# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended March 29, 2008**

o **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.) |

**13515 Ballantyne Corporate Place, Charlotte, North Carolina 28277**
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code **(704) 752-4400**

(Former Name, Former Address, and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x    Accelerated filer o    Non-accelerated filer o (Do not check if a smaller reporting company)    Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

Common shares outstanding April 25, 2008 53,407,530

**PART I—FINANCIAL INFORMATION**

**ITEM 1. Financial Statements**

**SPX CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited; in millions, except per share amounts)**

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Revenues | $ 1,392.5 | $ 1,015.1 |
| Costs and expenses: | | |

| | | |
|---|---|---|
| Cost of products sold | 980.7 | 738.0 |
| Selling, general and administrative | 297.7 | 219.3 |
| Intangible amortization | 6.7 | 4.1 |
| Special charges, net | 0.7 | 0.3 |
| Operating income | 106.7 | 53.4 |
| | | |
| Interest expense | (31.1) | (16.8) |
| Interest income | 2.3 | 3.4 |
| Other income (expense), net | 2.5 | (1.8) |
| Equity earnings in joint ventures | 11.6 | 10.1 |
| Income from continuing operations before income taxes | 92.0 | 48.3 |
| | | |
| Income tax provision | (30.2) | (16.6) |
| Income from continuing operations | 61.8 | 31.7 |
| | | |
| Income from discontinued operations, net of tax | 2.8 | 3.8 |
| Loss on disposition of discontinued operations, net of tax | (3.2) | (6.3) |
| Loss from discontinued operations, net of tax | (0.4) | (2.5) |
| | | |
| Net income | $ 61.4 | $ 29.2 |
| | | |
| Basic income per share of common stock | | |
| Income from continuing operations | $ 1.18 | $ 0.54 |
| Loss from discontinued operations | (0.01) | (0.04) |
| | | |
| Net income per share | $ 1.17 | $ 0.50 |
| | | |
| Weighted average number of common shares outstanding — basic | 52.578 | 58.606 |
| | | |
| Diluted income per share of common stock | | |
| Income from continuing operations | $ 1.14 | $ 0.53 |
| Loss from discontinued operations | (0.01) | (0.04) |
| | | |
| Net income per share | $ 1.13 | $ 0.49 |
| | | |
| Weighted average number of common shares outstanding — diluted | 54.049 | 60.123 |

The accompanying notes are an integral part of these statements.



**SPX CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited; in millions, except share data)**

| | March 29, 2008 | December 31, 2007 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and equivalents | $ 384.8 | $ 354.1 |
| Accounts receivable, net | 1,392.6 | 1,281.1 |
| Inventories, net | 738.5 | 692.1 |
| Other current assets | 115.0 | 116.2 |
| Deferred income taxes | 104.0 | 96.5 |
| Assets of discontinued operations | 161.5 | 156.3 |
| Total current assets | 2,896.4 | 2,696.3 |
| Property, plant and equipment: | | |
| Land | 39.5 | 37.9 |
| Buildings and leasehold improvements | 245.7 | 234.3 |
| Machinery and equipment | 652.3 | 620.2 |
| | 937.5 | 892.4 |
| Accumulated depreciation | (436.0) | (410.1) |
| Net property, plant and equipment | 501.5 | 482.3 |
| Goodwill | 2,004.8 | 1,943.9 |
| Intangibles, net | 725.0 | 710.2 |
| Other assets | 409.3 | 404.7 |
| | | |
| TOTAL ASSETS | $ 6,537.0 | $ 6,237.4 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 738.8 | $ 725.5 |
| Accrued expenses | 1,075.4 | 1,038.6 |

| | | |
|---|---|---|
| Income taxes payable | 24.2 | 7.5 |
| Short-term debt | 313.2 | 255.0 |
| Current maturities of long-term debt | 79.0 | 78.9 |
| Liabilities of discontinued operations | 66.4 | 65.6 |
| Total current liabilities | 2,297.0 | 2,171.1 |
| | | |
| Long-term debt | 1,231.3 | 1,234.7 |
| Deferred and other income taxes | 222.2 | 240.7 |
| Other long-term liabilities | 592.3 | 574.5 |
| Total long-term liabilities | 2,045.8 | 2,049.9 |
| | | |
| Minority interest | 14.4 | 10.4 |
| | | |
| Shareholders' equity: | | |
| Common stock (96,199,673 and 53,378,017 issued and outstanding at March 29, 2008, respectively, and 95,581,690 and 52,791,375 issued and outstanding at December 31, 2007, respectively) | 968.8 | 963.5 |
| Paid-in capital | 1,318.9 | 1,296.0 |
| Retained earnings | 2,094.0 | 2,045.9 |
| Accumulated other comprehensive income | 142.1 | 38.1 |
| Common stock in treasury (42,821,656 and 42,790,315 shares at March 29, 2008 and December 31, 2007, respectively) | (2,344.0) | (2,337.5) |
| Total shareholders' equity | 2,179.8 | 2,006.0 |
| | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 6,537.0 | $ 6,237.4 |

The accompanying notes are an integral part of these statements.



**SPX CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited; in millions)**

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| **Cash flows from (used in) operating activities:** | | |
| Net income | $ 61.4 | $ 29.2 |
| Less: Loss from discontinued operations, net of tax | (0.4) | (2.5) |
| Income from continuing operations | 61.8 | 31.7 |
| Adjustments to reconcile income from continuing operations to net cash used in operating activities | | |
| Special charges, net | 0.7 | 0.3 |
| Deferred and other income taxes | (16.8) | (19.5) |
| Depreciation and amortization | 27.6 | 18.1 |
| Pension and other employee benefits | 15.1 | 16.7 |
| Stock-based compensation | 16.1 | 13.8 |
| Other, net | 4.8 | 11.2 |
| Changes in operating assets and liabilities, net of effects from acquisitions and divestitures | | |
| Accounts receivable and other | (90.6) | 62.7 |
| Inventories | (42.6) | (56.8) |
| Accounts payable, accrued expenses, and other | (1.3) | (83.6) |
| Cash spending on restructuring actions | (2.4) | (1.0) |
| Net cash used in continuing operations | (27.6) | (6.4) |
| Net cash used in discontinued operations | (1.5) | (14.3) |
| Net cash used in operating activities | (29.1) | (20.7) |
| **Cash flows from (used in) investing activities:** | | |
| Business acquisitions, net of cash acquired | (0.4) | (1.7) |
| Capital expenditures | (20.8) | (10.9) |
| Net cash used in continuing operations | (21.2) | (12.6) |
| Net cash used in discontinued operations | (0.7) | (1.5) |
| Net cash used in investing activities | (21.9) | (14.1) |
| **Cash flows from (used in) financing activities:** | | |
| Borrowings under senior credit facilities | 436.0 | — |
| Repayments under senior credit facilities | (316.0) | (45.1) |
| Borrowings under trade receivables agreement | 70.0 | 60.0 |
| Repayments under trade receivables agreement | (116.0) | (45.0) |
| Net repayments under other financing arrangements | (20.4) | (24.1) |
| Purchases of common stock | — | (140.6) |
| Proceeds from the exercise of employee stock options and other | 22.9 | 49.4 |
| Dividends paid | (13.2) | (14.8) |
| Net cash from (used in) continuing operations | 63.3 | (160.2) |
| Net cash used in discontinued operations | (0.1) | (0.7) |
| Net cash from (used in) financing activities | 63.2 | (160.9) |
| Change in cash and equivalents due to changes in foreign currency exchange rates | 18.5 | 5.0 |

| | | | | |
|---|---|---|---|---|
| Net change in cash and equivalents | | 30.7 | | (190.7) |
| Consolidated cash and equivalents, beginning of period | | 354.1 | | 477.2 |
| Consolidated cash and equivalents, end of period | $ | 384.8 | $ | 286.5 |
| Cash and equivalents of continuing operations | $ | 384.8 | $ | 286.5 |
| Cash and equivalents of discontinued operations | $ | — | $ | — |

The accompanying notes are an integral part of these statements.



**SPX CORPORATION AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited; in millions, except per share data)**

## (1) BASIS OF PRESENTATION

We prepared the condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules and regulations, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States (“GAAP”) can be condensed or omitted. In our opinion, the financial statements include the adjustments (consisting only of normal and recurring items) necessary for their fair presentation and represent our accounts after the elimination of intercompany transactions.

Investments in unconsolidated companies where we exercise significant influence but do not have control are accounted for using the equity method. Our only significant investment reported under the equity method is our 44.5% interest in the EGS Electrical Group, LLC and Subsidiaries (“EGS”) joint venture, which we account for on a three-month lag. EGS’s revenues and our equity earnings from our investment in EGS totaled $139.3 and $126.8 and $11.2 and $10.0 for the first quarter of 2008 and 2007, respectively.

Preparing financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The unaudited information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements contained in our 2007 Annual Report on Form 10-K. Interim results are not necessarily indicative of expected results for a full year. We have reclassified certain prior year amounts to conform to the current year presentation, including the results of discontinued operations. Unless otherwise indicated, amounts provided in these Notes pertain to continuing operations (see Note 3 for information on discontinued operations).

It is our practice to establish actual interim closing dates using a “fiscal” calendar, which requires our businesses to close their books on the Saturday closest to the end of the calendar quarter for efficiency purposes. The interim closing dates for the first, second and third quarters of 2008 are March 29, June 28 and September 27, compared to March 31, June 30 and September 29 for 2007, respectively. The effects of this practice only impact the quarterly reporting periods and not the annual reporting period. We had one fewer day in the first quarter of 2008 and will have two additional days in the fourth quarter of 2008 when compared to the respective 2007 periods.

## (2) NEW ACCOUNTING PRONOUNCEMENTS

The following is a summary of new accounting pronouncements that apply or may apply to our business.

In September 2006, the Financial Accounting Standards Boards (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurement”, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 focuses on creating consistency and comparability in fair value measurements. With the exception of certain nonfinancial assets and liabilities, SFAS No. 157 is effective for financial assets and liabilities that are measured at fair value within the financial statements for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Position (“FSP”) FAS 157-2 to defer SFAS No. 157’s effective date for all nonfinancial assets and liabilities, except those items recognized or disclosed at fair value on an annual or more frequently recurring basis, until years beginning after November 15, 2008. We adopted SFAS No. 157 for financial assets and liabilities measured at fair value within the financial statements on January 1, 2008 with no impact on our consolidated financial statements. We currently are evaluating the impact that the provisions of SFAS No. 157 for nonfinancial assets and liabilities may have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of FASB Statement No. 115”, which permits an entity to measure certain financial assets and financial liabilities at fair value. The objective of SFAS No. 159 is to improve financial reporting by allowing entities to reduce volatility in reported earnings, caused by the measurement of related assets and liabilities using different attributes, without having to apply complex hedge accounting rules. Under SFAS No. 159, entities that elect the fair value option will report unrealized gains and losses in earnings as of each subsequent reporting date. The fair value option may be



elected on an instrument-by-instrument basis with a few exceptions, as long as it is applied to the instrument in its entirety. The fair value option election is irrevocable, unless a new election date occurs. SFAS No. 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. We adopted SFAS No. 159 on January 1, 2008 and elected not to apply the fair value option.

In March 2007, the EITF reached a consensus on EITF Issue No. 06-10, “Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements” (“EITF 06-10”). EITF 06-10 requires an employer to recognize a liability for the postretirement benefit obligation associated with a collateral assignment split-dollar life insurance arrangement in accordance with SFAS No. 106 (if deemed part of a postretirement plan) or Opinion 12 (if not part of a plan), if, on the basis of the substantive agreement with the employee, the employer has agreed to maintain a life insurance policy during the postretirement

period or to provide a death benefit. EITF 06-10 also states that an employer should recognize and measure the associated asset on the basis of the terms of the collateral assignment arrangement. EITF No. 06-10 is effective for fiscal years beginning after December 15, 2007, including interim periods within those fiscal years. We adopted EITF No. 06-10 on January 1, 2008 with no material impact on our consolidated financial statements.

In June 2007, the EITF reached a consensus on EITF Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Awards" ("EITF 06-11"). EITF 06-11 states that an entity should recognize a realized tax benefit associated with the dividends on affected securities charged to retained earnings as an increase in additional paid-in-capital ("APIC"), which should be included in the APIC pool. When an entity's estimate of forfeitures increases or actual forfeitures exceed its estimates, the amount of tax benefits previously recognized in APIC should be reclassified into the income statement; however, the amount reclassified is limited to the APIC pool balance on the reclassification date. EITF 06-11 is effective for income tax benefits declared on affected securities in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. We adopted EITF No. 06-11 on January 1, 2008 with no material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations," ("SFAS No. 141(R)") which replaces SFAS No. 141. SFAS No. 141(R) requires an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. In addition, SFAS No. 141(R) will require acquisition costs to be expensed as incurred, acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies, in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date, restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. SFAS No. 141(R) also includes a substantial number of new disclosure requirements. SFAS No. 141(R) will be effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We expect SFAS No. 141(R) will have an impact on our consolidated financial statements when effective, but the nature and magnitude of the specific effects will depend upon the terms and size of the acquisitions we consummate after the effective date. At December 31, 2007, $19.3 of the $113.0 net liability for unrecognized tax benefits, including interest, and $95.4 of the $182.4 total valuation allowance related to balances recorded in connection with acquisitions. If such liabilities for unrecognized tax benefits are settled for different amounts prior to the adoption of SFAS No. 141(R), the adjustment will affect goodwill. Similarly, any reduction of acquisition-related valuation allowances would reduce goodwill. However, if the liability for unrecognized tax benefits or valuation allowance is recognized subsequent to the adoption of SFAS No. 141(R), the adjustments will affect income tax expense in the period of reversal. We are still assessing the full impact of this standard on our future consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51". SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, SFAS No. 160 requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. In addition, SFAS No. 160 requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. We do not expect the adoption of SFAS No. 160 to have a material impact on our consolidated financial statements.

In December 2007, the EITF reached a consensus on EITF Issue No. 07-01, "Accounting for Collaborative Arrangements" ("EITF 07-01"). EITF 07-01 defines a collaborative arrangement as a contractual arrangement in which the parties are (1) active participants to the arrangements and (2) exposed to significant risks and rewards that depend on the commercial success of the endeavor. EITF 07-01 requires that costs incurred and revenues generated from transactions with



third parties should be reported by the collaborators on the appropriate line item in their respective income statements. EITF 07-01 also states that the income statement characterization of payments between the participants to a collaborative arrangement should be based on other authoritative literature if the payments are within the scope of such literature. EITF 07-01 requires collaborators to disclose, in the footnotes to financial statements in the initial period of adoption and annually thereafter, (1) the income statement classification and amounts attributable to transactions arising from collaborative arrangements between participants for each period for which an income statement is presented and (2) information regarding the nature and purpose of the collaborative arrangement, the collaborators' rights and obligations under the arrangement, and any accounting policies for the collaborative arrangement. EITF 07-01 is effective for fiscal years beginning after December 15, 2008. We currently are evaluating the impact of adoption that EITF 07-01 may have on our consolidated financial statements, specifically, as it relates to our consortium arrangements. See Note 13 for additional details of our consortium arrangements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - An Amendment of FASB Statement No. 133". SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of a) how and why an entity uses derivative instruments, b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. To meet those objectives, SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 is effective for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008. We do not expect the adoption of SFAS No. 161 to have a material impact on our consolidated financial statements.

**(3) ACQUISITIONS AND DISCONTINUED OPERATIONS**

***Acquisitions***

There were no acquisitions during the first three months of 2008 or 2007.

In the Flow Technology segment, we completed the acquisition of APV, a global manufacturer of process equipment and engineering solutions, on December 31, 2007, for a purchase price of $524.2, including cash acquired of $41.7. APV's primary products include pumps, valves, heat exchangers and

homogenizers for the food, dairy, beverage and pharmaceutical industries. APV had revenues of approximately $876.0 for the twelve months prior to acquisition.

The assets acquired and liabilities assumed were recorded at preliminary estimates of fair values as determined by management, based on information currently available and on current assumptions as to future operations, and are subject to change upon the completion of acquisition accounting, including the finalization of asset valuations and working capital settlement. The working capital settlement, as defined in the purchase agreement, is unresolved at this time. During the three months ended March 29, 2008, we recorded our revised estimates of fair value for certain assets and liabilities particularly relating to matters subject to this settlement process, resulting in a net increase to goodwill of $28.2.

The following is a summary of the recorded preliminary fair values of the assets acquired and liabilities assumed of APV at the date of acquisition, and reflects acquisition accounting adjustments recorded during the first quarter of 2008:

| | | |
|---|---|---|
| Assets acquired: | | |
| Current assets, including cash and equivalents of $41.7 | $ | 376.5 |
| Net property, plant and equipment | | 77.6 |
| Goodwill | | 218.6 |
| Intangible assets | | 204.9 |
| Other assets | | 5.6 |
| Total assets acquired | | 883.2 |
| | | |
| Liabilities assumed: | | |
| Current liabilities | | 328.5 |
| Other long-term liabilities | | 30.5 |
| Total liabilities acquired | | 359.0 |
| Net assets acquired | $ | 524.2 |



The identifiable intangible assets acquired consist of customer relationships of $69.0 with estimated useful lives of 14 to 16 years, technology of $45.9 with estimated useful lives of 16 to 18 years, and trademarks of $90.0 with indefinite useful lives, with such amounts based on a preliminary assessment of the related fair values.

The following unaudited pro forma information presents our results of operations for the three months ended March 31, 2007, as if the acquisition of APV had taken place on January 1, 2007. The unaudited pro forma financial information is not intended to represent or be indicative of our condensed consolidated results of operations that would have been reported had the acquisition been completed as of January 1, 2007, and should not be taken as representative of our future consolidated results of operations. The pro forma results include estimates and assumptions which management believes are reasonable. However, these results do not include any anticipated cost savings or expenses of the planned integration of APV. These pro forma results of operations have been prepared for comparative purposes only and include certain adjustments to actual financial results for the relevant period, such as imputed financing cost, amortization of inventory step-up and estimated additional amortization and depreciation expense as a result of intangibles and fixed assets acquired.

| | | Three Months Ended March 31, 2007 |
|---|---|---|
| Revenues | $ | 1,268.7 |
| Income from continuing operations | | 11.0 |
| Net income | | 8.5 |
| | | |
| Income from continuing operations per share: | | |
| Basic | $ | 0.19 |
| Diluted | $ | 0.18 |
| | | |
| Net income per share: | | |
| Basic | $ | 0.15 |
| Diluted | $ | 0.14 |

***Discontinued Operations***

As part of our operating strategy, we regularly review and negotiate potential divestitures in the ordinary course of business, some of which are or may be material. As a result of this continuous review, we determined that certain of our businesses would be better strategic fits with other companies or investors. We report discontinued operations in accordance with the guidance of SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” Accordingly, we report businesses or asset groups as discontinued operations when, among other things, we commit to a plan to divest the business or asset group, actively begin marketing the business or asset group, and when the sale of the business or asset group is deemed probable within the next 12 months. The following businesses, which have been sold, met these requirements and therefore have been reported as discontinued operations for the periods presented:

| Business | Quarter Discontinued | Actual Closing Date of Sale |
|---|---|---|
| Balcke-Duerr Austria GmbH (“BD Austria”) | Q4 2007 | Q4 2007 |
| Nema AirFin GmbH (“Nema”) | Q4 2007 | Q4 2007 |
| Contech (“Contech”) | Q3 2006 | Q2 2007 |

<u>BD Austria</u> — Sold for cash proceeds of $11.6, exclusive of cash balances assumed by the buyer of $30.0, resulting in a gain, net of taxes, of $17.2 during the fourth quarter of 2007.

<u>Nema</u> — Sold for $6.8 in cash, net of cash balances assumed by the buyer of $0.4, for a loss, net of taxes, of $2.3 during the fourth quarter of 2007.

*Contech* — Sold to Marathon Automotive Group, LLC for net cash proceeds of $134.3. During 2007, we recorded a net loss on the sale of $13.6, including a $6.6 charge during the first quarter of 2007 to reduce the carrying value of the net assets sold to the net proceeds received from the sale. During the third quarter of 2006, we recorded a charge of $102.7 to "Gain (loss) on disposition of discontinued operations, net of tax" in order to reduce the carrying value of the net assets to be sold to their estimated net realizable value.



During the third quarter of 2007, we committed to a plan to divest our Air Filtration business within our Flow Technology segment. We are actively pursuing the sale of this business and anticipate that the sale will be completed in the second quarter of 2008. Accordingly, we have reported, for all periods presented, the financial condition, results of operations and cash flows of this business as a discontinued operation in our condensed consolidated financial statements. During the first quarter of 2008, we recorded a net charge of $3.1 to "Gain (loss) on disposition of discontinued operations, net of tax" to adjust the deferred tax assets of the Air Filtration business to their estimated realizable value. During the third quarter of 2007, we recorded a net charge of $11.0 to "Gain (loss) on disposition of discontinued operations, net of tax" in order to reduce the carrying value of the net assets to be sold to their estimated net realizable value. We believe that the carrying value of the net assets approximates fair value at March 29, 2008; however, such value is subject to adjustment based upon the terms of a definitive agreement.

During the first quarter of 2008, we committed to a plan to divest our vibration test equipment business within our Test and Measurement segment. We are actively pursuing the sale of this business and anticipate that the sale will be completed during 2008. Accordingly, we have reported, for all periods presented, the financial condition, results of operations and cash flows of this business as a discontinued operation in our condensed consolidated financial statements.

In addition to the Contech and Air Filtration businesses discussed above, we recognized net gains (losses) of $(0.1) and $0.3 for the first three months of 2008 and 2007, respectively, resulting from adjustments to gains (losses) on sales from previously discontinued businesses. Refer to the consolidated financial statements contained in our 2007 Annual Report on Form 10-K for the disclosure of all discontinued businesses during 2005 through 2007.

The final sales price for certain of the divested businesses is subject to adjustment based on working capital existing at the respective closing dates. The working capital figures are subject to agreement with the buyers or if we cannot come to agreement with the buyers, an arbitration process. Final agreement of the working capital figures with the buyers for certain of these transactions has yet to occur. In addition, changes in estimates associated with liabilities retained in connection with a business divestiture (e.g., income taxes) may occur. It is possible that the sales price and resulting gains/losses on these, and other previous divestitures, may be materially adjusted in subsequent periods.

For the first three months of 2008 and 2007, income (loss) from discontinued operations and the related income taxes are shown below:

| | Three months ended | |
|---|---|---|
| | **March 29, 2008** | **March 31, 2007** |
| Income (loss) from discontinued operations | $ 2.4 | $ (0.3) |
| Income tax provision | (2.8) | (2.2) |
| Loss from discontinued operations, net | $ (0.4) | $ (2.5) |

For the first three months of 2008 and 2007, results of operations for our businesses reported as discontinued operations were as follows:

| | Three months ended | |
|---|---|---|
| | **March 29, 2008** | **March 31, 2007** |
| Revenues | $ 45.4 | $ 142.2 |
| Pre-tax income | $ 2.6 | $ 5.9 |



The major classes of assets and liabilities, excluding intercompany balances, of the businesses reported as discontinued operations included in the accompanying condensed consolidated balance sheets are shown below:

| | **March 29, 2008** | **December 31, 2007** |
|---|---|---|
| Assets: | | |
| Accounts receivable, net | $ 38.1 | $ 36.3 |
| Inventories, net | 27.1 | 24.3 |
| Other current assets | 5.2 | 5.1 |
| Net property, plant and equipment | 25.4 | 24.4 |
| Goodwill and intangibles, net | 60.4 | 61.4 |
| Other assets | 5.3 | 4.8 |
| Assets of discontinued operations | $ 161.5 | $ 156.3 |
| | | |
| Liabilities: | | |
| Accounts payable | $ 17.3 | $ 17.5 |
| Accrued expenses | 30.1 | 27.1 |
| Short-term debt | 0.7 | 0.9 |
| Deferred and other income taxes | 9.8 | 11.8 |
| Long-term debt and other | 8.5 | 8.3 |

| Liabilities of discontinued operations | $ | 66.4 | $ | 65.6 |
|---|---|---|---|---|

## (4) BUSINESS SEGMENT INFORMATION

We are a global provider of flow technology, test and measurement products and services, thermal equipment and services, and industrial products and services, with operations in over 35 countries. We offer a diverse collection of products, including valves, fluid handling equipment, metering and mixing solutions, specialty service tools, diagnostic systems, service equipment and technical information services, cooling, heating and ventilation products, power transformers and TV and radio broadcast antennas. Our products are used by a broad array of customers in various industries, including power generation, chemical processing, pharmaceuticals, infrastructure, mineral processing, petrochemical, telecommunications, transportation and automotive service.

We have aggregated our operating segments into four reportable segments in accordance with the criteria defined in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". The segments are Flow Technology, Test and Measurement, Thermal Equipment and Services and Industrial Products and Services. The factors considered in determining our aggregated segments are the economic similarity of the businesses, the nature of products sold or services provided, production processes, types of customers and distribution methods. In determining our segments, we apply the threshold criteria of SFAS No. 131 to operating income or loss of each segment before considering impairment and special charges, pension and postretirement expenses, stock-based compensation and other indirect corporate expense. This is consistent with the way our chief operating decision maker evaluates the results of each segment.

***Flow Technology***

Our Flow Technology segment designs, manufactures, and markets solutions and products that are used to process or transport fluids, as well as solutions and products that are used in heat transfer applications. Our Flow Technology businesses focus on innovative, highly engineered new product introductions and expansion from products to systems and services to create total customer solutions. Products for the segment include high-intensity pumps, valves, heat exchangers, fluid mixers, agitators, metering systems, filters and dehydration equipment for the sanitary, food, beverage and pharmaceutical processing, general industrial, chemical processing, oil and gas processing, power generation and mining markets.

***Test and Measurement***

Our Test and Measurement segment engineers and manufactures branded, technologically advanced test and measurement products used across the transportation, telecommunications and utility industries. Our technology supports the introduction of new systems, expanded services, and sophisticated testing and validation. Products for the segment include specialty automotive diagnostic service tools, fare-collection boxes, and portable cable and pipe locators. The segment continues to focus on initiatives such as lean manufacturing, expanding its commercialization of the European and Chinese markets and leveraging its outsourcing model.



***Thermal Equipment and Services***

Our Thermal Equipment and Services segment engineers, manufactures and services cooling, heating and ventilation products for markets throughout the world. Products for the segment include dry, wet and hybrid cooling systems for the power generation, refrigeration, HVAC and industrial markets, as well as hydronic and heating and ventilation products for the commercial and residential markets. This segment also provides thermal components for power and steam generation plants and engineered services to maintain, refurbish, upgrade and modernize power stations. The segment continues to focus on expanding its global reach, as well as increasing thermal components and service offerings, particularly in China, Europe and South Africa.

***Industrial Products and Services***

Our Industrial Products and Services segment comprises businesses that design, manufacture and market power systems, industrial tools and hydraulic units, automatic transmission filters, precision machine components for the aerospace industry and television and radio broadcast antenna systems. This segment continues to focus on lean initiatives and global expansion opportunities.

***Corporate Expense***

Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters, our Horsham, PA information technology data center and our Asia-Pacific center in Shanghai, China.

Financial data for our business segments, including the results of businesses acquired from the respective dates of acquisition, were as follows:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Revenues (1): | | |
| Flow Technology | $ 504.0 | $ 250.7 |
| Test and Measurement | 274.7 | 240.1 |
| Thermal Equipment and Services | 346.8 | 312.7 |
| Industrial Products and Services | 267.0 | 211.6 |
| Total revenues | $ 1,392.5 | $ 1,015.1 |
| | | |
| Segment income: | | |
| Flow Technology | $ 46.0 | $ 37.7 |
| Test and Measurement | 24.4 | 23.8 |
| Thermal Equipment and Services | 36.4 | 16.1 |
| Industrial Products and Services | 54.3 | 26.0 |
| Total segment income | 161.1 | 103.6 |

| | | |
|---|---|---|
| Corporate expense | (30.2) | (25.4) |
| Pension and postretirement expense | (7.4) | (10.7) |
| Stock-based compensation expense | (16.1) | (13.8) |
| Special charges, net | (0.7) | (0.3) |
| | | |
| Consolidated operating income | $ 106.7 | $ 53.4 |

(1) Under the percentage of completion method, we recognized revenues of $332.4 and $213.8 in the first quarter of 2008 and 2007, respectively. Costs and estimated earnings in excess of billings on contracts accounted for under the percentage of completion method were $303.7 and $195.6 as of March 29, 2008 and December 31, 2007, respectively, and were classified as a component of "Accounts receivable, net" in the condensed consolidated balance sheets. Billings in excess of costs and estimated earnings on uncompleted contracts accounted for under the percentage of completion method were $255.0 and $198.7 as of March 29, 2008 and December 31, 2007, respectively, and were classified as a component of "Accrued expenses" in the condensed consolidated balance sheets.



## (5) SPECIAL CHARGES

Special charges, net, for the three months ended March 29, 2008 and March 31, 2007 totaled $0.7 and $0.3, respectively, and related to various consolidation initiatives within our segments and corporate as summarized below:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Flow Technology | $ 0.1 | $ 0.1 |
| Test and Measurement | 0.2 | — |
| Thermal Equipment and Services | 0.4 | — |
| Industrial Products and Services | — | 0.1 |
| Corporate | — | 0.1 |
| Total | $ 0.7 | $ 0.3 |

Restructuring and integration liabilities at March 29, 2008 and March 31, 2007 totaled $11.4 and $4.2, respectively, and related to various acquisition integration and restructuring plans within our segments and corporate as summarized below:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Beginning balance | $ 12.6 | $ 4.9 |
| Special charges – cash (1) | 0.5 | 0.3 |
| Additions related to acquisition accounting | 0.3 | — |
| Utilization – cash | (2.4) | (1.0) |
| Currency translation adjustment | 0.4 | — |
| Ending balance (2) | $ 11.4 | $ 4.2 |

(1) The three months ended March 29, 2008 exclude $0.2 of non-cash special charges relating to asset impairments that have had an impact on special charges but not the related liabilities.

(2) The balance at March 29, 2008 is composed of $9.5 relating to acquisition integration plans and $1.9 for various restructuring plans.

## (6) INVENTORIES

Inventories consisted of the following amounts:

| | March 29, 2008 | December 31, 2007 |
|---|---|---|
| Finished goods | $ 263.4 | $ 237.7 |
| Work in process | 151.4 | 148.5 |
| Raw material and purchased parts | 356.2 | 337.1 |
| Total FIFO cost | 771.0 | 723.3 |
| Excess of FIFO cost over LIFO inventory value | (32.5) | (31.2) |
| Total inventories | $ 738.5 | $ 692.1 |

Inventories include material, labor and factory overhead costs and are reduced, when necessary, to estimated realizable values. Certain domestic inventories are valued using the last-in, first-out ("LIFO") method. These inventories were approximately 38% of the total inventory at both March 29, 2008 and December 31, 2007. Other inventories are valued using the first-in, first-out ("FIFO") method. Progress payments, which are netted against work in process, were $3.7 and $3.2 at March 29, 2008 and December 31, 2007, respectively.



## (7) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by segment, were as follows:

| | December 31, 2007 | Goodwill resulting from business combinations | Foreign Currency Translation and other (1) | March 29, 2008 |
|---|---|---|---|---|
| Flow Technology | $ 668.3 | $ — | $ 40.4 | $ 708.7 |
| Test and Measurement | 375.0 | — | 8.2 | 383.2 |
| Thermal Equipment and Services | 612.6 | — | 12.3 | 624.9 |
| Industrial Products and Services | 288.0 | — | — | 288.0 |
| Total | $ 1,943.9 | $ — | $ 60.9 | $ 2,004.8 |

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(1) Includes adjustments resulting from acquisitions completed not more than one year prior to the date of adjustment and adjustments to tax positions considered uncertain at the date of the acquisition. For the three months ended March 29, 2008, adjustments resulting from acquisition accounting related to the APV transaction totaled approximately $28.2, which is included in the Flow Technology segment. Various other purchase accounting adjustments, changes from foreign currency translation, and tax related adjustments totaled ($6.5), $43.5 and ($4.3), respectively, for three months ended March 29, 2008.

***Other Intangibles***

| | March 29, 2008 | | | December 31, 2007 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Intangible assets with determinable lives: | | | | | | |
| Patents | $ 29.6 | $ (20.5) | $ 9.1 | $ 28.9 | $ (19.4) | $ 9.5 |
| Technology | 75.6 | (8.4) | 67.2 | 73.5 | (6.7) | 66.8 |
| Customer relationships | 230.9 | (23.9) | 207.0 | 219.2 | (18.9) | 200.3 |
| Other | 32.4 | (11.5) | 20.9 | 31.0 | (10.6) | 20.4 |
| | 368.5 | (64.3) | 304.2 | 352.6 | (55.6) | 297.0 |
| Trademarks with indefinite lives | 420.8 | — | 420.8 | 413.2 | — | 413.2 |
| Total | $ 789.3 | $ (64.3) | $ 725.0 | $ 765.8 | $ (55.6) | $ 710.2 |

Estimated annual amortization expense related to these intangible assets is $26.7 in 2008, $22.3 in 2009, $21.6 in 2010, $20.6 in 2011 and $20.1 in 2012.

At March 29, 2008, intangible assets with determinable lives were primarily associated with the Flow Technology ($175.6), Test and Measurement ($90.9) and Thermal Equipment and Services ($32.1) segments. Trademarks with indefinite lives were associated with the following segments: $228.3 in the Flow Technology segment, $54.4 in the Test and Measurement segment, $123.1 in the Thermal Equipment and Services segment, and $15.0 in the Industrial Products and Services segment.

Consistent with the requirements of SFAS No. 142, “Goodwill and Other Intangible Assets,” we annually test the recoverability of our indefinite-lived intangible assets during the fourth quarter and continually monitor impairment indicators across all our reporting units. Any significant change in market conditions and estimates or judgments used to determine expected future cash flows that indicate a reduction in carrying value may give rise to impairment in the period that the change becomes known.

Our annual goodwill impairment testing during the fourth quarter of 2007 identified two reporting units (Filtran, our automatic transmission business, and Weil-McLain, our boiler products business) whose fair value exceeded their carrying value by less than 10%. The aggregate goodwill and indefinite-lived intangible asset balance for these two reporting units was $153.9 at March 29, 2008.



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**(8) WARRANTY**

The following is an analysis of our product warranty accrual for the first three months of 2008 and 2007:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Balance at beginning of period | $ 60.8 | $ 53.7 |
| Acquisitions and divestitures, net | 9.4 | 0.4 |
| Provisions | 9.9 | 5.7 |
| Usage | (6.7) | (6.5) |
| Balance at end of period | 73.4 | 53.3 |
| Less: Current portion of warranty | 55.8 | 43.6 |
| Non-current portion of warranty | $ 17.6 | $ 9.7 |

**(9) EMPLOYEE BENEFIT PLANS**

Net periodic benefit expense for our pension and postretirement plans includes the following components:

*Domestic Pension Plans*

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |

| | | |
|---|---|---|
| Service cost | $ 1.9 | $ 2.2 |
| Interest cost | 16.3 | 16.2 |
| Expected return on plan assets | (19.5) | (19.5) |
| Amortization of unrecognized losses | 5.3 | 8.1 |
| Amortization of unrecognized prior service cost | (0.2) | (0.1) |
| Total net periodic benefit expense | 3.8 | 6.9 |
| Less: Net periodic benefit expense of discontinued operations | — | (0.2) |
| Net periodic benefit expense of continuing operations | $ 3.8 | $ 6.7 |

*Foreign Pension Plans*

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Service cost | $ 0.8 | $ 0.6 |
| Interest cost | 3.9 | 3.2 |
| Expected return on plan assets | (4.5) | (3.8) |
| Amortization of unrecognized losses | 0.3 | 0.6 |
| Net periodic benefit expense | $ 0.5 | $ 0.6 |

*Postretirement Plans*

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Service cost | $ 0.1 | $ 0.1 |
| Interest cost | 2.4 | 2.5 |
| Amortization of unrecognized losses | 0.9 | 1.1 |
| Amortization of unrecognized prior service cost | (0.3) | (0.3) |
| Net periodic benefit expense | $ 3.1 | $ 3.4 |



During the first quarter of 2008, we made contributions of approximately $0.7 to our foreign and domestic pension plans. Our estimates of full-year 2008 required employer contributions to our employee benefit plans have not changed significantly from those disclosed in the consolidated financial statements contained in our 2007 Annual Report on Form 10-K.

Prior to January 1, 2008, we amortized actuarial gains/losses for our pension plans over the approximate average service period of active employees expected to receive benefits under the plans. Based on a decrease in the number of active participants covered under one of our qualified U.S. pension plans, effective January 1, 2008 we began amortizing losses under the plan over the average remaining life expectancy of inactive participants receiving benefits under the plan. The effect of this change to the amortization period decreased net periodic pension expense by approximately $0.6 in the first quarter of 2008 and is expected to decrease the net periodic pension expense by approximately $2.4 in 2008.

**(10) INDEBTEDNESS**

The following summarizes our debt activity (both current and non-current) for the three months ended March 29, 2008:

| | December 31, 2007 | Borrowings | Repayments | Other (3) | March 29, 2008 |
|---|---|---|---|---|---|
| Term loan | $ 750.0 | $ — | $ — | $ — | $ 750.0 |
| Domestic revolving loan facility | 115.0 | 336.0 | (316.0) | — | 135.0 |
| Global revolving loan facility | — | 100.0 | — | — | 100.0 |
| 7.625% senior notes | 500.0 | — | — | — | 500.0 |
| 7.50% senior notes | 28.2 | — | — | — | 28.2 |
| 6.25% senior notes | 21.3 | — | — | — | 21.3 |
| Trade receivables financing arrangement (1) | 70.0 | 70.0 | (116.0) | — | 24.0 |
| Other indebtedness (2) | 84.1 | — | (20.4) | 1.3 | 65.0 |
| Total debt | 1,568.6 | $ 506.0 | $ (452.4) | $ 1.3 | 1,623.5 |
| Less: short-term debt | 255.0 | | | | 313.2 |
| Less: current maturities of long-term debt | 78.9 | | | | 79.0 |
| Total long-term debt | $ 1,234.7 | | | | $ 1,231.3 |

(1) Under this arrangement, we can borrow, on a continuous basis subject to defined availability, up to $130.0.
(2) Includes aggregate balances under extended accounts payable programs and a purchase card program of $53.1 and $57.7 at March 29, 2008 and December 31, 2007, respectively.
(3) "Other" includes debt assumed and foreign currency translation on any debt instruments denominated in currencies other than the U.S. dollar.

***Credit Facilities***

We have senior credit facilities with a syndicate of lenders that provide for committed senior secured financing of $2,300.0, consisting of the following:

- A term loan facility in an initial aggregate principal amount of $750.0 with final maturity in September 2012;

- A domestic revolving loan facility, available for loans and letters of credit, in an aggregate principal amount of $400.0 with final maturity in September 2012;
- A global revolving loan facility, available for loans in Euros, British Pounds and other currencies in an aggregate principal amount up to the equivalent of $200.0 with final maturity in September 2012; and
- A foreign credit instrument facility, available for performance letters of credit and guarantees, in an aggregate principal amount in various currencies up to the equivalent of $950.0 with a final maturity of September 2012.

Our senior credit facilities require that we maintain a Consolidated Interest Coverage Ratio (generally defined as the ratio of consolidated adjusted EBITDA for the four fiscal quarters ended on such date to consolidated interest expense for such period) as of the last day of any fiscal quarter of at least 3.50 to 1.00, and a Consolidated Leverage Ratio as of the last day of any fiscal quarter of no more than 3.25 to 1.00. Our senior credit facilities also contain covenants that, among other things, restrict our ability to incur additional indebtedness, grant liens, make investments, loans, guarantees or advances,



make restricted junior payments, including dividends, redemptions of capital stock and voluntary prepayments or repurchases of certain other indebtedness, engage in mergers, acquisitions or sales of assets, enter into sale and leaseback transactions or engage in certain transactions with affiliates and otherwise restrict certain corporate activities. We do not expect these covenants to restrict our liquidity, financial condition or access to capital resources in the foreseeable future. Lastly, our senior credit facilities contain customary representations, warranties, affirmative covenants and events of default.

We are permitted under our senior credit facilities to repurchase our capital stock and pay cash dividends in an unlimited amount if our gross Consolidated Leverage Ratio is less than 2.50 to 1.00. If our gross Consolidated Leverage Ratio is greater than or equal to 2.50 to 1.00, the aggregate amount of such repurchases and dividend declarations cannot exceed (A) $100.0 in any fiscal year plus (B) an additional amount for all such repurchases and dividend declarations made after September 21, 2007 equal to the sum of (i) $300.0 and (ii) a positive amount equal to 50% of cumulative consolidated net income during the period from July 1, 2007 to the end of the most recent fiscal quarter for which financial information is available preceding the date of such repurchase or dividend declaration (or, in case such consolidated net income is a deficit, minus 100% of such deficit).

The weighted-average interest rate of our outstanding borrowings under our senior credit facilities was 4.0% at March 29, 2008.

At March 29, 2008, we were in compliance with all covenant provisions of our senior credit facilities, and did not have any restrictions on our ability to repurchase shares or pay dividends.

***Senior Notes***

In December 2007, we issued in a private placement $500.0 aggregate principal amount of 7.625% senior unsecured notes that mature in 2014. We used the net proceeds from the offering for general corporate purposes including the financing of our acquisition of APV (see Note 3). The interest payment dates for these notes are June 15 and December 15 of each year, commencing on June 15, 2008. The notes are redeemable, in whole, or in part, at any time prior to maturity at a price equal to 100% of the principal amount thereof plus a premium, plus accrued and unpaid interest. In addition, at any time prior to December 15, 2010, we may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain equity offerings at a redemption price of 107.625%, plus accrued and unpaid interest. If we experience certain types of change of control transactions, we must offer to repurchase the notes at 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest. These notes are unsecured and rank equally with all our existing and future unsecured senior indebtedness. The indenture governing these notes contains covenants that, among other things, limit our ability to incur liens, enter into sale and leaseback transactions and consummate some mergers. At March 29, 2008, we were in compliance with all covenant provisions of these senior notes. We have agreed to conduct a registered exchange offer for the notes and will use commercially reasonable efforts to exchange the notes for a new issue of identical debt securities within 150 days from February 28, 2009, if the notes are not freely tradable before this date, and file under certain circumstances a shelf registration statement to cover resales of the notes and to cause the registration statement to be declared effective by the SEC. If we fail to satisfy these obligations, we have agreed to pay additional interest to holders of the notes under certain circumstances.

## (11) FINANCIAL INSTRUMENTS

Effective January 1, 2008, we adopted the provisions of SFAS No. 157 that apply to our financial assets and liabilities that are measured at fair value within our financial statements, which provides a framework for measuring fair value under GAAP. As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We utilize market data or assumptions that we believe market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2) or significant unobservable inputs (level 3).



We primarily use the income approach, which uses valuation techniques to convert future amounts to a single present amount. Assets and liabilities measured at fair value on a recurring basis include the following as of March 29, 2008:

| | Fair Value Measurements Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Current assets – currency forward and commodity contracts | $ — | $ 3.6 | $ — |
| Current liabilities – currency forward contracts | — | 2.1 | — |
| Long-term liabilities – interest rate swaps | — | 33.6 | — |

***Interest Rate Swaps***

We maintain interest rate protection agreements (“swaps”) to hedge the potential impact of increases in interest rates on our variable rate term loan. These swaps, which we designate and account for as cash flow hedges, have maturities through September 2012 and effectively convert $600.0 of our borrowing under our variable rate term loan to a fixed rate of 4.795% plus the applicable margin. These are amortizing swaps; therefore, the outstanding

notional value is scheduled to decline commensurate with the scheduled maturities of the term loan. As of March 29, 2008, the aggregate notional amount of the swaps was $585.0. The unrealized loss, net of taxes, recorded in accumulated other comprehensive income was $20.7 and $9.1 as of March 29, 2008 and December 31, 2007, respectively. In addition, as of March 29, 2008 and December 31, 2007, we recorded a long-term liability of $33.6 and $14.8, respectively, to recognize the fair value of our swaps.

***Currency Forward Contracts***

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency exchange rates. Our objective is to preserve the economic value of non-functional currency denominated cash flows. Our principal currency exposures relate to the Euro, British Pound and Chinese Yuan.

We have entered into foreign currency protection agreements ("FX forward contracts") to manage the exposure on forecasted transactions denominated in foreign currencies and to manage the risk of transaction gains and losses associated with assets/ liabilities denominated in currencies other than the functional currency of certain subsidiaries. Some of the underlying forecasted transactions contain embedded derivatives, as the currency of exchange is not "clearly and closely" related to the functional currency of either party to the transaction. The changes in the fair value of these FX forward contracts and embedded derivatives are recorded in "Other income (expense)" in the period of change. The net impact of the changes in fair values of the FX forward contracts and embedded derivatives was not material to our condensed consolidated financial statements for the first three months of 2008 and 2007.

We had FX forward contracts with an aggregate notional amount of $179.4 outstanding as of March 29, 2008. The fair values of our FX forward contracts and related embedded derivatives were as follows:

| | March 29, 2008 | | December 31, 2007 | |
|---|---|---|---|---|
| | Current Assets | Current Liabilities | Current Assets | Current Liabilities |
| FX forward contracts | $ 1.0 | $ 1.4 | $ — | $ 0.1 |
| Embedded derivatives | 0.6 | 0.7 | — | 0.8 |

***Other Derivative Instruments***

From time to time we enter into forward contracts to manage the exposure on forecasted purchases of commodity raw materials. We designate and account for such transactions as cash flow hedges. As of March 29, 2008 and December 31, 2007, the unrealized gain/(loss), net of tax, recorded in accumulated other comprehensive income was $1.3 and $(0.6), respectively. We expect to reclassify the unrealized gain mentioned above to cost of products sold over the next 12 months as the hedged transactions impact earnings. The fair values of contracts that had not settled with the counterparty as of March 29, 2008 and December 31, 2007 were $2.0 (recorded as a current asset) and $0.7 (recorded as a current liability), respectively. The amount of gain or loss recognized during the first three months of 2008 and 2007 related to the ineffectiveness of the hedges was not material to our condensed consolidated financial statements.



**(12) SHAREHOLDERS' EQUITY AND STOCK-BASED COMPENSATION**

***Earnings Per Share***

The following table sets forth the number of weighted-average shares outstanding used in the computation of basic and diluted income per share:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Weighted-average shares outstanding used in basic income per share | 52.578 | 58.606 |
| Dilutive Securities—Employee stock options, restricted stock and restricted stock units | 1.471 | 1.517 |
| Weighted average number of common and dilutive securities used for calculating diluted income per share | 54.049 | 60.123 |

The total number of stock options that were not included in the computation of diluted income per share because their exercise price was greater than the average market price of common shares was 0.092 and 1.427 for the first three months of 2008 and 2007, respectively.

***Stock-based Compensation***

Under the 2002 Stock Compensation Plan, as amended in 2006, the successor plan to the 1992 Stock Compensation Plan, up to 20.000 shares of our common stock may be granted to key employees and 5.717 of these shares were available for grant at March 29, 2008. The 2002 Stock Compensation Plan permits the issuance of new shares or shares from treasury upon the exercise of options, the vesting of restricted stock units and the granting of restricted stock.

During the first quarter of 2008 and 2007, $14.9 and $8.9, respectively, associated with excess tax benefits from stock-based compensation were classified as financing cash flows and included in "Proceeds from the exercise of employee stock options and other" within our condensed consolidated statement of cash flows.

Restricted stock or restricted stock units may be granted to eligible employees or non-employee directors in accordance with applicable equity compensation plan documents and agreements. Subject to participants' continued employment and other plan terms and conditions, the restrictions lapse and awards vest over three years. In addition, the restrictions lapse and the awards vest in the event of retirement, death or disability. The 2004 grants vest ratably. In December 2004, the Compensation Committee of the Board of Directors announced changes to our stock-based employee compensation program. Under the announced changes, company performance thresholds have been instituted for vesting of substantially all restricted stock and restricted stock units awarded in 2005 and future years. This vesting is based on SPX shareholder return versus the S&P 500 composite index. On each vesting date, we compare the SPX shareholder return to the performance of the S&P 500 composite index for the prior year and for the cumulative period since the date of the grant. If SPX outperforms the S&P 500 composite index for the prior year, the one-third portion of the grant associated with that year will vest. If SPX outperforms

the S&P composite index for the cumulative period, any unvested portion of the grant that was subject to vesting on or prior to the vesting date will vest. Restricted stock and restricted stock units that do not vest within the three-year vesting period in accordance with these performance requirements are forfeited.

Beginning in 2007, we grant restricted stock to non-employee directors under the 2006 Non-Employee Directors' Stock Incentive Plan (the "Directors' Plan) in lieu of granting them phantom stock shares. Under the Directors' Plan, up to 0.100 shares of our common stock may be granted to non-employee directors and 0.065 of these shares were available for grant at March 29, 2008. Restricted stock grants have a three-year vesting period based on SPX shareholder return versus the S&P 500 composite index, which are subject to the same company performance thresholds for employee awards described in the preceding paragraph. Restricted stock that does not vest within the three-year vesting period in accordance with these performance requirements is forfeited.

Stock options may be granted to key employees in the form of incentive stock options or nonqualified stock options, vest ratably over three years, which vesting may be subject to performance criteria, and expire no later than 10 years from the date of grant. The option price per share may be no less than the fair market value of our common stock on the date of grant. Upon exercise, the employee has the option to surrender previously owned shares at current value in payment of the exercise price and/or for withholding tax obligations, and, subject to certain restrictions, may receive a reload option having an



exercise price equal to the current market value for the number of shares so surrendered. The reload option expires at the same time that the exercised option would have expired. Any future issuances of options under the plan will not have a reload feature, pursuant to the terms of the plan.

We use the Monte Carlo simulation model valuation technique to determine fair value as our restricted stock and restricted stock units contain a "market condition". The Monte Carlo simulation model utilizes multiple input variables that determines the probability of satisfying the market condition stipulated in the award and calculates the fair market value of each restricted stock and restricted stock unit award. We used the following assumptions in determining the fair value of the awards granted on January 2, 2008 and January 3, 2007:

| | Annual expected stock price volatility | Annual expected dividend yield | Risk free interest rate | Correlation between total shareholder return for SPX and S&P 500 Composite Index |
|---|---|---|---|---|
| **January 2, 2008** | | | | |
| SPX Corporation | 26.5% | 0.98 | 2.85% | 0.4913 |
| S&P 500 Composite Index | 12.4% | n/a | 2.85% | |
| **January 3, 2007** | | | | |
| SPX Corporation | 29.0% | 1.63 | 4.63% | 0.4225 |
| S&P 500 Composite Index | 10.5% | n/a | 4.63% | |

Annual expected stock price volatility is based on the three-year historical volatility. The annual expected dividend yield is based on annual expected dividend payments and the stock price on the date of the grant. The risk-free interest rate reflects the three-year daily treasury yield curve rate as of the grant date. The fair value of the restricted stock and restricted stock units is amortized over the derived service period of each award, which is up to three years.

The following table summarizes the restricted stock and restricted stock unit activity from December 31, 2007 through March 29, 2008:

| | Unvested Restricted Stock and Restricted Stock Units | Weighted Average Grant-Date Fair Value |
|---|---|---|
| Outstanding at December 31, 2007 | 1.378 | $ 40.49 |
| Granted | 0.634 | 74.70 |
| Vested | (0.610) | 37.45 |
| Forfeited | (0.013) | 51.06 |
| Outstanding at March 29, 2008 | 1.389 | 57.41 |

As of March 29, 2008, there was $47.4 of unrecognized compensation cost related to restricted stock and restricted stock unit compensation arrangements. We expect this cost to be recognized over a weighted average period of 1.7 years.

The following table summarizes the stock option activity from December 31, 2007 through March 29, 2008:

| | Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at December 31, 2007 | 2.374 | $ 66.80 |
| Exercised | (0.128) | 62.67 |
| Forfeited | (0.001) | 43.82 |
| Outstanding and exercisable at March 29, 2008 | 2.245 | 67.04 |

The weighted average remaining term, in years, of stock options outstanding and exercisable at March 29, 2008 was 2.3. The total number of in-the-money options exercisable on March 29, 2008 was 2.245. Aggregate intrinsic value (market value of stock less the option exercise price) represents the total pretax intrinsic value, based on our closing stock price on March 29, 2008, which would have been received by the option holders had all in-the-money option holders exercised their options as of that date. The aggregate intrinsic value of the options outstanding and the options exercisable at March 29, 2008 was $85.0. The aggregate intrinsic value of options exercised during the first three months of 2008 and 2007 was $5.3 and $8.2, respectively.



***Comprehensive Income***

The components of comprehensive income were as follows for the periods presented:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Net income | $ 61.4 | $ 29.2 |
| Foreign currency translation adjustments | 110.1 | 9.7 |
| Pension liability adjustment, net of tax provision of $2.3 and $3.4, respectively | 3.6 | 5.4 |
| Change in unrealized losses on qualifying cash flow hedges, net of tax benefit of $6.1 and $0.7, respectively | (9.7) | (1.1) |
| Comprehensive income | $ 165.4 | $ 43.2 |

The components of the balance sheet caption "Accumulated other comprehensive income" were as follows:

| | March 29, 2008 | December 31, 2007 |
|---|---|---|
| Foreign currency translation adjustment | $ 408.5 | $ 298.4 |
| Unrealized losses on qualifying cash flow hedges, net of tax benefit of $12.1 and $6.0, respectively | (19.4) | (9.7) |
| Pension liability adjustment, net of tax benefit of $148.6 and $150.9, respectively | (247.0) | (250.6) |
| Accumulated other comprehensive income | $ 142.1 | $ 38.1 |

***Common Stock in Treasury***

During the first three months of 2007, we repurchased 2.004 shares of our common stock (of which 0.300 were associated with a written trading plan under Rule 10b5-1 of the Securities and Exchange Act of 1934, as amended) for total cash consideration of $140.6. We record common stock repurchases based on the settlement date.

There were no common stock repurchases during the first three months of 2008. However, during the first three months of 2008, "Common Stock in Treasury" was decreased by the settlement of vested restricted stock units issued from treasury stock of $3.6 and increased by $10.1 of common stock that was surrendered by recipients of restricted stock as a means of funding the related income tax withholding requirements.

***Dividends***

The dividends declared during the first quarter of 2008 and 2007 were $0.25 per share and totaled $13.3 and $14.9, respectively, and were paid on April 1, 2008 and April 2, 2007, respectively.

## (13) CONTINGENCIES AND OTHER MATTERS

***General***

Numerous claims, complaints and proceedings arising in the ordinary course of business, including but not limited to those relating to litigation matters (*e.g.*, class actions, derivative lawsuits, and contract, intellectual property, competitive claims, etc.), environmental matters, and risk management matters (*e.g.*, product and general liability, automobile, workers' compensation, etc.), have been filed or are pending against us and certain of our subsidiaries. Additionally, we may become subject to significant claims of which we are currently unaware or the claims of which we are aware may result in our incurring a significantly greater liability than we anticipate. This may also be true in connection with past or future acquisitions. While we maintain property, cargo, auto, product, general liability, and directors' and officers' liability insurance and have acquired rights under similar policies in connection with these acquisitions that we believe cover a portion of these claims, this insurance may be insufficient or unavailable to protect us against potential loss exposures. In addition, we have increased our self-insurance limits over the past several years. While we believe we are entitled to indemnification from third parties for some of these claims, these rights may be insufficient or unavailable to protect us against potential loss exposures. However, we believe that our accruals related to these items are sufficient and that these items and our rights to available insurance and indemnity will be resolved without material adverse effect, individually or in



the aggregate, on our financial position, results of operations and cash flows. These accruals totaled $352.9 (including $269.1 for risk management matters) and $359.1 (including $268.8 for risk management matters) at March 29, 2008 and December 31, 2007, respectively. Of these amounts, $268.7 and $270.5 were included in "Other long-term liabilities" within our consolidated balance sheets at March 29, 2008 and December 31, 2007, respectively, with the remainder included in "Accrued expenses."

***Litigation Matters***

In October of 2004, one of our Italian subsidiaries, SPX Cooling Technologies Italia, S.p.A., formerly Balcke Marley Italia, S.p.A., was notified that it was the subject of an investigation by the Milan Public Prosecutor's Office. The investigation related to the business practices of several individuals and different companies in securing contracts from an Italian power generation company. On August 24, 2006, the Public Prosecutor served on SPX Cooling Technologies Italia, S.p.A., a Notice of End of the Preliminary Investigations. This Notice, which also identified numerous other individual and corporate defendants, set forth an allegation that SPX Cooling Technologies Italia, S.p.A. was responsible under Italian Legislative Decree No. 231 for failing to adopt and effectively implement a proper organization and management model suitable for the prevention of alleged acts of bribery by the former general manager of Hamon-Research Cottrell Italia, S.p.A. and the former director of Marley Cooling Tower Europe, S.p.A. Our subsidiary has previously taken actions to address Italian Legislative Decree No. 231, including the appointment of a compliance program supervisor at the cooling equipment business. Following the assertion of preliminary defenses by SPX Cooling Technologies Italia S.p.A., the Public Prosecutor discharged our subsidiary from any responsibilities under such Italian Legislative Decree for several alleged acts of bribery. Such discharge by the Public Prosecutor is subject to challenge by the third parties having a lawful interest within six months after the filing of the discharge. In addition, following discussions between our subsidiary and the Public Prosecutor regarding a potential plea-agreement with respect to the remaining alleged acts of bribery, our subsidiary submitted a request for a plea-agreement to which the Public Prosecutor consented. On March 28, 2008, the judge responsible for this matter approved the plea-agreement, under which our subsidiary is required to make a payment of Euro 1.2 (approximately $1.8 at March 29, 2008) and all remaining claims against our subsidiary are resolved. We recorded a liability of $1.8 associated with this matter in 2006.

We are subject to other legal proceedings and claims that arise in the normal course of business. In our opinion, these matters are either without merit or of a kind that should not have a material adverse effect individually or in the aggregate on our financial position, results of operations or cash flows. However, we cannot assure you that these proceedings or claims will not have a material adverse effect on our financial position, results of operations or cash flows.

***Environmental Matters***

Our operations and properties are subject to federal, state, local and foreign regulatory requirements relating to environmental protection. It is our policy to comply fully with all applicable requirements. As part of our effort to comply, we have a comprehensive environmental compliance program that includes environmental audits conducted by internal and external independent professionals, as well as regular communications with our operating units regarding environmental compliance requirements and anticipated regulations. Based on current information, we believe that our operations are in substantial compliance with applicable environmental laws and regulations, and we are not aware of any violation that could have a material adverse effect on our business, financial condition, results of operations or cash flows. We have liabilities for site investigation and/or remediation at 62 sites that we own or control. In addition, while we believe that we maintain adequate accruals to cover the costs of site investigation and/or remediation, there can be no assurance that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect our business or operations in the future.

Our environmental accruals cover anticipated costs, including investigation, remediation, and operation and maintenance of clean-up sites. Our estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. Accordingly, our estimates may change based on future developments, including new or changes in existing environmental laws or policies, differences in costs required to complete anticipated actions from estimates provided, future findings of investigation or remediation actions, or alteration to the expected remediation plans. It is our policy to realize a change in estimate once it becomes probable and can be reasonably estimated. We do not discount our environmental accruals and do not reduce them by anticipated insurance recoveries. We do take into account third-party indemnification from financially viable parties in determining our accruals where there is no dispute regarding the right to indemnification.



In the case of contamination at offsite, third-party disposal sites, we have been notified that we are potentially responsible and have received other notices of potential liability pursuant to various environmental laws at 30 sites at which the liability has not been settled, and only 12 of which have been active in the past few years. These laws may impose liability on certain persons that are considered jointly and severally liable for the costs of investigation and remediation of hazardous substances present at these sites, regardless of fault or legality of the original disposal. These persons include the present or former owners or operators of the site and companies that generated, disposed of or arranged for the disposal of hazardous substances at the site. We are considered a “*de minimis*” potentially responsible party at most of the sites, and we estimate the aggregate probable remaining liability at these sites is immaterial.

We conduct extensive environmental due diligence with respect to potential acquisitions, including environmental site assessments and such further testing as we may deem warranted. If an environmental problem is identified we estimate the cost and either establish a reserve, purchase insurance or obtain an indemnity from a financially sound seller. However, in connection with our acquisitions or dispositions, we may assume or retain significant environmental liabilities, some of which we may be unaware. The potential costs related to these environmental matters and the possible impact on future operations are uncertain due in part to the complexity of government laws and regulations and their interpretations, the varying costs and effectiveness of various clean-up technologies, the uncertain level of insurance or other types of recovery, and the questionable level of our responsibility. We account for these assumed liabilities in accordance with SFAS No. 5 “Accounting for Contingencies” and Statement of Position 96-1 “Environmental Remediation Liabilities” and, therefore, record the liability when it is both probable and the amount can be reasonably estimated. Due to the uncertainties previously described, we are unable to reasonably estimate the amount of possible additional losses associated with the resolution of these matters beyond what has been previously recorded.

In our opinion, after considering accruals established for such purposes, remedial actions for compliance with the present laws and regulations governing the protection of the environment are not expected to have a material adverse impact on our business, financial condition, results of operations or cash flows.

***Risk Management Matters***

We are self-insured for certain of our product and general liability, workers’ compensation, disability and health costs, and automobile costs, and we believe that we maintain adequate accruals to cover our retained liability. Our accruals for risk management matters are determined by management, are based on claims filed and estimates of claims incurred but not yet reported, and are not discounted. Management considers a number of factors, including third-party actuarial valuations, when making these determinations. We maintain third-party stop-loss insurance policies to cover certain liability costs in excess of predetermined retained amounts. This insurance may be insufficient or unavailable to protect us against potential loss exposures.

***Consortium Arrangements***

We enter into consortium arrangements for certain projects within our Thermal Equipment and Services segment. Under such arrangements, each consortium member is responsible for performing certain discrete items of work within the total scope of the contracted work and the consortium expires when all contractual obligations are completed. The revenue for these discrete items of work is defined in the contract with the project owner and each consortium member bears the profitability risk associated with its own work. The use of a consortium arrangement typically results in joint and several liability for the consortium members, however, our consortium arrangements typically provide that each consortium member assumes its responsible share of any damages or losses associated with the project. If responsibility cannot be determined, then each consortium member is responsible according to its share of the contract value. Within our condensed consolidated financial statements, we account for our share of the revenues and profits under the consortium arrangements. As of March 29, 2008, our share of the aggregate contract value on open consortium arrangements was $169.6 (of which approximately 64% has been recognized as revenue), whereas the aggregate contract value on open consortium arrangements was $481.8. As of December 31, 2007, our share of the aggregate contract value on open consortium arrangements was $192.6 (of which approximately 69% had been recognized as revenue), whereas the aggregate contract value on open consortium arrangements was $529.0. At March 29, 2008 and December 31, 2007, we recorded a liability of $2.3 and $2.1, respectively, representing the estimated fair value of our potential obligation under the joint and several liability provisions associated with the consortium arrangements.

## (14) INCOME TAXES

***FIN 48***

As of March 29, 2008, we had gross unrecognized tax benefits of $129.7 (net unrecognized tax benefits of $104.8), of which $69.1, if recognized, would impact our effective tax rate from continuing operations.

We classify interest and penalties related to unrecognized tax benefits as a component of our income tax provision. As of March 29, 2008, gross accrued interest excluded from the amounts above, totaled $25.5 (net accrued interest of $16.5). There were no penalties recorded during the quarter ended March 29, 2008.

Based on the outcome of certain examinations or as a result of the expiration of statute of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by approximately $45.5.

***Tax Contingencies and Other Tax Matters***

We perform reviews of our income tax positions on a continuous basis and accrue for potential contingencies when we believe a liability is probable and can be reasonably estimated. Accruals for these contingencies are recorded in “Income taxes payable” and “Deferred and other income taxes” in the accompanying condensed consolidated balance sheets based on the expectation as to the timing of when the contingency will be resolved. As events change and resolution occurs, these accruals are adjusted, such as in the case of audit settlements with taxing authorities. Management believes any potential liabilities in excess of amounts not recorded are not material.

The Internal Revenue Service (“IRS”) currently is performing an audit of our 2003 through 2005 Federal income tax returns. At this stage, the outcome of the audit is uncertain; however, we believe that any contingencies are adequately provided for.

State income tax returns generally are subject to examination for a period of three to five years after filing of the respective tax return. The impact on such tax returns of any Federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax returns in the process of examination, administrative appeals or litigation.

We have various foreign income tax returns in the process of examination. Currently, there are audits by Canadian tax authorities related to our 2001 to 2006 tax returns. The German tax authorities commenced audits of certain income tax returns related to the 2002 to 2005 tax years.

An unfavorable resolution on one or more of the above matters could have a material adverse effect on our results of operations or cash flows in the quarter and year in which an adjustment is recorded or the tax is due or paid. As audits and examinations are still in process or we have not yet reached the final stages of the appeals process for the above matters, the timing of the ultimate resolution and any payments that may be required for the above matters cannot be determined at this time.

Upon the conclusion of our disposition activities discussed in Note 3 to these condensed consolidated financial statements, we may recognize an additional income tax provision or benefit, generally as part of discontinued operations.



## ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
**(in millions, except per share data)**

## EXECUTIVE OVERVIEW

During the three months ended March 29, 2008, we experienced another quarter of improved operating results as indicated by the 7.1% of organic revenue growth and the year-over-year increase in operating income of 99.8%. Despite the improvement in operating income, cash flows used in operations were higher during the first quarter of 2008 versus the same period in 2007 due primarily to the timing of cash collections on certain large projects. Accordingly, we expect operating cash flows to increase in the second quarter of 2008. We also expect a continued favorable trend in revenues and operating income during the remainder of 2008 as supported by our backlog as of March 29, 2008, which exceeded $3,100.0 and is approximately $400.0 higher than the comparable figure at the end of 2007. Additional details on our first quarter operating results, as well as expected results for the remainder of 2008, are discussed below.

## RESULTS OF CONTINUING OPERATIONS

The unaudited information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements contained in our 2007 Annual Report on Form 10-K. Interim results are not necessarily indicative of results for a full year. It is our practice to establish actual interim closing dates using a “fiscal” calendar, which requires our businesses to close their books on the Saturday closest to the end of the calendar quarter for efficiency purposes. The interim closing dates for the first, second and third quarters of 2008 are March 29, June 28 and September 27, respectively, and March 31, June 30 and September 29 for 2007, respectively. The effects of this practice only impact the quarterly reporting periods and not the annual reporting period. We had one fewer day in the first quarter of 2008 and will have two additional days in the fourth quarter of 2008 when compared to the respective 2007 periods.

<u>Seasonality and Competition</u> — Many of our businesses closely follow changes in the industries and end markets that they serve. In addition, certain businesses have seasonal fluctuations. Our heating and ventilation products businesses tend to be stronger during the third and fourth quarters, as customer buying habits are driven largely by seasonal weather patterns. Demand for cooling towers and related services is highly correlated to contract timing on large

construction contracts, which may cause significant fluctuations from period to period. Revenues for our service solutions business typically follow program launch timing for diagnostic systems and service equipment. In aggregate, our businesses generally tend to be stronger in the second half of the year.

Although our businesses operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since our competitors do not offer all the same product lines or serve all of the same markets. In addition, specific reliable comparative figures are not available for many of our competitors. In most product groups, competition comes from numerous concerns, both large and small. The principal methods of competition are price, service, product performance and technical innovations. These methods vary with the type of product sold. We believe we can compete effectively on the basis of each of these factors as they apply to the various products and services we offer.

*Non-GAAP Measures* — Organic revenue growth (decline) presented herein is defined as revenue growth (decline) excluding the effects of foreign currency fluctuations, acquisitions and divestitures. We believe that this metric is a useful financial measure for investors in evaluating our operating performance for the periods presented, as when read in conjunction with our revenues, it presents a useful tool to evaluate our ongoing operations and provides investors with a tool they can use to evaluate our management of assets held from period to period. In addition, organic revenue growth (decline) is one of the factors we use in internal evaluations of the overall performance of our business. This metric, however, is not a measure of financial performance under accounting principles generally accepted in the United States ("GAAP") and should not be considered a substitute for revenue growth (decline) as determined in accordance with GAAP and may not be comparable to similarly titled measures reported by other companies.



The following table provides selected financial information for the first quarter of 2008 and 2007, including the reconciliation of organic revenue growth to net revenue growth, as defined herein:

| | Three months ended | | |
|---|---|---|---|
| | March 29, 2008 | March 31, 2007 | % Change |
| Revenues | $ 1,392.5 | $ 1,015.1 | 37.2 |
| Gross profit | 411.8 | 277.1 | 48.6 |
| % of revenues | 29.6% | 27.3% | |
| Selling, general and administrative expense | 297.7 | 219.3 | 35.8 |
| % of revenues | 21.4% | 21.6% | |
| Intangible amortization | 6.7 | 4.1 | 63.4 |
| Special charges, net | 0.7 | 0.3 | 133.3 |
| Interest expense, net | (28.8) | (13.4) | 114.9 |
| Other income (expense), net | 2.5 | (1.8) | * |
| Equity earnings in joint ventures | 11.6 | 10.1 | 14.9 |
| Income from continuing operations before income taxes | 92.0 | 48.3 | 90.5 |
| Income tax provision | (30.2) | (16.6) | 81.9 |
| Income from continuing operations | 61.8 | 31.7 | 95.0 |
| | | | |
| Components of consolidated revenue growth: | | | |
| Organic growth | | | 7.1 |
| Foreign currency | | | 4.5 |
| Acquisitions, net | | | 25.6 |
| Net revenue growth | | | 37.2 |

* Not meaningful for comparison purposes.

*Revenues* — For the three months ended March 29, 2008, the increase in revenues compared to the respective 2007 period was driven primarily by the fourth quarter 2007 acquisition of APV by our Flow Technology segment and the acquisitions of a division of Johnson Controls ("JCD") and Matra–Werke GmbH ("Matra") by our Test and Measurement segment during the third and fourth quarters of 2007, respectively. Additionally, we continued to experience strong demand in the power, oil and gas and sanitary markets serviced by businesses in our Flow Technology segment, as well as for cooling systems and products within our Thermal Equipment and Services segment and power transformers within our Industrial Products and Services segment. Revenues for the first quarter of 2008 also benefited from the favorable impact of foreign currencies (*e.g.*, relative weakening of the U.S. dollar against many foreign currencies, primarily the Euro).

*Gross profit* — The increase in gross profit for the three months ended March 29, 2008 compared to the respective 2007 period was due primarily to the revenue performance described above. Gross profit as a percentage of revenues for the three months ended March 29, 2008 as compared to the respective 2007 period was impacted favorably by leverage on the organic growth noted above, as well as:

- Improved execution and favorable project mix within our cooling systems and products business.
- Improved pricing, favorable product mix and improved productivity associated with the power transformer business within our Industrial Products and Services segment.
- Improved pricing and lean manufacturing initiatives within our Flow Technology segment.

As APV historically has generated lower margins than the rest of our businesses, gross profit as a percentage of revenues for the three months ended March 29, 2008 was impacted unfavorably by the results of APV, which reduced gross profit as a percentage of revenues by approximately 140 basis points. In particular, APV's gross profit was reduced by an incremental charge of $7.5, representing the excess fair value (over historical cost) of inventory acquired in the APV transaction that was subsequently sold during the first quarter of 2008. In addition, gross profit for the three months ended March 31, 2007 was impacted unfavorably by $3.6 of charges related to a legacy product liability matter.

*Selling, general and administrative ("SG&A") expenses* — For the three months ended March 29, 2008, the increase in SG&A expense was due primarily to the acquisitions of APV, JCD and Matra, as well as additional costs in support of organic revenue growth and increased stock-based compensation and corporate expenses during the period as

compared to the respective period in 2007. The impact of foreign currencies also resulted in an increase in SG&A during the three months ended March 29, 2008 of approximately $8.0.

*Intangible amortization* — For the three months ended March 29, 2008, the increase in intangible amortization was due to amortization expense associated with intangible assets acquired in connection with APV, JCD and Matra transactions.

*Special charges, net* — Special charges related primarily to restructuring initiatives to consolidate manufacturing, sales, and administrative facilities, reduce workforce and rationalize certain product lines. See Note 5 to the condensed consolidated financial statements for the details of actions taken in 2008 and 2007.

*Other income (expense), net* — Other income, net, for the three months ended March 29, 2008 was composed primarily of currency transaction gains of $5.9, partially offset by minority interest charges of $3.2. Other expense, net for the three months ended March 31, 2007 was composed primarily of currency transaction losses of $1.3, minority interest charges of $0.2 and losses on sales of assets of $0.2.

*Interest expense, net* — Interest expense, net includes both interest expense and interest income. The increase in interest expense, net, was the result of higher average debt balances during the three months ended March 29, 2008 as compared to the respective period in 2007. The average debt balance for the three months ended March 29, 2008 was higher than the average debt balance for the respective period in 2007 primarily as a result of the issuance of the $500.0 of senior unsecured notes in December 2007 (see Note 10). Refer to the discussion of Liquidity and Financial Condition in our 2007 Annual Report on Form 10-K for details pertaining to our 2007 debt activity.

*Equity earnings in joint ventures* — The increase in equity earnings in joint ventures for the three months ended March 29, 2008 was primarily attributable to strong operational performance at our EGS Electrical Group, LLC and Subsidiaries joint venture.

*Income tax provision* — For the three months ended March 29, 2008, we recorded an income tax provision of $30.2 on $92.0 of pre-tax income from continuing operations, resulting in an effective tax rate of 32.8%. This compares to an income tax provision for the three months ended March 31, 2007 of $16.6 on $48.3 of pre-tax income from continuing operations, resulting in an effective tax rate of 34.4%. The decrease in the effective tax rate was due primarily to a larger proportion of taxable income in countries with lower tax rates during the first quarter of 2008.

## RESULTS OF DISCONTINUED OPERATIONS

We report discontinued operations in accordance with the guidance of Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” Accordingly, we report businesses or asset groups as discontinued operations when, among other things, we commit to a plan to divest the business or asset group, actively begin marketing the business or asset group, and when the sale of the business or asset group is deemed probable within the next 12 months. The following businesses, which have been sold, met these requirements and therefore have been reported as discontinued operations for the periods presented:

| Business | Quarter Discontinued | Actual Closing Date of Sale |
|---|---|---|
| Balcke-Duerr Austria GmbH (“BD Austria”) | Q4 2007 | Q4 2007 |
| Nema AirFin GmbH (“Nema”) | Q4 2007 | Q4 2007 |
| Contech | Q3 2006 | Q2 2007 |

*BD Austria* — Sold for cash proceeds of $11.6, exclusive of cash balances assumed by the buyer of $30.0, resulting in a gain, net of taxes, of $17.2 during the fourth quarter of 2007.

*Nema* — Sold for $6.8 in cash, net of cash balances assumed by the buyer of $0.4, for a loss, net of taxes, of $2.3 during the fourth quarter of 2007.

*Contech* — Sold to Marathon Automotive Group, LLC for net cash proceeds of $134.3. During 2007, we recorded a net loss on the sale of $13.6, including a $6.6 charge during the first quarter of 2007 to reduce the carrying value of the net



assets sold to the net proceeds received from the sale. During the third quarter of 2006, we recorded a charge of $102.7 to “Gain (loss) on disposition of discontinued operations, net of tax” in order to reduce the carrying value of the net assets to be sold to their estimated net realizable value.

During the third quarter of 2007, we committed to a plan to divest our Air Filtration business within our Flow Technology segment. We are actively pursuing the sale of this business and anticipate that the sale will be completed in the second quarter of 2008. Accordingly, we have reported, for all periods presented, the financial condition, results of operations and cash flows of this business as a discontinued operation in our condensed consolidated financial statements. During the first quarter of 2008, we recorded a net charge of $3.1 to “Gain (loss) on disposition of discontinued operations, net of tax” to adjust the deferred tax assets of the Air Filtration business to their estimated realizable value. During the third quarter of 2007, we recorded a net charge of $11.0 to “Gain (loss) on disposition of discontinued operations, net of tax” in order to reduce the carrying value of the net assets to be sold to their estimated net realizable value. We believe that the carrying value of the net assets approximates fair value at March 29, 2008; however, such value is subject to adjustment based upon the terms of a definitive agreement.

During the first quarter of 2008, we committed to a plan to divest our vibration test equipment business within our Test and Measurement segment. We are actively pursuing the sale of this business and anticipate that the sale will be completed during 2008. Accordingly, we have reported, for all periods presented, the financial condition, results of operations and cash flows of this business as a discontinued operation in our condensed consolidated financial statements.

In addition to the Contech and Air Filtration businesses discussed above, we recognized net gains (losses) of $(0.1) and $0.3 for the first three months of 2008 and 2007, respectively, resulting from adjustments to gains (losses) on sales from previously discontinued businesses. Refer to the consolidated financial statements contained in our 2007 Annual Report on Form 10-K for the disclosure of all discontinued businesses during 2005 through 2007.

The final sales price for certain of the divested businesses is subject to adjustment based on working capital existing at the respective closing dates. The working capital figures are subject to agreement with the buyers or if we cannot come to agreement with the buyers, an arbitration process. Final agreement of the working capital figures with the buyers for certain of these transactions has yet to occur. In addition, changes in estimates associated with liabilities retained in connection with a business divestiture (e.g., income taxes) may occur. It is possible that the sales price and resulting gains/losses on these and other previous divestitures may be materially adjusted in subsequent periods.

For the first three months of 2008 and 2007, income (loss) from discontinued operations and the related income taxes are shown below:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Income (loss) from discontinued operations | $ 2.4 | $ (0.3) |
| Income tax provision | (2.8) | (2.2) |
| Loss from discontinued operations, net | $ (0.4) | $ (2.5) |

For the first three months of 2008 and 2007, results of operations for our businesses reported as discontinued operations were as follows:

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Revenues | $ 45.4 | $ 142.2 |
| Pre-tax income | $ 2.6 | $ 5.9 |



## SEGMENT RESULTS OF OPERATIONS

The following information should be read in conjunction with our condensed consolidated financial statements and related notes. The segment results exclude the operating results of discontinued operations for all periods presented. See Note 4 to the condensed consolidated financial statements for a description of each of our reportable segments.

*Non-GAAP Measures* — Throughout the following discussion of segment results, we use "organic revenue" growth (decline) to facilitate explanation of the operating performance of our segments. Organic revenue growth (decline) is a non-GAAP financial measure, and is not a substitute for revenue growth (decline). Refer to the explanation of this measure and purpose of use by management under Results of Continuing Operations.

### *Flow Technology*

| | Three months ended | | |
|---|---|---|---|
| | March 29, 2008 | March 31, 2007 | % Change |
| Revenues | $ 504.0 | $ 250.7 | 101.0 |
| Segment income | 46.0 | 37.7 | 22.0 |
| % of revenues | 9.1% | 15.0% | |
| Components of segment revenue growth: | | | |
| Organic growth | | | 4.7 |
| Foreign currency | | | 5.2 |
| Acquisitions, net | | | 91.1 |
| Net segment revenue growth | | | 101.0 |

*Revenues*— For the three months ended March 29, 2008, the increase in revenues was due primarily to the fourth quarter 2007 acquisition of APV, which contributed $227.0 of revenues during the first quarter of 2008. Additionally, revenues were impacted favorably by organic revenue growth resulting from strong demand within the power, oil and gas and sanitary markets, as well as the impact of foreign currencies.

*Segment Income*— For the three months ended March 29, 2008, segment income and margin were favorably impacted by organic revenue growth, as well as lean manufacturing and supply chain initiatives. The impact of foreign currency fluctuations also favorably impacted segment income for the first quarter of 2008. However, segment margins were negatively impacted by lower operating margins at APV, which reduced segment margins by 680 basis points. In particular, segment income was reduced by an incremental charge of $7.5, representing the excess fair value (over historical cost) of inventory acquired in the APV transaction that was subsequently sold during the first quarter of 2008. We expect significant, but gradual, improvement in APV's operating margins as a result of the synergies from our integration efforts.

### *Test and Measurement*

| | Three months ended | | |
|---|---|---|---|
| | March 29, 2008 | March 31, 2007 | % Change |
| Revenues | $ 274.7 | $ 240.1 | 14.4 |
| Segment income | 24.4 | 23.8 | 2.5 |
| % of revenues | 8.9% | 9.9% | |
| Components of segment revenue growth: | | | |
| Organic decline | | | (3.2) |

| | | | |
|---|---|---|---|
| Foreign currency | | | 4.6 |
| Acquisitions, net | | | 13.0 |
| Net segment revenue growth | | | 14.4 |

*Revenues*— For the three months ended March 29, 2008, the increase in revenues was due primarily to the impact of the acquisitions of JCD in the third quarter of 2007 and Matra in the fourth quarter of 2007, which contributed $30.3 of combined revenues to the first quarter of 2008, as well as the impact of foreign currencies. These increases were offset partially by a decline in organic revenue resulting from lower domestic aftermarket and dealer equipment revenues associated with the difficult conditions within the domestic automotive market.



*Segment Income*— For the three months ended March 29, 2008, segment income increased primarily as a result of the acquisitions of JCD and Matra. In addition, the foreign currency fluctuations noted above favorably impacted segment income for the first quarter of 2008. Segment income and margins for the first quarter of 2008 were impacted unfavorably by lower revenues and margins associated with difficult conditions within the domestic automotive market and additional costs associated with investments in Asia Pacific.

***Thermal Equipment and Services***

| | Three months ended | | |
|---|---|---|---|
| | March 29, 2008 | March 31, 2007 | % Change |
| Revenues | $ 346.8 | $ 312.7 | 10.9 |
| Segment income | 36.4 | 16.1 | 126.1 |
| % of revenues | 10.5% | 5.1% | |
| Components of segment revenue growth: | | | |
| Organic growth | | | 4.8 |
| Foreign currency | | | 6.1 |
| Acquisitions, net | | | — |
| Net segment revenue growth | | | 10.9 |

*Revenues*— For the three months ended March 29, 2008, the increase in revenues was due primarily to the impact of foreign currencies and organic revenue growth associated with the continued power market demand for cooling systems and products.

*Segment Income*—For the three months ended March 29, 2008, segment income and margin increased over the respective prior year period as a result of the organic revenue growth noted above, favorable project mix, and improved execution in the cooling products and services business. In addition, the foreign currency fluctuations noted above favorably impacted segment income for the first quarter of 2008.

***Industrial Products and Services***

| | Three months ended | | |
|---|---|---|---|
| | March 29, 2008 | March 31, 2007 | % Change |
| Revenues | $ 267.0 | $ 211.6 | 26.2 |
| Segment income | 54.3 | 26.0 | 108.8 |
| % of revenues | 20.3% | 12.3% | |
| Components of segment revenue growth: | | | |
| Organic growth | | | 24.9 |
| Foreign currency | | | 1.3 |
| Acquisitions, net | | | — |
| Net segment revenue growth | | | 26.2 |

*Revenues*— For the three months ended March 29, 2008, the increase in revenues was due primarily to organic revenue growth driven by strong demand for power transformers, as well as most other products within the segment.

*Segment Income*— For the three months ended March 29, 2008, the increase in segment income and margin was due to the organic revenue growth described above and manufacturing efficiencies achieved from lean and supply chain initiatives. In addition, segment income for the first quarter of 2007 included charges of $3.6 related to a legacy product liability matter.



***Corporate and Other Expenses***

| | Three months ended | | |
|---|---|---|---|
| | March 29, 2008 | March 31, 2007 | % Change |
| Total consolidated revenues | $ 1,392.5 | $ 1,015.1 | 37.2 |
| Corporate expense | 30.2 | 25.4 | 18.9 |
| % of revenues | 2.2% | 2.5% | |
| Stock-based compensation expense | 16.1 | 13.8 | 16.7 |
| Pension and postretirement expense | 7.4 | 10.7 | (30.8) |

*Corporate Expense* — Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters, our Horsham, PA information technology data center and our Asia-Pacific center in Shanghai, China. For the three months ended March 29, 2008, the increase in corporate expenses was

due primarily to higher salaries and incentive compensation relating to the impact of headcount increases in support of certain key operating initiatives, including the expansion of our Asia-Pacific center, as well as increased professional fees relating to various income tax related projects and increased costs relating to a legacy legal matter.

*Stock-based Compensation Expense* — The increase in stock-based compensation expense for the three months ended March 29, 2008 compared to the prior year period was due primarily to an increase in the fair value of our 2008 restricted stock and restricted stock unit awards. The weighted-average fair value of our 2008 stock-based compensation awards, which is directly correlated to changes in our share price (see Note 12 to the condensed consolidated financial statements for a discussion of our valuation technique), increased approximately 16% compared to the weighted-average fair value of our 2007 awards.

*Pension and Postretirement Expense* — Pension and postretirement expense represents our consolidated expense, which we do not allocate for segment reporting purposes. The decrease in pension and postretirement expense for the three months ended March 29, 2008 was due primarily to a reduction in the amortization of unrecognized losses associated with lower interest rates and a change to the amortization period of certain unrecognized losses. Prior to January 1, 2008, we amortized actuarial gains/losses for our pension plans over the approximate average service period of active employees expected to receive benefits under the plans. Based on a decrease in the number of active participants covered under one of our qualified U.S. pension plans, effective January 1, 2008 we began amortizing losses under the plan over the average remaining life expectancy of inactive participants receiving benefits under the plan. The effect of this change to the amortization period decreased net periodic pension expense by approximately $0.6 in the first quarter of 2008 and is expected to decrease the net periodic pension expense by approximately $2.4 in 2008.



**OUTLOOK**

The following table highlights our segment expectations for the remainder of 2008 based on information available on the date of this report. We define forecasted trends as follows: “Growth”—Future revenue performance is expected to be above the prior year; “Flat”—Future revenue performance is expected to be flat compared to the prior year; “Decline”—Future revenue performance is expected to be below the prior year.

| Segment | 2008 Annual Forecasted Revenue Trend | Comments |
|---|---|---|
| Flow Technology | Growth | We expect revenue and profit growth as a result of our acquisition of APV, and continued organic growth within the end-markets served by the segment. However, we are projecting lower operating margins in 2008, as APV historically has generated operating margins below those experienced by the rest of the segment’s product lines. We expect significant, but gradual, improvement in APV’s operating margins as a result of the synergies from our integration efforts. The segment had backlog of $799.1 and $730.7 as of March 29, 2008 and December 31, 2007, respectively. |
| Test and Measurement | Flat/Growth | We are projecting flat to moderate revenue and profit growth for 2008, with most of the revenue and profit growth associated with the JCD and Matra acquisitions, offset by the impact of potential organic revenue declines driven by the difficult trends within the North American automotive market. Backlog for the segment is not material as the related businesses are short-cycle in nature. |
| Thermal Equipment and Services | Growth | We are projecting revenue and profit growth for the segment in 2008, as global energy and power markets continue to be quite strong. However, we expect the pace of organic revenue growth to be less than the double-digit growth that had been experienced by the segment over the past two years, due in part to a significantly higher revenue base, as well as an increasingly competitive market in China. We had backlog across the segment of $1,401.0 and $1,254.2 as of March 29, 2008 and December 31, 2007, respectively, with the majority within our cooling equipment and thermal services businesses. We expect large contracts to continue to be significant for this segment, which may contribute to large fluctuations in revenues and profits from period to period. |
| Industrial Products and Services | Growth | We expect organic revenue and profit growth to continue across the majority of the segment’s businesses, with the most notable growth coming from our power transformer business. Backlog for the segment totaled $763.3 and $640.3 as of March 29, 2008 and December 31, 2007, respectively. |



**LIQUIDITY AND FINANCIAL CONDITION**

Listed below are the cash flows from (used in) operating, investing, and financing activities and discontinued operations, as well as the net change in cash and equivalents for the first quarter of 2008 and 2007.

**Cash Flow**

| | Three months ended | |
|---|---|---|
| | March 29, 2008 | March 31, 2007 |
| Continuing operations: | | |
| Cash flows used in operating activities | $ (27.6) | $ (6.4) |
| Cash flows used in investing activities | (21.2) | (12.6) |
| Cash flows from (used in) financing activities | 63.3 | (160.2) |

| | | |
|---|---|---|
| Cash flows used in discontinued operations | (2.3) | (16.5) |
| Change in cash and equivalents due to changes in foreign currency exchange rates | 18.5 | 5.0 |
| Net change in cash and equivalents | $ 30.7 | $ (190.7) |

*Operating Activities*—The primary factor contributing to the increase in cash flows used in operating activities during the first three months of 2008 as compared to the same period in 2007 was the timing of cash collections on certain large projects, with such increase partially offset by higher operating earnings during the first quarter of 2008 and an income tax payment of $37.5 during the first quarter of 2007 associated with an audit of our 1998 to 2002 Federal income tax returns.

*Investing Activities*—The primary factor contributing to the increase in cash used in investing activities during the first three months of 2008 as compared to the same period in 2007 was an increase in capital expenditures ($20.8 in the first quarter of 2008 versus $10.9 in the first quarter of 2007) , with such increase relating to various strategic initiatives, including our ERP rationalization efforts.

*Financing Activities*— The primary factors contributing to the increase in cash flows from financing activities during the first three months of 2008 as compared to the same period in 2007 were as follows:

- During the first quarter of 2008, we had net borrowings of $120.0 under our senior credit facilities compared to net repayments of $45.1 during the first quarter of 2007.
- There were no repurchases of common stock during the first quarter of 2008 compared to repurchases of $140.6 during the first quarter of 2007.
- Dividends paid totaled $13.2 during the first quarter of 2008 compared to $14.8 during the same period in 2007.

The above increases were offset partially by the following:

- Net repayments under our trade receivables financing agreement of $46.0 in the first quarter of 2008 compared to net borrowings of $15.0 during the first quarter of 2007.
- Proceeds from the exercise of stock options and other totaled $22.9 in the first quarter of 2008 compared to $49.4 during the same period of 2007.

*Discontinued Operations*— The decrease in cash flows used in discontinued operations during the first three months of 2008 as compared to the same period in 2007 was due primarily to the fact that the figure for the first quarter of 2007 included five business units compared to only two for the first quarter of 2008.



**Borrowings and Availability**

*Borrowings* —The following table summarizes our debt activity for the first three months of 2008. See Note 10 to the condensed consolidated financial statements for additional details regarding our 2007 debt activity.

| | December 31, 2007 | Borrowings | Repayments | Other (3) | March 29, 2008 |
|---|---|---|---|---|---|
| Term loan | $ 750.0 | $ — | $ — | $ — | $ 750.0 |
| Domestic revolving loan facility | 115.0 | 336.0 | (316.0) | — | 135.0 |
| Global revolving loan facility | — | 100.0 | — | — | 100.0 |
| 7.625% senior notes | 500.0 | — | — | — | 500.0 |
| 7.50% senior notes | 28.2 | — | — | — | 28.2 |
| 6.25% senior notes | 21.3 | — | — | — | 21.3 |
| Trade receivables financing arrangement (1) | 70.0 | 70.0 | (116.0) | — | 24.0 |
| Other indebtedness (2) | 84.1 | — | (20.4) | 1.3 | 65.0 |
| Total debt | 1,568.6 | $ 506.0 | $ (452.4) | $ 1.3 | 1,623.5 |
| Less: short-term debt | 255.0 | | | | 313.2 |
| Less: current maturities of long-term debt | 78.9 | | | | 79.0 |
| Total long-term debt | $ 1,234.7 | | | | $ 1,231.3 |

(1) Under this arrangement, we can borrow, on a continuous basis subject to defined availability, up to $130.0.
(2) Includes aggregate balances under extended accounts payable programs and a purchase card program of $53.1 and $57.7 at March 29, 2008 and December 31, 2007, respectively.
(3) “Other” includes debt assumed and foreign currency translation on any debt instruments denominated in currencies other than the U.S. dollar.

Certain of our businesses participate in extended accounts payable programs through agreements with certain lending institutions. Under the arrangements, the businesses are provided extended payment terms. As of March 29, 2008 and December 31, 2007, the participating businesses had $8.3 and $12.8, respectively, outstanding under these arrangements. Additionally, certain of our businesses purchase goods and services under a purchasing card program allowing payment beyond their normal payment terms. As of March 29, 2008 and December 31, 2007, the participating businesses had $44.8 and $44.9, respectively, outstanding under this arrangement. As these arrangements extend the payment of our businesses’ payables beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

*Availability* — At March 29, 2008, we had $241.4 of available borrowing capacity under our revolving credit facilities after giving effect to borrowings under the domestic and global revolving loan facilities of $135.0 and $100.0, respectively, and to $123.6 reserved for outstanding letters of credit. In addition, at March 29, 2008, we had $414.0 of available issuance capacity under our foreign trade facility after giving effect to $536.0 reserved for outstanding letters of credit. See Note 10 to the condensed consolidated financial statements along with the consolidated financial statements contained in our 2007 Annual Report on Form 10-K for additional information on our senior credit facilities. In addition, we have a trade receivables financing agreement, whereby we can borrow, on a continuous basis, up to $130.0. Availability of funds may fluctuate over time given changes in eligible receivable balances, but will not exceed the $130.0 program limit. As of March 29, 2008, we had $75.0 available after giving effect to $24.0 borrowed under the trade receivables

financing agreement. The facility contains representations, warranties, covenants, and indemnities customary for facilities of this type. The facility does not contain any covenants that we view as materially constraining to the activities of our business.

We believe that current cash and equivalents, which totaled $384.8 at March 29, 2008, and our availability under our senior credit facilities and existing trade receivables financing agreement will be sufficient to fund working capital needs, planned capital expenditures, on-going equity repurchases, dividend payments, other operational cash requirements, and required debt service.

Additionally, we have a shelf registration statement for 8.3 shares of common stock that may be issued for acquisitions. We also have a $1,000.0 shelf registration that may be used in connection with an offering of certain debt and/or equity securities for general corporate purposes or for the refinancing of existing debt. In addition, other financing



instruments may be used from time to time, including, but not limited to, private placement instruments, operating leases, capital leases and securitizations. We expect that we will continue to access these markets as appropriate to maintain liquidity and to provide sources of funds for general corporate purposes, acquisitions or to refinance existing debt.

**Financial Instruments**

Effective January 1, 2008, we adopted the provisions of SFAS No. 157 that apply to our financial assets and liabilities that are measured at fair value within our financial statements, which provides a framework for measuring fair value under GAAP. As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We utilize market data or assumptions that we believe market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2) or significant unobservable inputs (level 3).

We primarily use the income approach, which uses valuation techniques to convert future amounts to a single present amount. Assets and liabilities measured at fair value on a recurring basis include the following as of March 29, 2008:

| | Fair Value Measurements Using | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| Current assets – currency forward and commodity contracts | $ — | $ 3.6 | $ — |
| Current liabilities – currency forward contracts | — | 2.1 | — |
| Long-term liabilities – interest rate swaps | — | 33.6 | — |

***Interest Rate Swaps***

We maintain interest rate protection agreements (“swaps”) to hedge the potential impact of increases in interest rates on our variable rate term loan. These swaps, which we designated and account for as cash flow hedges, have maturities through September 2012 and effectively convert $600.0 of our borrowing under our variable rate term loan to a fixed rate of 4.795% plus the applicable margin. These are amortizing swaps; therefore, the outstanding notional value is scheduled to decline commensurate with the scheduled maturities of the term loan. As of March 29, 2008, the aggregate notional amounts of the swaps was $585.0. The unrealized loss, net of taxes, recorded in accumulated other comprehensive income was $20.7 and $9.1 as of March 29, 2008 and December 31, 2007, respectively. In addition, as of March 29, 2008 and December 31, 2007, we recorded a long-term liability of $33.6 and $14.8, respectively, to recognize the fair value of our swaps.

***Currency Forward Contracts***

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency exchange rates. Our objective is to preserve the economic value of non-functional currency denominated cash flows. Our principal currency exposures relate to the Euro, British Pound and Chinese Yuan.

We have entered into foreign currency protection agreements (“FX forward contracts”) to manage the exposure on forecasted transactions denominated in foreign currencies. The majority of the underlying transactions contain embedded derivatives, as the currency of exchange is not “clearly and closely” related to the functional currency of either party to the transaction. The changes in the fair value of these FX forward contracts and embedded derivatives are recorded in “Other income (expense)” in the period of change. The net impact of the changes in fair values of these derivatives was not material to our condensed consolidated financial statements for the first three months of 2008 and 2007.

We had FX forward contracts with an aggregate notional amount of $179.4 outstanding as of March 29, 2008. The fair values of our FX forward contracts and related embedded derivatives were as follows:

| | March 29, 2008 | | December 31, 2007 | |
|---|---|---|---|---|
| | Current Assets | Current Liabilities | Current Assets | Current Liabilities |
| FX forward contracts | $ 1.0 | $ 1.4 | $ — | $ 0.1 |
| Embedded derivatives | 0.6 | 0.7 | — | 0.8 |



***Other Derivative Instruments***

From time to time we enter into forward contracts to manage the exposure on forecasted purchases of commodity raw materials. We designate and account for such transactions as cash flow hedges. As of March 29, 2008 and December 31, 2007, the unrealized gain/(loss), net of tax, recorded in accumulated other comprehensive income was $1.3 and $(0.6), respectively. We expect to reclassify the unrealized gain/(loss) mentioned above to cost of

products sold over the next 12 months as the hedged transactions impact earnings. The fair values of contracts that had not settled with the counterparty as of March 29, 2008 and December 31, 2007 were $2.0 (recorded as a current asset) and $0.7 (recorded as a current liability), respectively. The amount of gain or loss recognized during the first three months of 2008 and 2007 related to the ineffectiveness of the hedges was not material to our condensed consolidated financial statements.

**Concentration of Credit Risk**

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and temporary investments, trade accounts receivable, interest rate swap agreements, and foreign currency forward and forward commodity contracts. These financial instruments, other than trade accounts receivable, are placed with high-quality financial institutions throughout the world. We periodically evaluate the credit standing of these financial institutions.

We are exposed to credit losses in the event of nonperformance by counterparties to the above financial instruments, but have no other off-balance-sheet credit risk of accounting loss. We anticipate, however, that counterparties will be able to fully satisfy their obligations under the contracts. We do not obtain collateral or other security to support financial instruments subject to credit risk, but we do monitor the credit standing of counterparties.

Concentrations of credit risk arising from trade accounts receivable are due to selling to a large number of customers in a particular industry. We perform ongoing credit evaluations of our customers' financial conditions and obtain collateral or other security when appropriate.

**Other Matters**

*Contractual Obligations* — There were no significant changes in the amounts of our contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007.  Our total net liabilities for unrecognized tax benefits including interest were approximately $115.8 as of March 29, 2008.  We believe that within the next 12 months it is reasonably possible that we could pay approximately $14.5 relating to uncertain tax positions, which includes an estimate for interest and penalties.

*Contingencies and Other Matters* —Numerous claims, complaints and proceedings arising in the ordinary course of business, including but not limited to those relating to environmental matters, competitive issues, contract issues, tax positions, intellectual property matters, personal injury and product liability claims, and workers' compensation have been filed or are pending against us and certain of our subsidiaries. We accrue for these contingencies when we believe a liability is probable and can be reasonably estimated. As events change and resolution occurs, these accruals may be adjusted and could differ materially from amounts originally estimated. See Notes 13 and 14 to the condensed consolidated financial statements for a further discussion of contingencies and other matters.

Our Certificate of Incorporation provides that we shall indemnify our officers and directors to the fullest extent permitted by the Delaware General Corporation Law for any personal liability in connection with their employment or service with us. While we maintain insurance for this type of liability, the liability could exceed the amount of the insurance coverage.

In addition, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters" herein, "Risk Factors" herein and in our 2007 Annual Report on Form 10-K, as well as similar sections in any future filings for an understanding of the risks, uncertainties, and trends facing our businesses.



**FORWARD-LOOKING STATEMENTS**

Some of the statements in this document and any documents incorporated by reference, including any statements as to future results of operations and financial projections, constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our businesses or our industries' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Such statements include, in particular, statements about our plans, strategies, prospects, changes and trends in our business and the markets in which we operate under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." In some cases, you can identify forward-looking statements by terminology such as "may," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue" or the negative of those terms or other comparable terminology. Particular risks facing us include economic, business and other risks stemming from our international operations, legal and regulatory risks, costs of raw materials, pricing pressures, pension funding requirements, integration of acquisitions and changes in the economy.  These statements are only predictions. Actual events or results may differ materially because of market conditions in our industries or other factors. All the forward-looking statements are qualified in their entirety by reference to the factors discussed under "Risk Factors" in our 2007 Annual Report on Form 10-K and any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements.

We caution you that these risk factors may not be exhaustive. We operate in a continually changing business environment and frequently enter into new businesses and product lines. We cannot predict these new risk factors, and we cannot assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, you should not rely on forward-looking statements as a prediction of actual results. In addition, our estimates of future operating results are based on our current complement of businesses, which is subject to change as management selects strategic markets.

**ITEM 3. Quantitative and Qualitative Disclosures about Market Risk**

Management does not believe our exposure to market risk has significantly changed since December 31, 2007 and does not believe that such risks will result in significant adverse impacts to our financial condition or results of operations.

**ITEM 4. Controls and Procedures**

SPX management, including the Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b), as of March 29, 2008. Based on that evaluation, the Chief Executive Officer and Chief

Financial Officer concluded that our disclosure controls and procedures were effective as of March 29, 2008.

On December 31, 2007, we completed the acquisition of APV. As permitted by the Securities and Exchange Commission, management excluded the APV business from its assessment of internal control over financial reporting as of December 31, 2007 and its interim assessment as of March 29, 2008. Total assets of APV constituted approximately 16% of our total consolidated assets as of March 29, 2008. The internal control processes and systems of APV are discrete, and we continue to evaluate them.

In connection with the evaluation by SPX management, including the Chief Executive Officer and the Chief Financial Officer, of our internal control over financial reporting, pursuant to Exchange Act Rule 13a-15(d), no changes during the quarter ended March 29, 2008 were identified that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## PART II—OTHER INFORMATION

### ITEM 1. Legal Proceedings

The information required by this Item is incorporated by reference from the footnotes to the condensed consolidated financial statements, specifically Note 13 under the heading “Litigation Matters,” included under Part I of this Form 10-Q.

### ITEM 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the repurchases of common stock during the three months ended March 29, 2008:

| Period | Total number of shares purchased (1) | Average price per share | Total number of shares purchased as part of a publicly announced plan or program (1) | Maximum number of shares that may yet be purchased under the plan or program |
|---|---|---|---|---|
| 1/1/08-1/31/08 | 0.090 | $ 102.07 | — | — |
| 2/1/08-2/29/08 | 0.001 | 112.30 | — | — |
| 3/1/08-3/29/08 | 0.008 | 105.74 | — | — |
| Total | 0.099 | 102.48 | — | — |

(1) Includes the surrender to us of common stock in order to satisfy tax withholding obligations in connection with the vesting of restricted stock.



### ITEM 6. Exhibits

| | |
|---|---|
| *10.1 | Employment Agreement between SPX Corporation and Lee S. Powell, dated as of February 26, 2008 |
| *10.2 | Change-of-Control Severance Agreement between SPX Corporation and Lee S. Powell, dated as of February 26, 2008 |
| *10.3 | Amendment to SPX Corporation Supplemental Retirement Plan for Top Management |
| *10.4 | SPX Corporation 2008 Executive Bonus Plan |
| 11.1 | Statement regarding computation of earnings per share. See condensed consolidated statements of operations, page 3 of this Form 10-Q. |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

* Denotes management contract or compensatory plan or arrangement.



## SIGNATURES

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

**SPX CORPORATION**
(Registrant)

| Date: May 7, 2008 | By | **/s/ Christopher J. Kearney** |
|---|---|---|
| | | **President and Chief Executive Officer** |
| Date: May 7, 2008 | By | **/s/ Patrick J. O'Leary** |
| | | **Executive Vice President, Treasurer and Chief Financial Officer** |



**INDEX TO EXHIBITS**

| | |
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* Denotes management contract or compensatory plan or arrangement.

**Exhibit 10.1**

**Employment Agreement of Lee S. Powell**

This Employment Agreement (the "Agreement") is effective as of January 31, 2008 (the "Effective Date"), by and between SPX Corporation (the "Company") and Leslie ("Lee") S. Powell (the "Executive").

WHEREAS, the Company desires to employ the Executive as its Segment President, Industrial Products and Services; and

WHEREAS, the Company and the Executive have reached agreement concerning the terms and conditions of his continued employment and wish to formalize that agreement;

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions stated in this Agreement, the Company and the Executive hereby agree as follows:

1. **Employment.** The Company employs the Executive and the Executive hereby accepts continued employment with the Company and appointment as its Segment President, Industrial Products and Services. During the Term (as hereinafter defined), the Executive will have the title, status and duties of the Segment President, Industrial Products and Services and will report directly to the Company's Chief Executive Officer or other senior executive officer. The Executive's principal business office shall be located in Charlotte, North Carolina, and Executive's principal family residence shall be located within 50 miles of the Company's principal business office for the duration of the Term.

2. **Term.** The term of employment under this Agreement ("Term") will commence on the Effective Date, and will continue thereafter until December 31, 2009; provided, however, that this Agreement shall remain in effect and the Term shall be extended from year to year thereafter unless, not less than one hundred eighty (180) days prior to December 31, 2009, or any subsequent December 31, either the Executive or the Company delivers to the other written notice of his or its intention not to continue this Agreement in effect, in which case this Agreement shall terminate as of December 31 of the year in which such notice is given; and provided further that, if a Change in Control (as defined below) shall have occurred during the Term, this Agreement shall continue in effect and the Term shall be extended until at least the second anniversary of such Change in Control.

3. **Duties.** During the Term:

(a) The Executive will perform duties assigned by the Company's Chief Executive Officer or the Company's Board of Directors (the "Board"), from time to time; provided that the Executive shall not be assigned tasks inconsistent with those of the Segment President, Industrial Products and Services .

(b) The Executive will devote his full time and best efforts, talents, knowledge and experience to serving as the Company's Segment President, Industrial Products and Services. However, the Executive may devote reasonable time to activities such as supervision of personal investments and activities involving professional, charitable, educational, religious and similar types of activities, speaking engagements

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and membership on other boards of directors, provided such activities do not interfere in any material way with the business of the Company; provided that, the Executive cannot serve on the board of directors of more than one publicly-traded company without the Board's written consent. The time involved in such activities shall not be treated as vacation time. The Executive shall be entitled to keep any amounts paid to him in connection with such activities (*e.g.*, director fees and honoraria).

(c) The Executive will perform his duties diligently and competently and shall act in conformity with the Company's written and oral policies and within the limits, budgets and business plans set by the Company. The Executive will at all times during the Term strictly adhere to and obey all of the rules, regulations and policies in effect from time to time relating to the conduct of executives of the Company. Except as provided in (b) above, the Executive shall not engage in consulting work or any trade or business for his own account. The Executive shall not engage in consulting work or any trade or business on behalf of any other person, firm or company that competes, conflicts or interferes with the performance of his duties hereunder in any way.

4. **Compensation and Benefits.** During the Term, the Company shall provide to the Executive, and the Executive shall accept from the Company as full compensation for the Executive's services hereunder, compensation and benefits as follows:

(a) Base Salary. The Company shall pay the Executive at an annual base salary ("Base Salary") of Four Hundred Thousand Dollars ($400,000) effective as of January 1, 2008. The Board, or such committee of the Board as is responsible for setting the compensation of officers, shall review the Executive's performance and Base Salary annually in January of each year, and determine whether to adjust the Executive's Base Salary on a prospective basis. The first review shall be in January 2009. Such adjusted annual salary then shall become the Executive's "Base Salary" for purposes of this Agreement. The Executive's annual Base Salary shall not be reduced after any increase, without the Executive's written consent. The Company shall pay the Executive's Base Salary according to payroll practices in effect for all officers of the Company.

(b) Incentive Compensation. The Executive shall be eligible to participate in any annual performance bonus plans, long-term incentive plans, and/or equity-based compensation plans established or maintained by the Company for its officers, including, but not limited to, the 2008 executive bonus plan ("Bonus Plan") and the SPX Corporation Stock Compensation Plan, all as the Board (or appropriate Board committee) may determine from time to time in its discretion. For the 2008 bonus plan year, the Executive shall be eligible for a target bonus under the Company's Bonus Plan equal to eighty percent (80%) of his Base Salary provided that all performance goals set by the Company are met. The Board (or appropriate Board committee) will determine and communicate to the Executive his annual bonus plan participation and the applicable performance goals for subsequent bonus plan years, no later than March 31 of such bonus plan year.

(c) Executive Benefit Plans. The Executive will be eligible to participate in any executive benefit plans offered by the Company including, without limitation,

medical, dental, short-term and long-term disability, life, pension, profit sharing and nonqualified deferred compensation arrangements, as the Board may determine in its discretion. The Company reserves the right to modify, suspend or discontinue any and all of the plans, practices, policies and programs at any time without recourse by the Executive, so long as the Company takes such action generally with respect to other similarly situated officers.

(d) Business Expenses. The Company shall reimburse the Executive for all reasonable and necessary business expenses incurred in the performance of services with the Company, according to the Company's policies and upon Executive's presentation of an itemized written statement and such verification as the Company may require.

(e) Perquisites. The Company will provide the Executive with all perquisites it provides to other similarly situated officers. Such perquisites shall not be less than those provided to the Executive on the Effective Date. The Company will also reimburse the Executive for annual income tax return preparation and financial planning up to $20,000 per year.

(f) Vacation. The Executive will be entitled to vacation in accordance with the Company's vacation policy for officers, but in no event less than 5 weeks per calendar year. The maximum vacation accrual allowed from year to year and at any given time will equal Executive's annual entitlement. Once the maximum accrual is reached, Executive will no longer accrue vacation until the unused amount accrued is below the maximum level allowed.

(g) Retiree Medical. The Executive shall be entitled to receive retiree medical benefits in accordance with the eligibility requirements and plan offerings for access to retiree medical benefits provided generally to full-time employees of the Company. The Executive may cover his spouse or dependents eligible at the time of retirement. The cost of such benefits for the Executive, his spouse and eligible dependents, will be 100% of the premiums and shall be reimbursed by the Company on an annual basis up to the date the Executive reaches Medicare eligibility due to age, at which point such reimbursement shall cease. Depending on the plan, all or a portion of the reimbursement may be taxable. Such benefits shall include prescription drug coverage, but not dental or vision benefits unless included in the medical plan. Upon reaching Medicare eligibility due to age, Medicare shall become the primary payor of medical/prescription benefits for the Executive, his spouse or eligible dependents as applicable, and the reimbursement of premiums for such coverage by the Company shall cease. The Company reserves the right to modify, suspend or discontinue any and all retiree medical plans, practices, policies and programs at any time without recourse by the Executive, so long as the Company takes such action generally with respect to other similarly situated officers; provided that, if the Company terminates retiree access to medical and/or prescription benefits generally for retirees, the Executive shall be entitled to an annual reimbursement from the Company upon proof of continued coverage for comparable medical and/or prescription coverage under an individual policy or other group policy, subject to a maximum total reimbursement of one and one-half times the applicable premium of the plan in effect at the time retiree access is terminated at the applicable coverage level, and

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subject to maximum annual inflation adjustment thereafter of five percent (5%). Upon the death of the Executive, a surviving spouse will continue eligibility and reimbursement as described above. Surviving dependent children will not receive premium reimbursement beyond the COBRA continuation period. For all other COBRA qualifying events other than the death of the Executive, reimbursement will cease upon commencement of the COBRA continuation period.

5. **Payments on Termination of Employment.**

(a) Termination of Employment for any Reason. The following payments will be made upon the Executive's termination of employment for any reason:

(i) Earned but unpaid Base Salary through the date of termination;

(ii) Any annual incentive plan bonus, for which the performance measurement period has ended, but which is unpaid at the time of termination;

(iii) Any accrued but unpaid vacation;

(iv) Any amounts payable under any of the Company's benefit plans in accordance with the terms of those plans, except as may be required under Section 401(a)(13) of the Internal Revenue Code of 1986, as amended (the "Code"); and

(v) Unreimbursed business expenses incurred by the Executive on the Company's behalf.

(b) Termination of Employment for Death or Disability. In addition to the amounts determined under (a) above, if the Executive's termination of employment occurs by reason of death or disability, the Executive (or his estate) will receive a pro rata portion of any bonus payable under the Company's annual incentive plan for the year in which such termination occurs determined based on the highest of (i) the actual annual bonus paid for the bonus plan year immediately preceding such termination, or (ii) the target bonus for the bonus plan year in which such termination occurs. The Executive will be deemed to be disabled upon the earlier of (x) 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 (y) the date that a reputable physician selected by the Company's Chief Executive Officer, 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 request therefore by the Chief Executive Officer, the Executive shall submit to medical examination for the purpose of determining the existence, nature and extent of any such disability. In accordance with Section 11, the Chief Executive Officer shall promptly give the Executive written notice of any such determination of the Executive's disability and of any decision of the Chief Executive Officer to terminate the Executive's employment by reason thereof. In the event of disability, until the date of

termination, the amount of Base Salary payable to the Executive under Section 4 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.

(c) Termination by the Company Without Cause, or Voluntary Termination by the Executive for Good Reason. If the Company terminates the Executive's employment other than for Cause or death or disability, or the Executive voluntarily terminates his employment for Good Reason, in addition to the benefits payable under (a), the Company will pay the following amounts and provide the following benefits:

(i) The Executive's Base Salary through the one-year anniversary of the employment termination and annual incentive bonus, which will be determined as the highest of (A) the actual incentive bonus paid for the bonus plan year immediately preceding such termination, or (B) the target annual incentive bonus for the bonus plan year in which such termination occurs.

(ii) Continued coverage under the Company's medical, dental, vision, key manager life insurance and pension through the one-year anniversary of the employment termination, at the same cost to the Executive as in effect on the date of the Executive's termination. If the Company determines that the Executive cannot participate in any benefit plan because he is not actively performing services for the Company, the Company may provide such benefits under an alternate arrangement, such as through the purchase of an individual insurance policy that provides similar benefits or, if applicable, through a nonqualified pension or profit sharing plan. To the extent that the Executive's compensation is necessary for determining the amount of any such continued coverage or benefits, such compensation (Base Salary and annual incentive bonus) through the one-year anniversary of the employment termination shall be at the highest rate in effect during the 12-month period immediately preceding the Executive's termination of employment.

(iii) Executive perquisites on the same basis on which the Executive was receiving such perquisites prior to his employment termination, including: (A) reimbursement for club dues through the one year anniversary of the employment termination; and (B) reimbursement of expenses relating to financial planning services, tax return preparation and annual physicals through December 31 of the calendar year that includes the first anniversary of the Executive's employment termination. The Company will bear the cost of such perquisites, at the same level in effect immediately prior to the Executive's employment termination. Perquisites otherwise receivable by the Executive pursuant to this Section shall be reduced to the extent comparable perquisites are actually received by or made available to the Executive without cost during the period following the Executive's employment termination covered by this Section. The Executive shall report to the Company any such perquisites actually received by or made available to the Executive.

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(iv) The period through the one-year anniversary of the Executive's employment termination shall continue to count for purposes of determining the Executive's age and service with the Company with respect to eligibility, vesting and the amount of benefits under the Company's pension plans to the maximum extent permitted by applicable law.

(v) Any outstanding stock options, restricted stock or other equity-based compensation awards that would have vested during the period through the one year anniversary of the Executive's employment termination shall immediately vest upon such termination date, and any Company stock options shall be immediately exercisable at any time prior to the earlier of: (A) one year; or (B) the stock option expiration or other termination date, subject to applicable insider trading policies and regulations.

(vi) Outplacement services, as elected by the Executive (and with a firm selected by the Executive), not to exceed $35,000 in total.

(d) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following without the Executive's consent: (i) a material diminution in the Executive's base compensation; (ii) a material diminution in the Executive's authority, duties, or responsibilities; (iii) a material diminution in the budget over which the Executive retains authority; (iv) a material change in the geographic location at which the Executive's must perform the services; or (v) any other action or inaction that constitutes a material breach by the Company of this Agreement. The Executive's must provide notice to the Company of the existence of the condition described in above within a period not to exceed ninety (90) days of the initial existence of the condition, and the Company will have a period of at least thirty (30) days following the notice during which it may remedy the condition. Any termination for Good Reason must occur within two years following the initial existence of one or more of the foregoing conditions.

(e) Cause. For purposes of this Agreement, "Cause" shall mean: (i) the Executive's willful and continued failure to satisfactorily perform his duties as an executive of the Company (other than any such failure resulting from incapacity due to physical or mental illness) after a written demand for performance is delivered to the Executive, which demand specifically identifies the manner in which the Executive has not satisfactorily performed his duties, and which gives the Executive at least 30 days to cure such alleged deficiencies, (ii) the Executive's willful misconduct or dishonesty, which is demonstrably and materially injurious to the Company, monetarily, reputationally, or otherwise, (iii) the Executive's engaging in egregious misconduct involving serious moral turpitude to the extent that his credibility and reputation no longer conforms to the standard of officers of the Company, (iv) the Executive's refusal or failure to substantially comply with the Company's human resources rules, policies, directions and/or restrictions relating to harassment and/or discrimination, or to substantially comply with the Company's compliance or risk management rules, policies, directions and/or restrictions (including, without limitation, the Company's Code of Business Conduct); (v) the Executive's loss of any license or registration that is necessary

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for the Executive to perform his or her duties, or commits any act that could result in the legal disqualification of the Executive from being employed by the Company or a subsidiary; (vi) the Executive's failure to cooperate with the Company or a subsidiary in any internal investigation or administrative, regulatory or judicial proceeding. The Executive's employment shall be deemed to have terminated for Cause if, after the Executive's employment has terminated, facts and circumstances are discovered that would have justified a termination for Cause.

(f) Non-Renewal. If the Company gives written notice to the Executive of its intention not to continue this Agreement in effect, in accordance with Section 2, and the Executive remains employed until the December 31 termination of the Agreement (and a Change in Control has not occurred that would extend the Agreement), the Executive may deliver his written resignation to the Company effective December 31, and the Company will continue the Executive's Base Salary for six (6) months following the December 31 effective date of the Executive's resignation.

(g) Timing of Payments. All payments described above shall be made in a lump sum cash payment as soon as practicable (but in no event more than 30 days after the Executive has signed the release required below in this Section 5, unless a longer period is required by applicable law or plan documents) following the Executive's termination of employment. If the total amount of annual bonus is not determinable on that date, the Company shall pay the amount of bonus that is determinable and the remainder shall be paid in a lump sum cash payment at the time such bonuses are paid generally.

(h) Code Section 409A. Each payment under Section 5(c) of this Agreement or any Company plan is intended to be treated as one of a series of separate payments for purposes of Code Section 409A and Treas. Reg. §1.409A-2(b)(2)(iii). Any payment under Section 5(c) or the applicable Company plan that does not qualify as a short-term deferral under Code Section 409A and Treas. Reg. §1.409A-1(b)(4) or a limited payment under Treas. Reg. §1.409A-1(b)(9)(v)(D) (or any similar or successor provisions) will be subject to the Six-Month Delay Rule if the Executive is a Specified Employee as of his Separation from Service. Payments to which the Executive otherwise would be entitled during the Six-Month Delay will be accumulated and paid on the first day of the seventh month following his Separation from Service. Notwithstanding the Six-Month Delay Rule, to the maximum extent permitted under Code Section 409A and Treas. Reg. §1.409A-1(b)(9)(iii) (or any similar or successor provisions), during the Six-Month Delay, the Company will pay the Executive an amount equal the lesser of (A) the total severance scheduled to be provided under Section 5(c) above, or (B) two times the lesser of (1) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which the Executive's Separation from Service occurs, and (2) the sum of the Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year of the Executive preceding the taxable year of the Executive in which his Separation from Service occurs; provided that amounts paid under this sentence will count toward, and will not be in addition to, the total payment amount required to be made to the Executive

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by the Company under Section 5(c) above and any applicable Company plan. For purposes of this Agreement:

(i) "Separation from Service" or "Separates from Service" means the Executive's death, retirement or termination of employment from the Company within the meaning of 409A. For purposes of determining whether a Separation from Service has occurred, subsidiaries and affiliates of the Company are only those included by using the language "at least eighty percent (80%)" to define the controlled group under Code Section 1563(a) in lieu of the fifty percent (50%) default rule stated in Treasury Regulation §1.409A-1(h)(3). A Separation from Service is deemed to include a reasonably anticipated permanent reduction in the level of services performed by the Executive, to less than fifty percent (50%) of the average level of services performed by the Executive during the immediately preceding 36-month period.

(ii) "Specified Employee" has the meaning given that term in Code Section 409A and Treas. Reg. 1.409A-1(c)(i) (or any similar or successor provisions). The Company's "specified employee identification date" (as described in Treas. Reg. 1.409A-1(c)(i)(3)) will be December 31 of each year, and the Company's "specified employee effective date" (as described in Treas. Reg. 1.409A-1(c)(i)(4) or any similar or successor provisions) will be April 1 of each succeeding year.

(i) Change in Control. For purposes of this Agreement, "Change in Control" shall have the meaning given to such term in the SPX Corporation Stock Compensation Plan, or any similar or successor plan.

(j) Release. As a condition of receiving the payments and benefits provided for in this Section 5, the Executive shall be required to execute (and not revoke during any legally-required revocation period), prior to receiving any such payments and benefits, a release in a form provided by the Company, of all claims against the Company, including but not limited to any and all claims arising out of contract (written, oral, or implied in law or in fact), tort (including negligent and intentional acts), or state, federal or local law (including discrimination on any basis whatsoever). For the avoidance of doubt, such release will not adversely affect the Executive's ability to enforce the terms of this Agreement, his indemnification rights under the Company's by-laws [and Agreement], his rights to coverage under the Company's directors and officers liability insurance, his and his covered dependents' rights to COBRA continuation coverage, and his rights to vested employee benefits.

6. **Recapture of Certain Incentive Compensation.** If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, during the Term, as a result of misconduct, with any financial reporting requirement under the securities laws, the Executive shall reimburse the Company, promptly upon notice and demand, for (a) any bonus or other incentive-based or equity-based compensation received from the Company during the twelve (12-) month period following the first public issuance or filing with the Securities and Exchange Commission, whichever occurs first, of the financial document embodying such

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financial reporting requirement; and (b) any profits realized from the sale of securities of the Company during that twelve (12-) month period.

7. **Assignment; Successors.** This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company may not assign this Agreement without the Executive's written consent, except that the Company's obligations under this Agreement shall be the binding legal obligations of any successor to the Company by sale, and in the event of any transaction that results in the transfer of substantially all of the assets or business of the Company, the Company will use its best efforts to cause the transferee to assume the obligations of the Company under this Agreement. The Executive may not assign this Agreement during his life. Upon the Executive's death, this Agreement will inure to the benefit of the Executive's heirs, legatees and legal representatives of the Executive's estate.

8. **Interpretation.** The laws of the State of Delaware shall govern the validity, interpretation, construction and performance of this Agreement, without regard to the conflict of laws principles thereof.

9. **Withholding.** The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state or local law.

10. **Amendment or Termination.** This Agreement may be amended at any time by written agreement between the Company and the Executive.

11. **Notices.** Notices given pursuant to this Agreement shall be in writing and shall be deemed received when personally delivered, or on the date of written confirmation of receipt by (i) overnight carrier, (ii) telecopy, (iii) registered or certified mail, return receipt requested, addressee only, postage prepaid, or (iv) such other method of delivery that provides a written confirmation of delivery. Notice to the Company shall be directed to:

SPX Corporation
13515 Ballantyne Corporate Place
Charlotte, NC 28277
Attention: General Counsel

The Company may change the person and/or address to which the Executive must give notice under this Section by giving the Executive written notice of such change, in accordance with the procedures described above. Notices to or with respect to the Executive will be directed to the Executive, or to the Executive's executors, personal representatives or distributees, if the Executive is deceased, or the assignees of the Executive, at the Executive's home address on the records of the Company.

12. **Severability.** If any provisions(s) of this Agreement shall be found invalid or unenforceable by a court of competent jurisdiction, in whole or in part, then it is the parties' mutual desire that such court modify such provision(s) to the extent and in the manner necessary to render the same valid and enforceable, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated

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herein as so modified or restricted, or as if such provision(s) had not been originally incorporated herein, as the case may be.

13. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Company and the Executive and supersedes all prior agreements and understandings, written or oral, relating to the subject matter hereof; provided, however, that: (i) the Executive's Change in Control Agreement dated February 21, 2008 shall remain in full force and effect, and payments and benefits provided thereunder shall replace those provided in this Agreement to the extent that such payments or benefits would otherwise clearly be duplicative; and (ii) the Executive's non-compete, non-solicitation, confidentiality or similar restrictive covenants shall remain in full force and effect.

14. **Consultation With Counsel.** The Executive acknowledges that he has had a full and complete opportunity to consult with counsel of the Executive's own choosing concerning the terms, enforceability and implications of this Agreement, and the Company has made no representations or warranties to the Executive concerning the terms, enforceability or implications of this Agreement other than as are reflected in this Agreement.

15. **No Waiver.** No failure or delay by the Company or the Executive in enforcing or exercising any right or remedy hereunder shall operate as a waiver thereof. No modification, amendment or waiver of this Agreement or consent to any departure by the Executive from any of the terms or conditions thereof, shall be effective unless in writing and signed by the Chairman of the Company's Board. Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

16. **Effect on Other Obligations.** Payments and benefits herein provided to be paid to the Executive by the Company shall be made without regard to and in addition to any other payments or benefits required to be paid the Executive at any time hereafter under the terms of any other agreement between the Executive and the Company or under any other policy of the Company relating to compensation, or retirement or other benefits. Except as otherwise expressly provided herein, payments or benefits provided the Executive hereunder shall be reduced by any amount the Executive may earn or receive from employment with another employer or from any another source

17. **Code Section 409A.** It is intended that any amounts payable under this Agreement and the Company's and the Executive's exercise of authority or discretion hereunder shall comply with the provisions of Code Section 409A and the treasury regulations relating thereto so as not to subject the Executive to the payment of interest and tax penalty that may be imposed under Code Section 409A. In furtherance of this interest, (a) the parties intend that the terms and provisions of this Agreement be interpreted and applied in a manner that satisfies the requirements and exemptions of Code Section 409A, and (b) to the extent that any regulations or other guidance issued under Code Section 409A after the date of this Agreement would result in the Executive being subject to payment of interest and tax penalty under Code Section 409A, the parties agree to amend this Agreement in order to bring this Agreement into compliance with Code Section 409A.

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18. **Survival.** All Sections of this Agreement survive beyond the Term except as otherwise specifically stated.

19. **Headings.** The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

20. **Counterparts.** The parties may execute this Agreement in one or more counterparts, all of which together shall constitute but one Agreement.

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**IN WITNESS WHEREOF,** the parties have executed this Agreement as of the date shown below.

| **EXECUTIVE ACCEPTANCE** | **SPX CORPORATION** |
|---|---|
| /s/ Lee S. Powell | By: /s/ Christopher J. Kearney |

Lee S. Powell

Christopher J. Kearney
Its: Chairman, President and
Chief Executive Officer

Date: 26 February 2008

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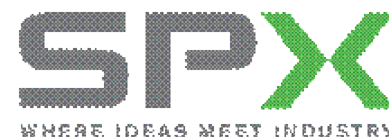
**Exhibit 10.2**




February 21, 2008

Mr. Leslie S. Powell
13515 Ballantyne Corporate Place
Charlotte, NC 28277

Dear Lee:

SPX Corporation (the "Company") recognizes that your contribution to its growth and success will be substantial and desires to assure your continued employment. In this regard, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a Change of Control (as defined in Section 2, below) may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction, in the face of potentially disturbing circumstances arising from the possibility of a Change of Control.

Further, it is the intent of the Board in adopting this Agreement to assure the Company and its shareholders (i) of continuity of management in the event of any actual or threatened Change of Control and (ii) that key executive employees of the Company will be able to evaluate objectively whether a potential Change of Control is in the best interests of the shareholders.

In order to induce you to remain in the employ of the Company and to advance the interests of the Company and its shareholders by providing you with appropriate financial protection, the Board agrees that you shall receive the severance benefits set forth in this agreement ("Agreement") in the event that your employment is terminated due to a Change of Control.

1. Term of Agreement. This Agreement will become effective on the date hereof (the "Commencement Date") and shall continue in effect through the third anniversary of the Commencement Date (the "Date of Expiration"). However, on that initial Date of Expiration, and on each extended Date of Expiration thereafter, the term of this Agreement will be extended automatically for one additional year unless, not later than six (6) months prior to such Date of Expiration, the Company gives written notice to you that it has elected not to extend this Agreement. However, if a Change of Control occurs during the term of

this Agreement, this Agreement will continue in effect for thirty-six (36) months beyond the end of the month in which the Change of Control occurred.

2. Change of Control of the Company. No benefits will be payable under the terms of this Agreement unless a Change of Control of the Company has occurred. A "Change of Control" shall be deemed to have occurred if:

(a) Any "Person" (as defined below), excluding for this purpose the Company or any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any entity organized, appointed or established for or pursuant to the terms of any such plan which acquires beneficial ownership of common shares of the Company, is or becomes the "Beneficial Owner" (as defined below) of twenty percent (20%) or more of the common shares of the Company then outstanding; provided, however, that no Change of Control shall be deemed to have occurred as the result of an acquisition of common shares of the Company by the Company which, by reducing the number of shares outstanding, increases the proportionate beneficial ownership interest of any Person to twenty percent (20%) or more of the common shares of the Company then outstanding, but any subsequent increase in the beneficial ownership interest of such a Person in common shares of 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 of common shares of the Company representing twenty percent (20%) or more of the common shares of the Company then outstanding has inadvertently reached that level of ownership interest, and if such Person divests as promptly as practicable a sufficient number of shares of the Company so that the Person no longer has a beneficial ownership interest in twenty percent (20%) or more of the common shares of the Company then outstanding, then no Change of Control shall be deemed to have occurred. For purposes of this paragraph (a), the following terms shall have the meanings set forth below:

(i) "Person" shall mean any individual, firm, limited liability company, corporation or other entity, and shall include any successor (by merger or otherwise) of any such entity.

(ii) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(iii) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(A) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly (determined as provided in Rule 13d-3 under the Exchange Act);

(B) which such Person or any of such Person's Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than rights under the Company's Rights Agreement dated June 25, 1996 with The Bank of New York, as amended), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (2) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (a) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (b) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(C) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to subparagraph (a)(iii)(B)(2), above) or disposing of any securities of the Company.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then outstanding," when used with reference to a Person's beneficial ownership of securities of the Company, shall mean the number of such securities



then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(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 or directors (except for any director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), above, or paragraph (c), below) 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 so approved, cease for any reason to constitute at least a majority of the Board; or

(c) Approval by the shareholders of (or if such approval is not required, the consummation of) (i) a plan of complete liquidation of the Company, (ii) an agreement for the sale or disposition of the Company or all or substantially all of the Company's assets, (iii) a plan of merger or consolidation of the Company with any other corporation, or (iv) a similar transaction or series of transactions involving the Company (any transaction described in parts (i) through (iv) of this paragraph (c) being referred to as a "Business Combination"), in each case unless after such a Business Combination the shareholders of the Company immediately prior to the Business Combination continue to own at least eighty percent (80%) of the voting securities of the new (or continued) entity immediately after such Business Combination, in substantially the same proportion as their ownership of the Company immediately prior to such Business Combination.

Any other provision of this Agreement to the contrary notwithstanding, a "Change of Control" shall not include any transaction described in paragraph (a) or (c), above, where, in connection with such transaction, you and/or any party acting in concert with you substantially increase your, his or its, as the case may be, ownership interest in the Company or a successor to the Company (other than through conversion of prior ownership interests in the Company and/or through equity awards received entirely as compensation for past or future personal services).

3. Definitions. The following definitions shall be used in determining whether, under the terms of Section 4 hereof, you are entitled to receive Accrued Benefits and/or Severance Benefits:

(a) Disability. "Disability" shall mean that, as a result of your incapacity due to physical or mental injury or illness, you shall have been absent from the full-time performance



of your duties with the Company for at least six (6) consecutive months and, within thirty (30) calendar days after written notice of suspension is given, you shall not have returned to the full-time performance of your duties.

(b) Retirement. "Retirement" shall mean your voluntary termination of your employment (other than for Good Reason, as defined below) at a time after you have reached age sixty-five (65).

(c) Cause. "Cause" shall mean (i) your willful and continued failure to substantially perform your duties with the Company (other than any such failure resulting from Disability or occurring after issuance by you of a Notice of Termination for Good Reason), after a demand for substantial performance is delivered to you that specifically identifies the manner in which the Company believes that you have not substantially performed your duties, and after you have failed to resume substantial performance of your duties on a continuous basis within fourteen (14) calendar days after receiving such demand, (ii) you willfully engage in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise, or (iii) your having been convicted of a felony which impairs your ability substantially

to perform your duties with the Company. For purposes of this paragraph (c), no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

(d) Good Reason. You shall be entitled to terminate your employment for Good Reason. For purpose of this Agreement, "Good Reason" shall mean, without your express written consent, the occurrence within three (3) years following a Change of Control of the Company of any one or more of the following:

(i) The assignment to you of duties inconsistent with your duties, responsibilities, and the status of your position as of the day prior to the Change of Control of the Company, or a reduction or alteration in the nature or status of your responsibilities from those in effect on the day prior to the Change of Control;

(ii) A reduction by the Company in your base salary or in your most recent annual target incentive award opportunity as in effect on the date hereof or as the same shall be increased from time to time;

(iii) The Company's requiring you to be based at a location in excess of two hundred and fifty (250) miles from the location where you are currently based;



(iv) The failure by the Company to continue in effect the Company's Pension Plan, Retirement Savings Plan, Supplemental Retirement Savings Plan, Supplemental Retirement Plan, Executive Bonus Plan, Stock Compensation Plan, any plans substituted for the above adopted prior to the Change of Control, or any other of the Company's employee benefit plans, policies, practices or arrangements in which you participate, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) to provide similar benefits has been made with respect to such plan(s); or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on substantially the same basis, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed as of the time of the Change of Control;

(v) The failure of the Company to reinstate your employment in full (in the same capacity that you were employed, or in a mutually agreeable capacity) in the event that your employment was suspended due to a Disability and, within three years, you request to be reinstated and are ready, willing, and able to adequately perform your employment duties;

(vi) The termination, replacement, or reassignment of twenty-five percent (25%) or more of the elected officers of the Company existing as of the day prior to a Change of Control, unless the officer is terminated due to death, Disability, or Retirement, or by the Company for Cause, or by the officer other than for Good Reason (all as herein defined);

(vii) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform this Agreement, as contemplated in Section 5 hereof; and

(viii) Any purported termination by the Company of your employment that is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph (f), below, and for purposes of this Agreement, no such purported termination shall be effective.

(ix) At any time during the one (1)-year period beginning thirty (30) days following a Change of Control, you shall be entitled to terminate your employment for any reason, and such termination shall be deemed to be for Good Reason for all purposes of this Agreement.



Your right to terminate your employment pursuant to this paragraph (d) shall not be affected by your suspension due to Disability. Your continued employment shall not constitute a waiver of your rights with respect to any circumstance constituting Good Reason hereunder.

(e) Notice of Termination. Any termination by the Company for Cause or by you for Good Reason shall be communicated by Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provisions so indicated.

(f) Date of Termination. "Date of Termination" shall mean the date specified in the Notice of Termination where required (but not less than thirty (30) calendar days following delivery of the Notice of Termination, except that termination for Cause may be effective immediately) or in any other case upon ceasing to perform services to the Company; provided that if within twenty (20) calendar days after any Notice of Termination one party notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date finally determined to be the Date of Termination, either by written agreement of the parties or by a binding and final arbitration decision. In the event that a dispute exists concerning the Date of Termination, you shall continue to receive your full compensation (including participation in all benefit and insurance plans in which you were participating) in effect when the notice giving rise to the dispute was given, until the Date of Termination is finally determined. In such event, you will be required to reimburse the Company for all compensation received beyond the finally determined Date of Termination either by direct cash reimbursement within thirty (30) calendar days of resolving the conflict or by appropriately reducing your remaining benefits to be received under the terms of this Agreement.

(g) Earned Bonus Amount. For any year prior to the year during which a Change of Control occurs, your "Earned Bonus Amount" means your actual bonus for that year. For the year during which a Change of Control occurs, your "Earned Bonus Amount" means your total potential bonus for the year as determined under the 2005 Executive Bonus Plan or applicable successor bonus plan (the "Bonus Plan"), according to the business performance metric achieved, and prorated to reflect your length of service during the Bonus Plan year.

4. Compensation Upon Termination Following a Change of Control

(a) Accrued Benefits. In the event that your employment is terminated for any reason during the term of this Agreement, following a Change of Control of the Company (as defined in Section 2 herein), you shall receive your Accrued Benefits through the Date of Termination. For purposes of this Agreement, your “Accrued Benefits” shall include the following:

(i) All base salary for the time period ending with your Date of Termination, at the rate in effect at the time Notice of Termination is given or on the Date of Termination if no Notice of Termination is required;

(ii) A bonus payment equal to one hundred percent (100%) of the greater of (A) your target bonus for the year in which the Date of Termination occurs, prorated based upon the ratio of the number of months (full credit for a partial month) you were employed during that bonus year to the total months in that bonus year, and (B) your Earned Bonus Amount for the year in which the Date of Termination occurs, calculated as if the Date of Termination were the end of that year for purposes of the Bonus Plan;

(iii) A cash equivalent of all unused vacation to which you were entitled through your Date of Termination;

(iv) Reimbursement for any and all monies advanced in connection with your employment for reasonable and necessary expenses incurred by you on behalf of the Company for the time period ending with your Date of Termination;

(v) Any and all other cash earned through the Date of Termination and deferred at your election or pursuant to any deferred compensation plan then in effect;

(vi) An accrued benefit under the SPX Corporation Supplemental Retirement Plan for Top Management (the “SERP”);

(vii) All other amounts to which you are entitled under any compensation or benefit plan, program, practice or policy of the Company in effect as of the Date of Termination; and

(viii) The payments provided for in paragraphs (i), (ii), (iii), (iv) and (v), above, shall be made not later than the tenth (10th) business day following the Date



of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Internal Revenue Code of 1986, as amended (the “Code”)) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) calendar day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the tenth (10th) business day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code).

(b) Severance Benefits. In the event that your employment is terminated during the term of this Agreement following a Change of Control of the Company (as described in Section 2 herein), unless your termination is (i) because of your death, Disability, or Retirement; (ii) by the Company for Cause; or (iii) by you other than for Good Reason, you shall receive, in addition to your Accrued Benefits, the Severance Benefits. For purposes of this Agreement, your “Severance Benefits” shall include the following:

(i) Your annual base salary at the rate in effect immediately prior to the Change of Control of the Company or, if greater, at the rate in effect at the time Notice of Termination is given, or on the Date of Termination if no Notice of Termination is required, multiplied by two (2);

(ii) An amount equal to two (2) times the greatest of (I) the highest of your Earned Bonus Amounts for the three (3) years immediately preceding the year in which the Date of Termination occurs (the “Year of Termination”) or (II) your target bonus under the Bonus Plan for the Year of Termination or (III) your Earned Bonus Amount for the Year of Termination, calculated as if the Date of Termination were the end of that year for purposes of the Bonus Plan;

(iii) For a two (2)-year period after your Date of Termination, the Company will arrange to provide to you the same health care coverage you had prior to your termination, at the Company’s expense, which includes, but is not limited to, hospital, surgical, medical, dental, and dependent coverages. For purposes of the Retirement Plan health care coverage, you will receive the same number of additional years of credited service, for computing your benefit, as



normally computed under the terms of the Plan. Health care benefits otherwise receivable by you pursuant to this subparagraph (iii) shall be reduced to the extent comparable benefits are actually received by you from a subsequent employer during the two (2)-year period following your Date of Termination, and any such benefits actually received by you shall be reported to the Company;

(iv) For a two (2)-year period after your Date of Termination, the Company will arrange to provide to you, at the Company's expense, life insurance coverage in the amount of two (2) times your base salary in effect at your Date of Termination and, at the end of the two (2)-year period, for the remainder of your life the Company will provide to you life insurance coverage in the amount of your base salary in effect at your Date of Termination;

(v) Under the Company's Pension Plan and Supplemental Retirement Plan for Top Management, you will receive immediate full vesting as of your Date of Termination and receive two (2) additional full years of service credit for computing your accrued retirement benefit under both plans. Further, in computing the accrued retirement benefits under both plans, two (2) years will be added to your actual age, and the definition of "Final Average Pay" (base and bonus) shall be the greater of (A) your highest three (3)-year average or (B) the sum of your actual base salary in effect at your Date of Termination plus the greatest of the bonus amounts described in parts (B)(I), (II) and (III) of subparagraph (ii), above, with the additional benefits, to the extent not payable under the Pension Plan, to be paid through an additional unfunded arrangement at the same time and in the same manner as you have elected under the Pension Plan;

(vi) Under the Company's Supplemental Retirement Savings Plan, you will receive a cash lump sum payment of the full balance (vested and unvested);

(vii) Each stock option which you have been granted by the Company and which is not yet vested shall become immediately vested and exercisable and shall continue to be exercisable for the lesser of (A) two (2) years following your Date of Termination or (B) the time remaining until the originally designated expiration date, unless a longer exercise period is provided for in the applicable plan or award agreement;

(viii) Any contractual restrictions placed on shares of restricted stock which you have been awarded pursuant to the Company's Stock Compensation Plan shall lapse as of your Date of Termination;



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(ix) If any portion of the Severance Payments (in the aggregate, "Total Payments") will be subject to the golden parachute "Excise Tax" imposed by Section 4999 of the Code, the Company shall pay to you an additional amount (the "Gross-Up Payment") such that the net amount retained by you after deduction of any Excise Tax (including any related penalties and interest) on the Total Payments (but not any federal, state, or local income tax on the Total Payments), and any federal, state, and local income tax and Excise Tax (including any related penalties and interest) on the Gross-Up Payment, shall be equal to the Total Payments. The determination of whether any Excise Tax will be imposed and of the amount of the Gross-Up Payment will be made by tax counsel selected by the Company's independent auditors and acceptable to you. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (A) any other payments or benefit received or to be received by you in connection with a Change of Control of the Company or your termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement with the Company) shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of such tax counsel such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4)(B) of the Code, and (B) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is made and state and local income taxes at the highest marginal rates of taxation in the state and locality of your residence (at the time at which the Gross-Up Payment is made) as effective for the calendar year in which the Gross-Up Payment is made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

The payments provided for in this subparagraph (ix) shall be made not later than thirty (30) calendar days following your Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate,



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as determined in good faith by such tax counsel, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than sixty (60) calendar days after your Date of Termination. In the event that the amount of the estimated payment exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the twentieth (20th) calendar day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). Notwithstanding the foregoing, the sixty (60)- day period for deferment of the Gross-Up Payment shall not preempt or otherwise eliminate your right to receive any other payments to which you are entitled under this subparagraph or otherwise under the terms of this Agreement and to receive additional Gross-Up Payments based on such additional payments pursuant to this subparagraph;

(x) To the full extent permitted by law, the Company shall indemnify you (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred by you in connection with the defense of any lawsuit or other claim to which you are made a party by reason of being or having been an officer, director or employee of the Company or any of its subsidiaries. In addition, you will be covered by director and officer liability insurance to the maximum extent that such insurance maintained by the Company from time to time covers any officer or director (or former officer or director) of the Company.

(xi) You will be entitled to receive outplacement services, at the expense of the Company, from a provider reasonably selected by you.

(xii) The Company also shall pay to you all legal fees and expenses incurred by you as a result of such termination of employment (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder); and

(xiii) The payments provided in paragraphs (i), (ii), (v) if a lump sum is elected, (vi) and (xii), above, shall be made not later than the tenth (10th) business day following the Date of Termination, provided, however, that if the



amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the tenth (10th) business day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). As all of the payments referenced in the first sentence of this subparagraph (xiii) are included for purposes of determining the Gross-Up Payment, the thirty (30)-day period identified above shall not preempt or otherwise eliminate your right to receive any other payments to which you are entitled under the terms of this Agreement and to receive additional Gross-Up Payments based on such additional payments.

(c) Any provision in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if your employment with the Company is terminated within six (6) months prior to the date on which the Change of Control occurs, and if you reasonably demonstrate that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control, (ii) otherwise arose in connection with or anticipation of the Change of Control, or (iii) would not have occurred or would be less likely to have occurred if the Change of Control were not anticipated, then for all purposes of this Agreement the termination of your employment shall be deemed to have occurred following the Change of Control.

(d) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer after your Date of Termination, or otherwise, with the exception of a reduction in your insurance benefits as provided in Section 4(b)(iii).

5. <u>Successors; Binding Agreements</u>.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof employing you to



expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms to which you would be entitled hereunder if you terminated your employment for Good Reason following a Change of Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed your Date of Termination.

(b) This Agreement shall inure to the benefit of and be enforceable by your personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. <u>No Funding of Benefits</u>. Nothing herein contained shall require or be deemed to require the Company to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments to be made hereunder. Your rights under this Agreement shall be solely those of a general creditor of the Company. However, in the event of a Change of Control, the Company may deposit cash or property, or both, equal in value to all or a portion of the benefits anticipated to be payable hereunder into a trust, the assets of which are to be distributed at such times as are otherwise provided for in this Agreement and are subject to the rights of the general creditors of the Company.

7. <u>Withholding of Taxes</u>. The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as legally shall be required.

8. <u>Notice</u>. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement.

9. <u>Miscellaneous</u>. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Michigan.

10. Employment Rights. This Agreement shall not confer upon you any right to continue in the employ of the Company or its subsidiaries and, except to the extent that benefits may become payable under Section 4, above, shall not in any way affect the right of the Company or its subsidiaries to dismiss or otherwise terminate your employment at any time and for any reason with or without cause.

11. No Vested Interest. Neither you nor your beneficiaries shall have any right, title or interest in any benefit under this Agreement prior to the occurrence of all of the events specified herein as necessary conditions to such right, title or interest.

12. Prior Agreements. This Agreement contains the understanding between the parties hereto with respect to severance benefits in connection with a Change of Control of the Company and supersedes any prior such agreement between the Company (or any predecessor of the Company) and you. If there is any discrepancy or conflict between this Agreement and any plan, policy and program of the Company regarding any term or condition of severance benefits in connection with a Change of Control of the Company, the language of this Agreement shall govern.

13. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

15. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator’s award in any court having jurisdiction. However, you shall be entitled to seek in court specific performance of your right, pursuant to Section 3(f), above, to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.



If this letter properly sets forth our agreement on the subject matter hereof, kindly date, sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

Sincerely,

SPX CORPORATION

| | |
|---|---|
| /s/ Lee S. Powell | By: /s/ Christopher J. Kearney |
| Lee S. Powell | Christopher J. Kearney<br>Chairman, President and<br>Chief Executive Officer |

Agreed to this 26th day
of February, 2008.

**Exhibit 10.3**

**SPX CORPORATION**

**AMENDMENT TO THE**

**SPX CORPORATION SUPPLEMENTAL RETIREMENT PLAN FOR TOP MANAGEMENT**

Pursuant to the powers of amendment reserved in Section 6.1 of the SPX Corporation Supplemental Retirement Plan for Top Management (the “Plan”), SPX Corporation hereby amends the Plan in the following manner:

1. Effective as of January 31, 2008, the Plan is amended by adding the new Appendix M attached hereto to the end thereof.

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**Appendix M**

**Special Provisions for Leslie S. Powell**

Leslie S. Powell will be treated (i) as though he were a participant in this Plan beginning on January 31, 2008, the date he was named an officer of SPX Corporation (*i.e.*, Continuous Service shall commence as of such date) for purposes of determining the amount of benefits payable to him under this Plan and (ii) as though he were a participant in the SPX Qualified Plan for purposes of determining the eligibility for benefits and the amount of benefits under the Plan.

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**Exhibit 10.4**

**2008 EXECUTIVE BONUS PLAN**

**Effective Date: January 1, 2008**

## I. INTERPRETATION

Where this Plan refers to the Company in relation to employment but the Plan Participant is employed not by SPX Corporation, but by a subsidiary or affiliate of SPX Corporation, references to "the Company" shall be interpreted as referring to the employing subsidiary or affiliate.

## II. PURPOSE

The objectives of the SPX Corporation 2008 Executive Bonus Plan (the "Plan") are to link incentive awards for Plan Participants (defined below) to the creation of investor wealth and to promote a culture of performance and ownership. Accordingly, the Plan rewards sustained improvements in investor value. In addition to the individuals' general working performance, the incentives offered to Participants under this Plan with its various elements shall particularly reward the individuals' ongoing loyalty to SPX Corporation during and also after the Participants' employment as well as those results of the Participants' work that are not already compensated by the Participants' regular remuneration.

The Plan is a statement of SPX Corporation's intentions and does not constitute a guarantee that any bonus shall be paid. This Plan is operated at the sole initiative of the Company and it does not create a contractual relationship or any contractually enforceable rights for Participants. A bonus shall be payable under the Plan if the Compensation Committee of the Board of Directors of SPX Corporation or its designee(s) (the "Compensation Committee") determine that a Participant is entitled to one according to the rules of the Plan. The Compensation Committee may delegate such authority, as it deems appropriate, in its sole discretion.

## III. PLAN ADMINISTRATION

The Compensation Committee shall be responsible for the management and administration of the Plan. The Compensation Committee has full authority to interpret and apply the Plan as may be deemed to be in the best interests of SPX Corporation and its shareholders. Any decision by the Compensation Committee relating to the Plan or to awards thereunder shall be final and binding on the Participants. The Compensation Committee has delegated to SPX Corporate Human Resources day-to-day management and administrative responsibilities of the Plan.

After approval, payment of awards under the Plan will typically be made in March of the

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year following the Plan Year (defined below) (the "Award Payment Date"), but in no event will the Award Payment Date be later than the 15$^{th}$ of March following the Plan Year for participants subject to U.S. income taxation. Business unit executives will coordinate with SPX Corporation representatives to ensure that accrual accounts for payment of awards under this Plan are adequately funded.

## IV. EFFECTIVE DATE

The Plan is effective as of January 1, 2008 for the 2008 calendar year, unless modified or terminated earlier by SPX Corporation (the "Plan Year"); provided, however, that no amendment or termination shall impair or alter any award that has been previously declared or granted to a Participant.

## V. ELIGIBILITY

Officers and key managers in both line and staff positions who have significant impact on the achievement of the strategic objectives of the Company and who are not participating in any other Company-sponsored bonus or incentive plan, are eligible to be considered for participation in the Plan. Senior executive officers' participation requires approval by the SPX Corporation Chief Executive Officer (the "CEO") and the Compensation Committee. Participation for all other employees will be based on the recommendation of the business unit president and/or supervising corporate officer.

Upon approval by the Compensation Committee, participation shall be offered to eligible employees conditioned upon such eligible employee's agreement to sign a non-competition and confidentiality agreement and any other documents as the Company may require. The terms of the non-competition and confidentiality agreement and such other required documents shall be on terms acceptable to the Company. Once an eligible employee has executed all the necessary documents as required by the Company, he/she shall become a Participant in the Plan (a "Participant").

## VI. PLAN COMPONENTS & OVERVIEW

The Plan is designed to link incentive awards for Participants to the creation of investor wealth and to promote a culture of performance and ownership. Specifically, the Plan is closely linked to key performance measures – **operating profit/margin** and **operating cash flow**.

Under the Plan, the performance measures help the Company focus on the following:

- Improving operating performance
- Controlling corporate overhead expenses
- Quality of earnings, as measured by **operating profit/margin**
- Volume of earnings, as measured by **operating cash flow**
- Efficient use of capital, as measured by **operating cash flow** with goals reflecting targeted cash conversion rate.

Operating cash flow and operating profit/margin can be generally understood as follows:

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******* This metric may be expressed as a percent of revenues or as a dollar amount, depending on the applicable business unit matrix.

Maximum and Target:

The Maximum Award Opportunity for Participants in the Plan is 200% of the Target Award Amount. A Participant's Target Award Amount is calculated by multiplying his/her year-end base salary (as of 31st December) by his/her Target Bonus Percent, e.g., 100,000 x 20% = 20,000 Target Award Amount. In this example, the Maximum Award Opportunity is 40,000.

Business Unit Matrix:

The Business Unit Matrix specifies the operating profit/margin and operating cash flow goals that must be achieved for various bonus levels from zero to the maximum 200% level (the "Business Unit Metric Achieved"). The Business Unit Matrix may, at the discretion of SPX Corporation, specify the business goals in percentages or absolute dollar amounts.

Total Bonus Award:

Provided a bonus is achieved according to the Business Unit Matrix and subject to the Maximum Award Opportunity limitation, the Participant's Total Bonus Award is determined by multiplying the Participant's Target Award Amount by the Business Unit Metric Achieved.



**Bonus Calculation Steps and Example:**

The following illustrates a bonus calculation under the Plan by way of example. ***In all cases, the Participant's applicable Business Unit Matrix will govern the actual bonus calculation.***

**THE FOLLOWING IS AN EXAMPLE MATRIX AND AWARD CALCULATION**

## EXECUTIVE BONUS PLAN EXAMPLE

OPERATING PROFIT MARGIN

OPERATING CASH FLOW

| Goals | < 20.15% | 20.15% | 20.30% | 20.40% | 20.50% | 20.90% |
|---|---|---|---|---|---|---|
| > $58,358 | 50% | 100% | [illegible] | 150% | 160% | 200% |
| > $55,821 | 42% | 92% | 117% | 133% | 143% | 183% |
| > $53,283 | 33% | 83% | 103% | 117% | 127% | 167% |
| $50,746 | 25% | 75% | 90% | 100% | 110% | 150% |
| > $48,716 | 20% | 70% | 85% | 95% | 104% | 140% |
| > $46,686 | 15% | 65% | 80% | 90% | 98% | 130% |
| > $44,656 | 10% | 60% | 75% | 85% | 92% | 120% |
| > $42,627 | 5% | 55% | 70% | 80% | 86% | 110% |
| > $40,597 | 0% | 50% | 65% | 75% | 80% | 100% |
| < $40,597 | 0% | 0% | 15% | 25% | 30% | 50% |

EXAMPLE

| | | |
|---|---|---|
| A. Year End Base Salary | | 100,000 |
| B. Target Bonus Percent | | 20% |
| C. Target Bonus Amount | A*B | 20,000 |
| D. BU Metric Achieved | | 127% |
| E. Total Potential Bonus | C*D | 25,400 |
| F. Individual Performance Achieved | 0% to 20% | 15% |
| G. BU Performance Award | E * 80% | 20,320 |
| H. Individual Performance Award | E * F | 3,810 |
| **I. Total Bonus Award** | **G + H** | **24,130** |



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**VII. NEW PARTICIPANTS, PROMOTIONS, OR TRANSFERS**

Subject to the terms and conditions contained in this Plan, a new Participant will be eligible to receive a potential bonus based on his/her length of service during the Plan Year, expressed as a percent of the total Plan Year. In the event the Participant works in more than one business unit during the Plan Year, the terms of Paragraphs VIII C and D, as applicable, will apply.

**VIII. ADMINISTRATIVE MATTERS**

All decisions made by the Compensation Committee pursuant to the provisions of the Plan shall be made in its sole discretion and shall be final, conclusive, and binding upon all parties.

General: Except as otherwise expressly provided in this Plan, a Participant must be an active employee of the Company or one of its subsidiaries or affiliates (including active employment during any contractual notice period) on 31st December of the Plan Year in order to be eligible for an award from the Plan. An "active" employee includes employees on temporary lay-off subject to recall, and those on temporary disability who are expected to return to work.

**For Participants employed in the UK by a UK entity:** An "active" employee does not include employees who are serving out a notice period on "garden leave". Furthermore, for any Participants on maternity leave, this bonus payment does not constitute part of "wages and salary" as that term is used in relevant legislation. As a result, a bonus payment of this nature will not ordinarily be paid in relation to any period during which a Participant elects to take either ordinary or additional maternity leave. A bonus payment will, however, usually be paid on a pro-rated basis for the balance of any Plan Year in which a Participant is partially absent.

**For Participants employed in France by a French entity:** An "active" employee includes employees who are released from working during their notice period, or any employee whose contract is suspended when this suspension is assimilated by law as an "effective work."

A. Termination Prior to Year End:

When a Participant who is 55 years of age or more, has five years of continuous service in which at least three of the five years are SPX Company service, retires, or when a Participant, regardless of age or service, becomes disabled (as determined by SPX Corporation, in its sole discretion), or if

employment is terminated due to a death, the Participant, his designated beneficiary, or his estate will receive a pro rata portion of the award determined as of the end of the Plan Year. The pro ration will be based on the Participant's ending base salary for the Plan Year and the achieved levels of business unit performance and individual



performance as of the end of the Plan Year. The pro rated award will be paid at the same time as awards are paid to active Participants. .

If a Participant's employment with the Company terminates for any reason other than (1) death, (2) retirement, (3) disability, or (4) for Participants employed in Europe by a European entity, transfer of the employment relationship to a third party under the transfer of business regulations in Section 613a German Civil Code (Burgerliches Gesetzbuch), the Acquired Rights Directive or similar transfer of business regulations applicable to Participants in their respective countries, no bonus award or expectancy will be earned or payable for the Plan Year in which the termination or resignation occurred.

B. Termination After Plan Year End:

If a Participant's employment terminates between 31st December and the Award Payment Date for willful misconduct or any other form of gross misconduct, or dismissal following a repeated breach of the Participant's obligations as determined by the Company, no bonus award or expectancy will be earned or payable for such Plan Year or the year in which the termination occurred.

C. Plan or Business Unit Transfers Throughout the Year:

(1) When a Participant is moved from one business unit (or distinct unit or division specified for bonus measurement purposes) to another during the course of a Plan Year, a pro-rated amount will be calculated based upon each business unit's performance and the number of months employed in each business unit.

(2) If the Participant remains in the same business unit, yet changes from participating in the 2008 Bonus Plan to participating in the 2008 Executive Bonus Plan (or vise-versa), a pro rated amount will be calculated for each plan based on the time spent as a Participant in each respective plan and according to the rules of each plan.

(3) If the Participant is removed from the 2008 Executive Bonus Plan for any reason including being placed in a business unit incentive or commission plan, a prorated amount will be calculated based only on the time spent as a Participant in the Plan.

D. Business Unit and Corporate Performance:

Some Participants may have a portion of their bonus tied to SPX Corporation's corporate performance and the performance of another business unit. The bonus for these Participants shall be calculated by allocating one portion of the Target Bonus Percent to corporate performance and the other portion to the business unit.



E. Change of Control:

In the event of a change of control of SPX Corporation (defined in Attachment A), the change-of control date shall be treated as if it were the end of that Plan Year, the Business Unit Performance Award shall be measured, and the Participant shall be paid the higher of that full Plan Year's Target Award Amount or the actual earned bonus.

F. Administration of the Plan:

Subject to the provisions of the Plan, the Compensation Committee shall have the sole authority and discretion:

(1) To construe and interpret the Plan;

(2) To establish, amend, change, add to, alter and/or rescind rules, regulations and guidelines for administration of the Plan;

(3) To make all designations and determinations specified in the Plan;

(4) To determine the amount of awards and payments to be made under the Plan and the status and rights of any Participant to payments under the Plan with the exception of the Senior Executive Officers, which will require approval by the CEO and the Compensation Committee; and

(5) To decide all questions concerning the Plan and to make all other determinations and to take all other steps necessary or advisable for the administration of the Plan.

G. Plan Continuation:

Notwithstanding anything else in these rules, the Compensation Committee, subject to limitations by mandatory laws and under observance of the regulations referenced in Sec. IX of this Plan, may at any time amend, suspend, discontinue or terminate this Plan. It also reserves the right to (i) reduce or modify any bonus payments under this Plan based on such factors mentioned under Sec. IX of this Plan to the full extent legally permissible under applicable local laws and (ii) decide all questions and issues arising under the Plan. The Compensation Committee's decisions shall be final and binding on all parties.

H. No Right of Assignment:

Except as expressly provided herein, no right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge. No right or benefit hereunder shall in any manner be liable for or subject



to the debts, contracts, liabilities or torts of the person entitled to such right or benefit.

I. No Guarantee:

The Plan is a statement of the intentions of SPX Corporation and does not constitute a guarantee that any bonus shall be paid. It does not create a contractual relationship or any contractually enforceable rights for Participants. Further, nothing in the Plan shall be construed to give any Participant any right to be granted any award other than at the Compensation Committee's sole discretion, to limit the right of the Company to terminate the employment of any Participant at any time, or to be evidence of any agreement or understanding, express or implied, of a Participant's right to continued employment. Consequently, any entitlement arises only once the Compensation Committee has determined that a Participant is entitled to receive an award according to the rules of the Plan.

J. Company's Books and Records Conclusive:

The Company's books and records and internal methods of accounting shall be conclusive for all purposes under the Plan.

K. Right to Withhold Taxes:

To the extent legally permissible under applicable laws, the Company shall have the right to withhold such amounts from any payment under this Plan as it determines necessary to fulfill any federal, state, or local wage or compensation withholding requirements.

L. No Claim Against Company Assets:

Nothing in this Plan shall be construed as giving any Participant or his or her legal representative, or designated beneficiary, any claim against any specific assets of the SPX Corporation or its subsidiaries or affiliates or as imposing any trustee relationship upon the Company in respect of the Participant. Neither SPX Corporation nor the Company shall be required to segregate any assets in order to provide for the satisfaction of the obligations hereunder. If and to the extent that the Participant or his or her legal representative or designated beneficiary acquires a right to receive any payment pursuant to this Plan, such right shall be no greater than the right of an unsecured general creditor of SPX Corporation or the Company, as the case may be.

M. No Other Agreements or Understandings:

Except as expressly provided in this Plan, or in a written agreement between the Company and a Participant that specifically refers to awards under this Plan, this Plan represents the sole understanding between the Company and Participants concerning its subject matter and it supersedes all prior agreements, arrangements,



understandings, warranties, representations, and statements, whether written or oral, between the parties concerning its subject matter.

N. Governing Law:

The Plan and all actions taken pursuant thereto shall be governed by, and construed in accordance with, the laws of the State of North Carolina, U.S.A. applied without regard to conflict of law principles.

O. Headings:

Section headings are used in this Plan for convenience of reference only and shall not affect the meaning of any provision of the Plan.

P. Non-Competition and Non-Disclosure:

For purposes of the Plan, if a Participant leaves the Company with rights to future payments from the Plan, until those payments are distributed to the Participant, he/she shall not directly or indirectly own, manage, operate, join, control, become employed by or participate in the management, operation or control of, any business which is a competitor, customer or supplier of SPX Corporation or any subsidiary or division thereof without the specific consent of the Company; except as a shareholder of a publicly-held competitor, customer or supplier corporation where such ownership does not exceed one percent (1%) of the total shares outstanding.

Additionally, the Participant shall not disclose any confidential information pertaining to the business of the Company, including the location and identity of its customers and suppliers, its costs of operation, the pricing of its products and services, its operating practices and its product details without the express written approval of the Company.

The failure of a Participant or former Participant to comply with the provisions of this Paragraph shall result in forfeiture of any payments that might otherwise be due to him/her because of his/her participation in the Plan.

**IX. DISCLAIMER**

While it is not the intention of SPX Corporation to change the Plan during the Plan Year, SPX Corporation reserves the right to modify or terminate the Plan, if, in particular due to unforeseen changes in legal or factual circumstances, a continuation of the Plan at all or on unchanged terms and conditions would constitute an unreasonable hardship for SPX Corporation or the Company, provided however that no amendment or termination shall impair or alter any award which has been previously declared or granted to a Participant. Such hardship could be seen in:

i. continuation leading to the employing entity's insolvency,



ii. mandatory payment obligations to official authorities (e.g. taxes, social security contributions) arising or increasing at an amount that would increase the total costs involved with the Plan for the employing entity by 20% or more, or

iii. any other reasonable and objective causes that substantially impede the Company's normal operation.

## X. EXCEPTIONS TO THE PLAN

Exceptions to the Plan are discouraged. Requests for exceptions are reviewed on a case-by-case basis and require the approval of the Executive Vice President, Human Resources & President, Asia-Pacific or his successor.

## XI. PLAN INTERPRETATION

The Compensation Committee shall have full discretion and authority to answer questions or make interpretations that may arise in the final administration of this Plan.

## XII. FRAUD, MANIPULATION OR NEGLIGENCE

Any Participant who falsifies, manipulates or is negligent in the processing of information in connection with the computation of performance measures or payments under the Plan forfeits all outstanding awards and will be subject to disciplinary action up to and including termination.

## XIII. SECTION 409A

To the extent any provision of the Plan or action by the Compensation Committee or Company would subject the Plan to Section 409A of the Internal Revenue Code of 1986, as amended, or any successor provision thereto, and all regulations issued thereunder and applicable guidance thereto ("Section 409A"), it will be deemed null and void, to the extent permitted by law and deemed advisable by the Compensation Committee. It is intended that the Plan be exempt from Section 409A coverage, and the Plan shall be interpreted and construed on a basis consistent with such intent. The Plan may be amended in any respect deemed necessary (including retroactively) by the Compensation Committee in order to maintain Section 409A exemption. The preceding shall not be construed as a guarantee of any particular tax effect for Plan benefits.



## ATTACHMENT A

### Change of Control of SPX Corporation

A. **"Change of Control" shall be deemed to have occurred if:**

(a) Any "Person" (as defined below), excluding for this purpose SPX Corporation (the "Company") or any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any entity organized, appointed or established for or pursuant to the terms of any such plan which acquires beneficial ownership of common shares of the Company, is or becomes the "Beneficial Owner" (as defined below) of twenty percent (20%) or more of the common shares of the Company then outstanding; provided, however, that no Change of Control shall be deemed to have occurred as the result of an acquisition of common shares of the Company by the Company which, by reducing the number of shares outstanding, increases the proportionate beneficial ownership interest of any Person to twenty percent (20%) or more of the common shares of the Company then outstanding, but any subsequent increase in the beneficial ownership interest of such a Person in common shares of 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 of common shares of the Company representing twenty percent (20%) or more of the common shares of the Company then outstanding has inadvertently reached that level of ownership interest, and if such Person divests as promptly as practicable a sufficient number of shares of the Company so that the Person no longer has a beneficial ownership interest in twenty percent (20%) or more of the common shares of the Company then outstanding, then no Change of Control shall be deemed to have occurred. For purposes of this paragraph (a), the following terms shall have the meanings set forth below:

(i) "Person" shall mean any individual, firm, limited liability company, corporation or other entity, and shall include any successor (by merger or otherwise) of any such entity.

(ii) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(iii) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(A) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly (determined as provided in Rule 13d-3 under the Exchange Act);

(B) which such Person or any of such Person's Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities), or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (2) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (a) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (b) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(C) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to subparagraph (a)(iii)(B)(2), above) or disposing of any securities of the Company.



Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then outstanding," when used with reference to a Person's beneficial ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(b) During any period of two (2) consecutive years, individuals who at the beginning of such two-year period constitute the Board of Directors of the Company and any new director or directors (except for any director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), above, or paragraph (c), below) 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 so approved, cease for any reason to constitute at least a majority of the Board; or

(c) Approval by the shareholders of (or if such approval is not required, the consummation of) (i) a plan of complete liquidation of the Company, (ii) an agreement for the sale or disposition of the Company or all or substantially all of the Company's assets, (iii) a plan of merger or consolidation of the Company with any other corporation, or (iv) a similar transaction or series of transactions involving the Company (any transaction described in parts (i) through (iv) of this paragraph (c) being referred to as a "Business Combination"), in each case unless after such a Business Combination the shareholders of the Company immediately prior to the Business Combination continue to own at least eighty percent (80%) of the voting securities of the new (or continued) entity immediately after such Business Combination, in substantially the same proportion as their ownership of the Company immediately prior to such Business Combination.

A "Change of Control" shall not include any transaction described in paragraph (a) or (c), above, where, in connection with such transaction, a Participant and/or any party acting in concert with that Participant shall substantially increase their, his/her or its, as the case may be, ownership interest in the Company or a successor to the Company (other than through conversion of prior ownership interests in the Company and/or through equity awards received entirely as compensation for past or future personal services).

**EXHIBIT 31.1**

**Certification**

I, Christopher J. Kearney, certify that:

1. I have reviewed this report on Form 10-Q of SPX Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2008

**/s/ Christopher J. Kearney**
**President and Chief Executive Officer**

**EXHIBIT 31.2**

**Certification**

I, Patrick J. O'Leary, certify that:

1. I have reviewed this report on Form 10-Q of SPX Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2008

**/s/ Patrick J. O'Leary**
**Executive Vice President,**
**Treasurer, and Chief Financial Officer**

**EXHIBIT 32.1**

**The following statement is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.**

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: SPX Corporation

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the undersigned hereby certifies that:

(i) this Quarterly Report on Form 10-Q, for the period ended March 29, 2008, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of SPX Corporation.

Dated as of this 7th day of May 2008.

**/s/ Christopher J. Kearney**
Christopher J. Kearney
President and Chief Executive Officer

**/s/ Patrick J. O’Leary**
Patrick J. O’Leary
Executive Vice President,
Treasurer, and Chief Financial Officer