments in accordance with the Corporation's regular payroll practices. The Executive's base salary (with any increases under paragraph (b), below) shall not be subject to reduction. Any compensation which may be paid to the Executive under any additional compensation or incentive plan of the Corporation or which may be otherwise authorized from time to time by the Board (or an appropriate committee thereof) shall be in addition to the base salary to which the Executive shall be entitled under this Agreement.

(b) Salary Increases. During the period of employment as provided in Paragraph 1(b) hereof, the base salary of the Executive shall be reviewed no less frequently than annually by the Board to determine whether or not the same should be increased in light of the duties and responsibilities of the Executive and the performance thereof, and if it is determined that an increase is merited, such increase shall promptly put into effect and the base salary of the Executive as so increased shall constitute the base salary of the Executive for purposes of Paragraph 3(a).

4. Annual Bonuses. For each calendar year during the term of employment, the Executive shall be eligible to receive in cash an annual performance bonus based upon the terms of the Corporation's bonus plan from time to time for senior executives, as adopted by the Board of Directors and administered by the Compensation Committee, with a target bonus amount each year equal to at least 80% of the Executive's midpoint, and with such bonuses for calendar years through 1999 being determined under the EVA Incentive Compensation Plan of the Corporation which became effective January 1, 1996, the terms of which may not be changed without the Executive's consent. Throughout the term of this Agreement, the Executive's minimum midpoint shall be six hundred sixty thousand dollars ($660,000).

5. Equity Incentive Compensation. During the term of employment hereunder the Executive shall be eligible to participate, in an appropriate manner relative to other senior executives of the Corporation, in any equity-based incentive compensation plan or program approved by the Board from time to time, including (but not by way of limitation) any plan providing for the granting of (a) options to purchase stock of the Corporation, (b) restricted stock of the Corporation or (c) similar equity-based units or interests. In addition, the following special provisions shall apply to the Executive's participation in equity-based incentive compensation arrangements:

(a) The Restricted Shares Agreement dated December 18, 1995 between Executive and the Corporation regarding 125,000 shares of common stock of the Corporation shall remain in effect but is hereby amended as necessary (i) to conform to this Agreement and (ii) to permit income tax withholding in the form of withholding shares of stock from distributions under that agreement. Such amendment may be further documented in any appropriate manner.

(b) The Nonqualified Stock Option Agreement dated December 18, 1995 between Executive and the Corporation regarding an option to purchase 125,000 shares of common stock of the Corporation at a price of $15.75 per share shall remain in effect but is hereby amended as necessary to conform to this Agreement. Such amendment may be further documented in any appropriate manner.

(c) As of the effective date of this Agreement, additional stock option awards for shares of common stock of the Corporation have been granted to the Executive with the following basic terms:

Number of Shares	Exercise Price per Share	Vesting Date
250,000	$45.75	January 1, 2002
250,000	$60.00	January 1, 2002
250,000	$75.00	January 1, 2002
250,000	$90.00	January 1, 2002

Such awards shall be further documented by nonqualified stock option agreements with terms consistent with this paragraph (c) and all other relevant provisions of this Agreement, including (but not by way of limitation) Paragraph 8, below. Except as specifically provided in Paragraph 8, below, no portion of such awards shall vest prior to January 1, 2002.

(d) In no event will Executive have less than ninety (90) days following the termination of his employment (regardless of the reason for the termination) to exercise any stock options which were vested as of the date of termination.

6. Other Benefits. In addition to the compensation described in Paragraphs 3, 4 and 5, above, the Executive shall also be entitled to participate in all of the various retirement, welfare, fringe benefit, executive perquisite, and expense reimbursement plans, programs and arrangements of the Corporation to the extent the Executive is eligible for participation under the terms of such plans, programs and arrangements, with benefit levels and terms of participation at least as favorable to the Executive as those in effect on January 1, 1997, including (but not by way of limitation) under the Supplemental Retirement Plan for Top Management, and with Executive's overall benefits being no less favorable than those for any other executive of the Corporation.

7. Termination. Unless earlier terminated in accordance with the following provisions of this Paragraph 7, the Corporation shall continue to employ the Executive and the Executive shall remain employed by the Corporation during the entire term of this Agreement as set forth in Paragraph 1(b). Paragraph 8 hereof sets forth certain obligations

of the Corporation in the event that the Executive's employment hereunder is terminated. Certain capitalized terms used in this Paragraph 7 and in Paragraph 8 hereof are defined in Paragraph 7(d), below.

(a) Death or Disability. Except to the extent otherwise provided in Paragraph 8 with respect to certain post-Date of Termination payment obligations of the Corporation, this Agreement shall terminate immediately as of the Date of Termination in the event of the Executive's death or in the event that the Executive becomes disabled. The Executive will be deemed to be disabled upon the earlier of (i) the end of a six (6) consecutive month period during which, by reason of physical or mental injury or disease, the Executive has been unable to perform substantially all of his usual and customary duties under this Agreement or (ii) the date that a reputable physician selected by the Board, and as to whom the Executive has no reasonable objection, determines in writing that the Executive will, by reason of physical or mental injury or disease, be unable to perform substantially all of the Executive's usual and customary duties under this Agreement for a period of at least six (6) consecutive months. If any question arises as to whether the Executive is disabled, upon reasonable request therefor by the Board, the Executive shall submit to reasonable medical examination for the purpose of determining the existence, nature and extent of any such disability. In accordance with Paragraph 14, the Board shall promptly give the Executive written notice of any such determination of the Executive's disability and of any decision of the Board to terminate the Executive's employment by reason thereof. In the event of disability, until the Date of Termination, the base salary payable to the Executive under Paragraph 3 hereof shall be reduced dollar-for-dollar by the amount of disability benefits paid to the Executive in accordance with any disability policy or program of the Corporation.

(b) Discharge for Cause. In accordance with the procedures hereinafter set forth, the Board may discharge the Executive from his employment hereunder for Cause. Except to the extent otherwise provided in Paragraph 8 with respect to certain post-Date of Termination obligations of the Corporation, this Agreement shall terminate immediately as of the Date of Termination in the event the Executive is discharged for Cause. Any discharge of the Executive for Cause shall be communicated by a Notice of Termination to the Executive given in accordance with Paragraph 14 of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specifies the termination date, which may be as early as the date of the giving of such notice. In the case of a discharge of the Executive for Cause, the Notice of Termination shall include a copy of a resolution duly adopted by the Board at a meeting called and held for such purpose (after reasonable notice to the Executive and reasonable opportunity for the Executive, together with the Executive's counsel, to be heard before the Board prior to such vote), finding that, in the reasonable and good faith opinion of the Board, the Executive was guilty of conduct constituting Cause. No purported termination of the Executive's employment for Cause shall be effective without a Notice of Termination.

(c) Termination for Other Reasons. The Corporation may discharge the Executive without Cause by giving written notice to the Executive in accordance with Paragraph 14 at least fifteen (15) days prior to the Date of Termination. The Executive may resign from his employment, without liability to the Corporation, by giving written notice to the Corporation in accordance with Paragraph 14 at least fifteen (15) days prior to the Date of Termination. Except to the extent otherwise provided in Paragraph 8 with respect to certain post-Date of Termination obligations of the Corporation, this Agreement shall terminate immediately as of the Date of Termination in the event the Executive is discharged without Cause or resigns.

(d) Definitions. For Purposes of this Agreement, the following capitalized terms shall have the meanings set forth below:

(i) "Accrued Obligations" shall mean, as of the Date of Termination, the sum of (A) the Executive's base salary under Paragraph 3 through the Date of Termination to the extent not theretofore paid, (B) the amount of any bonus, incentive compensation, deferred compensation and other cash compensation accrued by the Executive as of the Date of Termination to the extent not theretofore paid and (C) any vacation pay, expense reimbursements and other cash entitlements accrued by the Executive as of the Date of Termination to the extent not theretofore paid. For the purpose of this Paragraph 7(d)(i), amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued until it is specifically approved by the Board in accordance with the applicable plan, program or policy.

(ii) "Cause" shall mean: (A) the Executive's commission of an act materially and demonstrably detrimental to the goodwill of the Corporation or any of its subsidiaries, which act constitutes gross negligence or willful misconduct by the Executive in the performance of his material duties to the Corporation or any of its subsidiaries, or (B) the Executive's commission of any material act of dishonesty or breach of trust resulting or intended to result in material personal gain or enrichment of the Executive at the expense of the Corporation or any of its subsidiaries, or (C) the Executive's conviction of a felony involving moral turpitude, but specifically excluding any conviction based entirely on vicarious liability. No act or failure to act will be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that his action or omission was in the best interests of the Corporation. In addition, no act or omission will constitute Cause unless the Corporation has given detailed written notice thereof to the Executive and, where remedial action is feasible, he then fails to remedy the act or omission within a reasonable time after receiving such notice.

(iii) A "Change of Control" shall be deemed to have occurred if: (A) any "person" (as defined in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), excluding for this purpose the Company or any subsidiary of the Company, or any employee benefit plan of the Company or any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of such plan which acquires beneficial ownership of voting securities of 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 fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities; provided, however, that no Change of Control shall be deemed to have occurred as the result of an acquisition of securities of the Company by the Company which, by reducing the number of voting securities outstanding, increases the direct or indirect beneficial ownership interest of any person to fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities, but any subsequent increase in the direct or indirect beneficial ownership interest of such a person in the Company shall be deemed a Change of Control; and provided further that if the Board of Directors of the Company determines in good faith that a person who has become the beneficial owner directly or indirectly of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities has inadvertently reached that level of ownership interest, and if such person divests as promptly as practicable a sufficient amount of securities of the Company so that the person no longer has a direct or indirect beneficial ownership interest in fifteen percent (15%) or, more of the combined voting power of the Company's then outstanding securities, then no Change of Control shall be deemed to have occurred; (B) during any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such two-year period constitute the Board of Directors of the Company and any new director (except for a director designated by a person who has entered into an agreement with the Company to effect a transaction described elsewhere in this section) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously approved, cease for any reason to constitute at least a majority thereof; or (C) the shareholders of the Company approve a plan of complete liquidation of the Company, an agreement for the sale or disposition of the Company or all or substantially all of the Company's assets, or a plan of merger or consolidation of the Company with any other corporation, except for a merger or consolidation in which the security owners of the Company immediately prior to the merger or consolidation continue to own at least eighty-five percent (85%) of the voting securities of the new (or continued) entity immediately after such merger or consolidation.

(iv) "Date of Termination" shall mean (A) in the event of a discharge of the Executive by the Board for Cause, the date specified in such Notice of Termination, (B) in the event of a discharge of the Executive without Cause or a resignation by the Executive, the date specified in the written notice to the Executive (in the case of discharge) or the Corporation (in the case of resignation), which date shall be no less than fifteen (15) days from the date of such written notice, (C) in the event of the Executive's death, the date of the Executive's death, and (D) in the event of termination of the Executive's employment by reason of disability pursuant to Paragraph 7(a), the date the Executive receives written notice of such termination (or, if earlier, twelve (12) months from the date the Executive's disability began).

(v) "Good Reason" shall mean any of the following: (A) the failure to re-elect the Executive as Chairman, President and Chief Executive Officer and as a member of the Board of Directors with full voting rights, (B) assignment of duties inconsistent with the Executive's position, authority, duties or responsibilities, or any other action by the Corporation which results in a substantial diminution of such position, authority, duties or responsibilities, (C) any substantial failure by the Corporation to comply with any of the provisions of the employment agreement, (D) the Corporation giving notice to the Executive to stop further operation of the evergreen feature described in paragraph 1, above, or (E) any change in the current EVA Incentive Compensation Plan without the Executive's consent. In addition, termination by the Executive for any reason during the sixty (60)-day period immediately after a Change of Control shall be deemed to be a termination for Good Reason.

8. Obligations of the Corporation Upon Termination. The following provisions describe the obligations of the Corporation to the Executive under this Agreement upon termination of his employment. However, except as explicitly provided in this Agreement, nothing in this Agreement shall limit or otherwise adversely affect any rights which the Executive may have under applicable law, under any other agreement with the Corporation or any of its subsidiaries, or under any compensation or benefit plan, program, policy or practice of the Corporation or any of its subsidiaries.

(a) Death, Disability, Discharge for Cause, or Resignation Without Good Reason. In the event this Agreement terminates by reason of the death or disability of the Executive, or by reason of the discharge of the Executive by the Corporation for Cause, or by reason of the resignation of the Executive other than for Good Reason, the Corporation shall pay to the Executive, or his heirs or estate, in the event of the Executive's death, all Accrued Obligations in a lump sum in cash within thirty (30) days after the Date of Termination; provided, however, that any portion of the Accrued Obligations which consists of bonus, deferred compensation, or incentive compensation, shall be determined and paid in accordance with the terms of the relevant plan as applicable to the Executive. However, if the termination is for death or disability or by the Corporation other than for Cause or by the resignation of the Executive for Good Reason, the payment to the Executive within thirty (30) days after the Date of Termination shall include the full amount of the Executive's individual Bonus Reserve Balance under the EVA Incentive Compensation Plan.

(b) Death or Disability. In the event that Executive's employment is terminated by death or disability, the Executive shall receive, in addition to the compensation and benefits described in paragraph (a), above, the following benefits:

(i) Immediate full vesting of all of Executive's otherwise unvested options to purchase shares of stock of the Corporation, which options will be exercisable for a period of at least two (2) years after the date of termination of employment,

(ii) Immediate full vesting in all otherwise unvested shares of restricted stock of the Corporation previously awarded to the Executive, with immediate termination of all restrictions on such shares, and

(iii) Immediate vesting of all other equity or incentive compensation awards to Executive which are not otherwise vested.

(c) Discharge Without Cause or Resignation with Good Reason. In the event that this Agreement terminates by reason of the discharge of the Executive by the Corporation other than for Cause or disability or by reason of the resignation of the Executive for Good Reason, then the Executive shall receive, in addition to the compensation and benefits described in paragraphs (a) and (b), above, the following benefits:

(i) A cash bonus for the year of termination, calculated as a pro rata portion of the Executive's target annual bonus for the year of termination,

(ii) Payment in a lump sum of an amount equal to three (3) times the Executive's base salary as in effect prior to the termination,

(iii) Payment in a lump sum of an amount equal to three (3) times the Executive's target annual bonus for the year of termination,

(iv) Continuation for the period of three (3) years after the date of termination of welfare benefits and senior executive perquisites at least equal to those which would have been provided if the Executive's employment had continued for that time, but such benefits may be discontinued earlier to the extent that the Executive becomes entitled to comparable benefits from a subsequent employer,

(v) Immediate vesting of Executive's interest in the Supplemental Retirement Plan for Top Management, calculated on the basis of Executive's actual period of service plus three (3) additional years, giving effect for each of those three (3) additional years to the salary and bonus continuation described in subparagraphs (ii) and (iii), above,

(vi) Stock price depreciation protection as to any stock of the Corporation (including any stock to be acquired through the exercise of stock options) as to which the Executive, within twenty (20) days after the termination of employment, gives the Corporation written notice of his intention to sell, which notice shall be binding upon the Executive. Such protection shall be in the form of a cash payment or payments by the Corporation equal to the excess of (A) the Protected Price of the stock over (B) the actual gross selling price; provided, however, that, in the alternative, the Corporation shall purchase from the Executive at the Protected Price any of such stock which the Executive does not sell within ninety (90) days after the termination of employment. The Protected Price shall be the average closing price of the stock for the five (5) trading days immediately preceding the date of termination of employment, and

(vii) Outplacement services, at the expense of the Corporation, from a provider reasonably selected by the Executive.

(d) If any Change of Control severance agreement between the Corporation and any other senior executive of the Corporation provides for any additional type of compensation or benefit, or a higher level of a particular type of compensation or benefit, compared to the compensation and benefits otherwise provided for the Executive by paragraph (c), above, the Executive shall also receive that additional type of, or higher level of, severance compensation or benefit.

9. Certain Additional Payments by the Corporation. The Corporation agrees that:

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Paragraph 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code") or if any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, being hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

(b) Subject to the provisions of paragraph (c), below, all determinations required to be made under this Paragraph 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm which is then serving as the auditors for the Corporation (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Corporation and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Corporation. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Corporation. Any Gross-Up Payment, as determined pursuant to this Paragraph 9, shall be paid by the Corporation to the Executive within five (5) days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any good faith determination by the Accounting Firm shall be binding upon the Corporation and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to paragraph (c), below, and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to or for the benefit of the Executive.

(c) The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of a Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30)-day period following the date on which Executive gives such notice to the Corporation (or such shorter period ending on the date on which Executive gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Corporation any information reasonably requested by the Corporation relating to such claim,

(ii) Take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation,

(iii) Cooperate with the Corporation in good faith in order effectively to contest such claim, and

(iv) Permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this paragraph (c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner; and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Corporation pursuant to paragraph (c), above, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Corporation's complying with the requirements of said paragraph (c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon, after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Corporation pursuant to said paragraph (c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid; and the amount of such advance shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

10. No Set-Off or Mitigation. The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Corporation may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment.

11. Payment of Certain Expenses. The Corporation agrees to pay promptly as incurred, to the fullest extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest by the Corporation, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest initiated by the Executive about the amount of any payment due pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code; provided, however, that Corporation shall not be obligated to make such payment with respect to any contest in which the Corporation prevails over the Executive.

12. Indemnification. To the full extent permitted by law, the Corporation shall indemnify the Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred by the Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of being an officer, director or employee of the Corporation or any of its subsidiaries.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of the Executive and the successors and assigns of the Corporation. The Corporation shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to all or a substantial portion of its assets, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform this Agreement if no such succession had taken place. Regardless of whether such an agreement is executed, this Agreement shall be binding upon any successor of the Corporation in accordance with the operation of law, and such successor shall be deemed the "Corporation" for purposes of this Agreement.

14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or by recognized commercial delivery service or if mailed within the continental United States by first class certified mail, return receipt requested, postage prepaid, addressed as follows:

(a) If to the Board or the Corporation, to:

SPX Corporation
700 Terrace Point Drive
P.O. Box 3301
Muskegan, Michigan 49443-3301
Attention: General Counsel

(b) If to the Executive, to:

Mr. John B. Blystone
480 West Circle Drive
North Muskegan, Michigan 49445

Such addresses may be changed by written notice sent to the other party at the last recorded address of that party.

15. Tax Withholding. The Corporation shall provide for the withholding of any taxes required to be withheld by federal, state, or local law with respect to any payment in cash, shares of stock and/or other property made by or on behalf of the Corporation to or for the benefit of the Executive under this Agreement or otherwise. The Corporation may, at its option: (a) withhold such taxes from any cash payments owing from the Corporation to the Executive, (b) require the Executive to pay to the Corporation in cash such amount as my be required to satisfy such withholding obligations and/or (c) make other satisfactory arrangements with the Executive to satisfy such withholding obligations.

16. Arbitration. Except as to any controversy or claim which the Executive elects, by written notice to the Corporation, to have adjudicated by a court of competent jurisdiction, any controversy or claim arising out of or relating to this Agreement or the breach hereof shall be settled by arbitration in Chicago, Illinois in accordance with the laws of the State of Michigan. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The costs and expenses of the arbitrator(s) shall be borne by the Corporation. The award of the arbitrator(s) shall be binding upon the parties. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

17. No Assignment. Except as otherwise expressly provided herein, this Agreement is not assignable by any party and no payment to be made hereunder shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or other charge.

18. Execution in Counterparts. This Agreement may be executed by the parties hereto in two (2) or more counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

19. Jurisdiction and Governing Law. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the State of Michigan, other than the conflict of laws provisions of such laws.

20. Severability. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable for any reason, such judgment shall not affect, impair or invalidate the remainder of this Agreement. Furthermore, if the scope of any restriction or requirement contained in this Agreement is too broad to permit enforcement of such restriction of requirement to its full extent, then such restriction or requirement shall be enforced to the maximum extent permitted by law, and the Executive consents and agrees that any court of competent jurisdiction may so modify such scope in any proceeding brought to enforce such restriction or requirement.

21. Prior Understandings. This Agreement embodies the entire understanding of the parties hereto and supersedes all other oral or written agreements or understandings between them regarding the subject matter hereof, including but not by way of limitation the letter agreement dated November 24, 1995 between the parties. No change, alteration or modification hereof may be made except in a writing, signed by each of the parties hereto. The headings in this Agreement are for convenience of reference only and shall not be construed as part of this Agreement or to limit or otherwise affect the meaning hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

Attest: SPX CORPORATION

James M. Sheridan
- -----------------------
James M. Sheridan

By: Peter H. Merlin

Title: Chairman, Governance Committee

JOHN B. BLYSTONE

/s/ John B. Blystone 2/25/97

EXHIBIT 21

SUBSIDIARIES OF SPX CORPORATION

NAME OF SUBSIDIARY AND NAME UNDER WHICH IT DOES BUSINESS	STATE OR JURISDICTION OF INCORPORATION	PERCENTAGE OWNED BY REGISTRANT
SPX Canada, Inc.	Canada-Dominion	100%
SPX Australia Pty. Ltd.	Australia	100%
SPX Europe AG	Switzerland	100%
SPX U.K. Ltd.	United Kingdom	100%
SPX Deutschland GmbH	Germany	100%
SPX Italiana, S.R.L.	Italy	100%
Bear Automotive, S.A.	Switzerland	100%
Bear France S.A.	France	100%
IBS Filtran GmbH	Germany	60%
SPX Netherlands, B.V.	The Netherlands	100%
Kent-Moore Do Brasil Industria & Commerce, Ltda.	Brazil	100%
Sealed Power Europe Limited Partnership	Delaware	70%
Sealed Power Technologies Limited Partnership	Delaware	100%
JATEK, Limited	Japan	80%
SPX Credit Corporation	Delaware	100%
SPX Sales and Service Corporation	Delaware	100%
SPX Iberica, S.A.	Spain	100%
Lowener GmbH	Germany	100%
SPX de Mexico, S.A. de C.V.	Mexico	100%

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 7, 1997, included in this Form 10-K for the year ended December 31, 1996, into the Company's previously filed registration statement on Form S-8 (File No. 33-24043).

Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois,
March 27, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
FINANCIAL STATEMENTS OF SPX CORPORATION FOR THE YEAR ENDED DECEMBER 31, 1996,
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR
DEC-31-1996
DEC-31-1996
12,312
0
104,565
(8,070)
109,258
408,141
251,310
(127,445)
616,043
174,430
128,415
0
0
163,969
(58,052)
616,043
1,109,422
1,109,422
850,160
1,126,391
(702)
0
31,767
(48,034)
7,610
(55,644)
0
(6,627)
0
(62,271)
(4.45)
(4.45)