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2011 Second Quarter Results

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

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Introductory Comments

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

- Adjusted EPS and Revenue results exceeded company guidance
- 16% Revenue growth:
 - Organic revenue growth in 3 of 4 segments
- Backlog increased 10% year-over-year and was flat sequentially
- Margin performance impacted by lower margin revenue mix and raw material price inflation
- Successfully entered into new senior credit facilities

**Q2 Adjusted EPS and Revenue Results Exceeded Company Guidance;
New Credit Facilities Provide Increased Financial Flexibility for Future Growth**

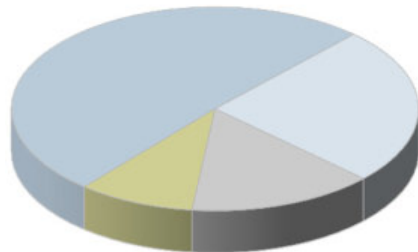
Q2 Revenue by Region



Q2 Year-Over-Year Change

Q2 2011 Revenue
by Geography

Americas
51%



Middle East
& Africa
9%

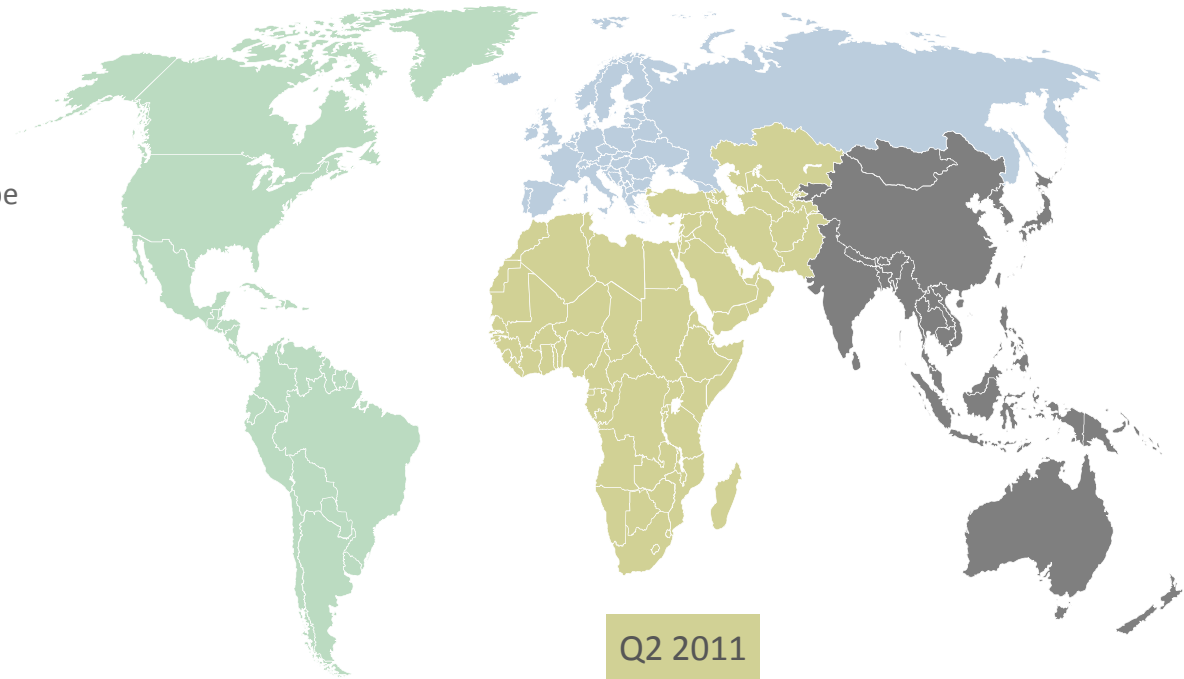
Asia Pacific
15%

Europe
25%

Q2 2011
+18%

Q2 2011
+25%

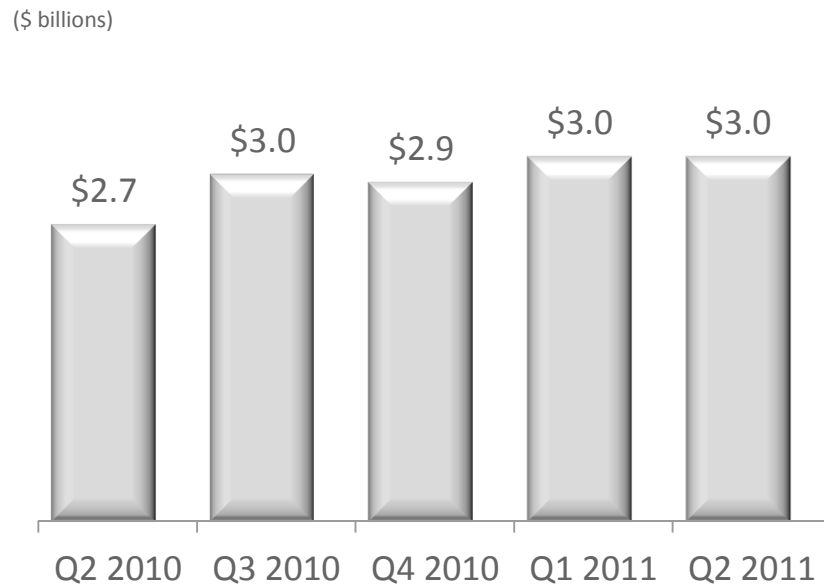
Q2 2011
(9%)



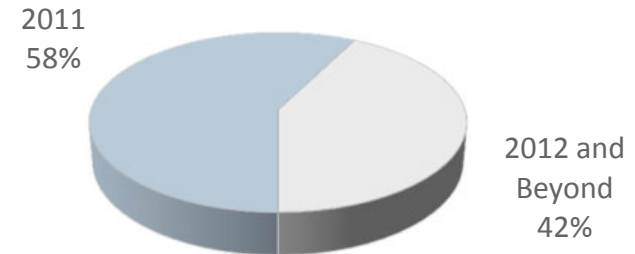
Q2 2011
+42%

**Q2 Sales Into the United States and Europe Increased Year-Over-Year;
Q2 Revenue Into Emerging Markets Increased 9% Year-Over-Year**

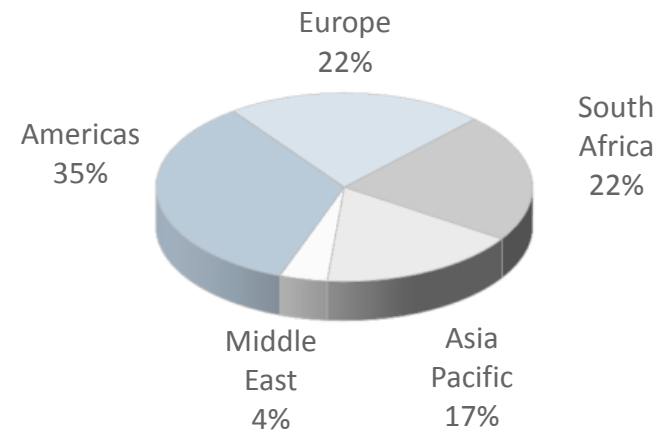
Quarter End Backlog



Aging of Q2 2011 Ending Backlog



Q2 2011 Ending Backlog by Geography

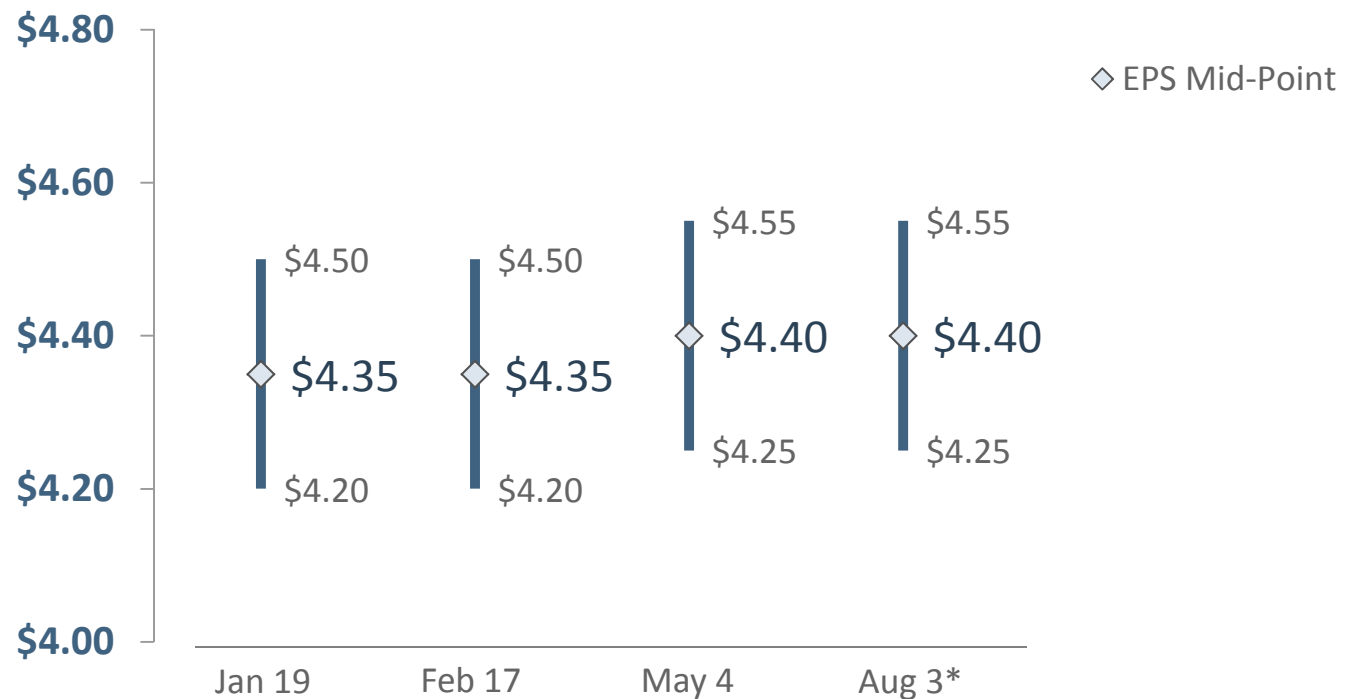


**Backlog Growth in Flow Technology and Industrial Products & Services
Offset by Decline in Thermal Equipment & Services Backlog**

2011 Guidance Update



2011 EPS* Guidance Range



*2011 EPS Guidance is on an adjusted basis as of August 3, 2011
Note: See appendix for non-GAAP reconciliations

**Adjusted EPS Guidance Range Remained at \$4.25 to \$4.55;
Free Cash Flow Guidance Range Remained at \$220m to \$260m**

Balance Sheet and Debt Ratios

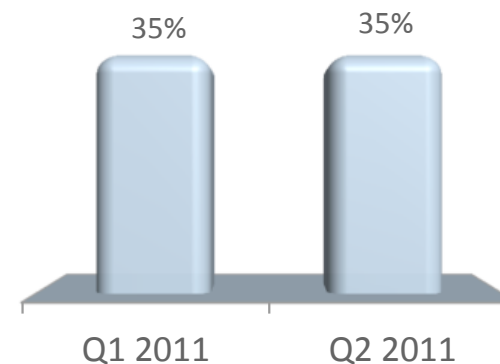


(\$ millions)

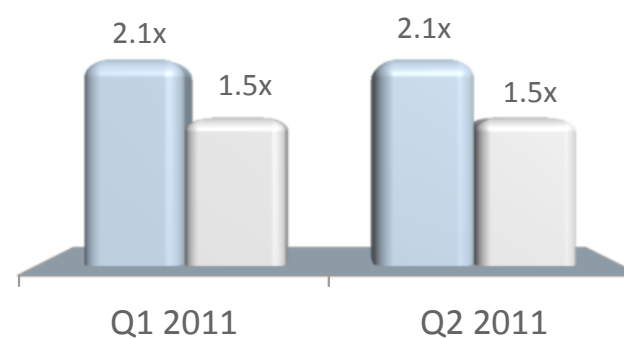
Key Balance Sheet Accounts

	<u>4/2/11</u>	<u>7/2/11</u>
Cash	\$372	\$395
Total Assets	\$6,104	\$6,248
Total Debt	\$1,222	\$1,247
Total Equity	\$2,223	\$2,294

Debt to Capital



Debt to Bank EBITDA ⁽¹⁾



■ Gross Leverage □ Net Leverage

⁽¹⁾ Net and Gross Debt to EBITDA as defined in the credit facility, see appendix for reconciliation

**No Significant Change to Leverage Ratios from Q1 to Q2;
New Credit Facilities Have Improved Financial Flexibility**

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Q2 Financial Analysis

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

Q2 Adjusted Earnings Per Share



	<u>Q2 2010</u>	<u>Q2 2011</u>
GAAP EPS from continuing operations	\$ 1.40	\$ 0.62
Q2 2011 Non-Cash Asset Impairment Charge		0.29
Q2 2010 tax benefits	<u>(0.40)</u>	<u> </u>
Adjusted EPS from continuing operations	<u>\$ 1.00</u>	<u>\$ 0.91</u>

**Adjusted Q2 2011 EPS Excludes a \$0.29 Per Share
Non-Cash Asset Impairment Charge Related to SPX Heat Transfer Inc.**

Q2 Adjusted Earnings Per Share



Q2 Adjusted Earnings Per Share



Year-Over-Year Bridge

Q2 2010 Adjusted EPS	\$1.00
□ Segment Income	(\$0.04)
□ Special Charges	(\$0.06)
□ Reduced tax rate	\$0.09
□ Net other items	(\$0.08)
Q2 2011 Adjusted EPS	\$0.91

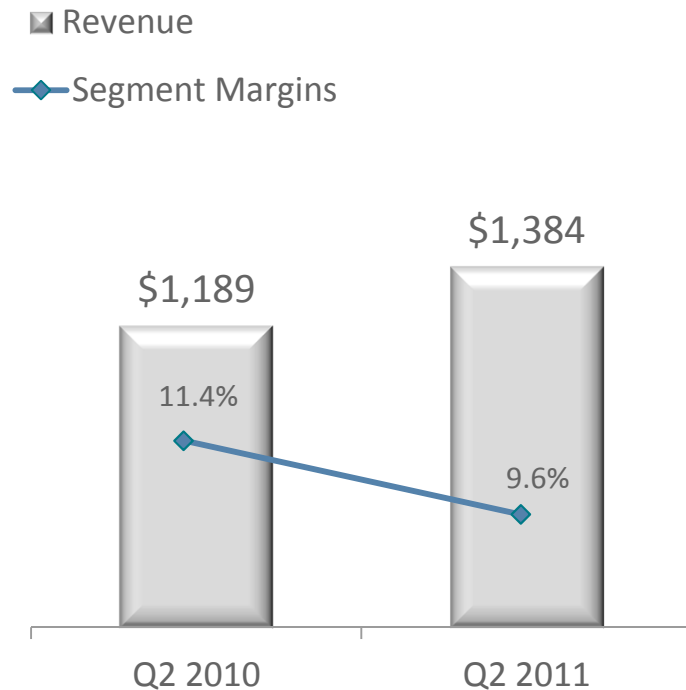
Note: See previous slide for non-GAAP reconciliations

9% Year-Over-Year Decrease in Adjusted Earnings Per Share

Consolidated Q2 Financial Analysis



(\$ millions)



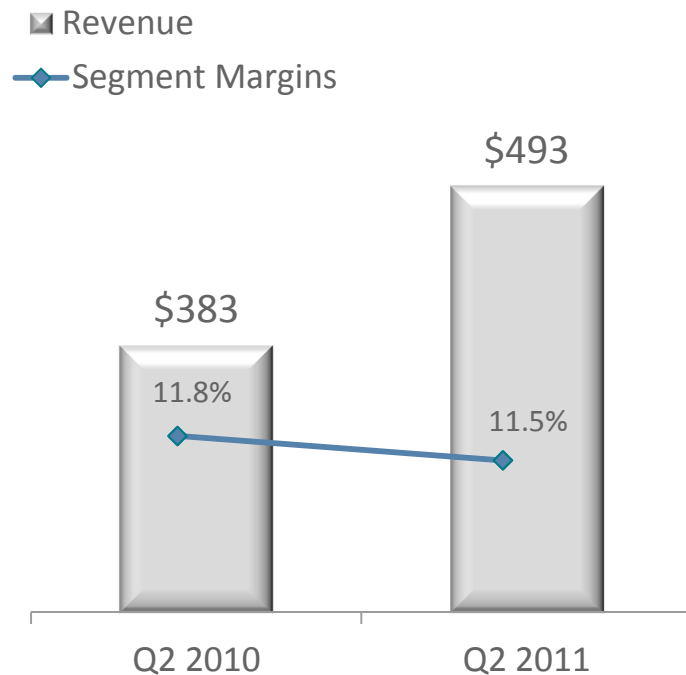
- 16% revenue growth:
 - 7% organic growth
 - 3% acquisition growth
 - 6% currency benefit
- 180 points of margin contraction:
 - Due primarily to margin declines in late cycle, power related businesses

**Q2 Revenue Increased 16% Year-Over-Year;
Margin Decline Due Primarily to Late Cycle, Power Related Businesses**

Flow Technology Q2 Analysis



(\$ millions)



- 29% revenue growth:
 - 14.2% organic growth
 - 6.1% increase from acquisitions
 - 8.2% currency benefit
- 25% increase in segment income
- 30 points of margin contraction:
 - Unfavorable revenue mix
 - Raw material cost inflation

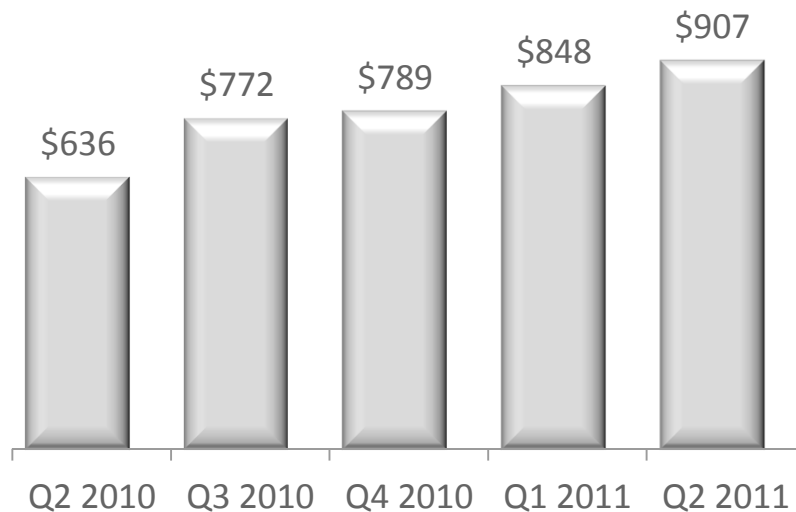
**29% Revenue Growth and 25% Increase in Segment Income;
Margins Pressured by Lower Margin Revenue Mix and Raw Material Cost Inflation**

Flow Technology Backlog Analysis



(\$ millions)

Quarter End Backlog



Q2 2011 Backlog Commentary

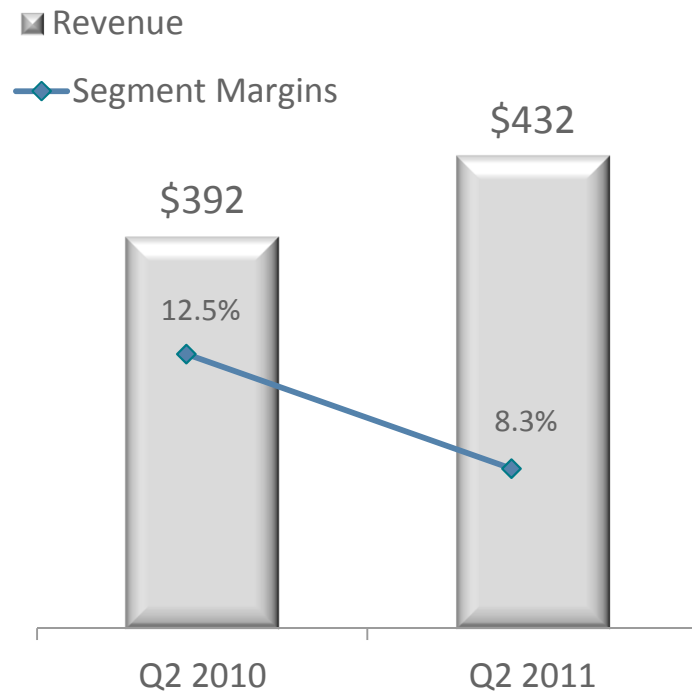
- 7% sequential increase:
 - Strong demand for food & beverage components, increasing demand for food & beverage systems
 - Strong replacement demand in oil and gas markets
 - Steady increase in industrial markets, particularly strong in marine and mining industries
 - 1% benefit from currency

**Order Growth Across Key End Markets and Regions
Has Improved Visibility to the Second Half Revenue for 2011**

Thermal Equipment & Services Q2 Analysis



(\$ millions)



- 10% revenue growth:
 - 3.5% organic growth
 - 6.6% currency benefit
- 27% decrease in segment income
- 420 points of margin contraction:
 - Decline in higher margin revenue from dry cooling projects and evaporative cooling system retrofits

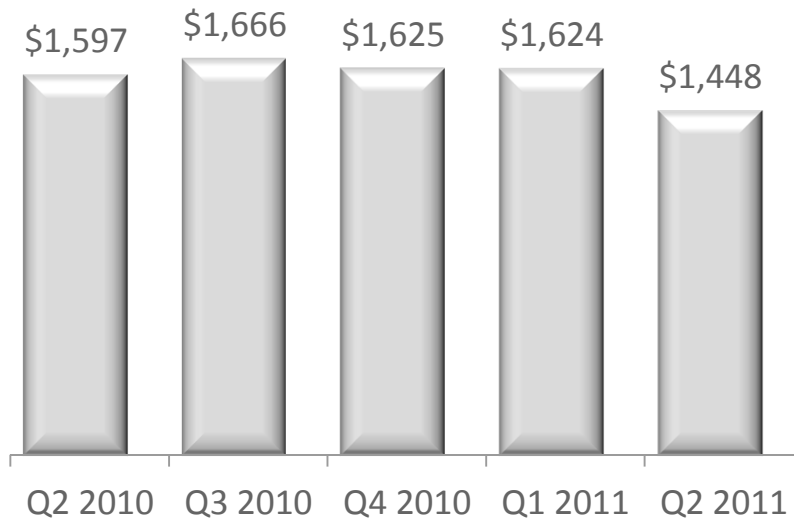
Revenue Growth in The Americas, Middle East and Africa Offset Declines in China and Europe; Margin Contraction Was Due Primarily to Lower Margin Revenue Mix

Thermal Equipment & Services Backlog Analysis



(\$ millions)

Quarter End Backlog



Q2 2011 Backlog Commentary

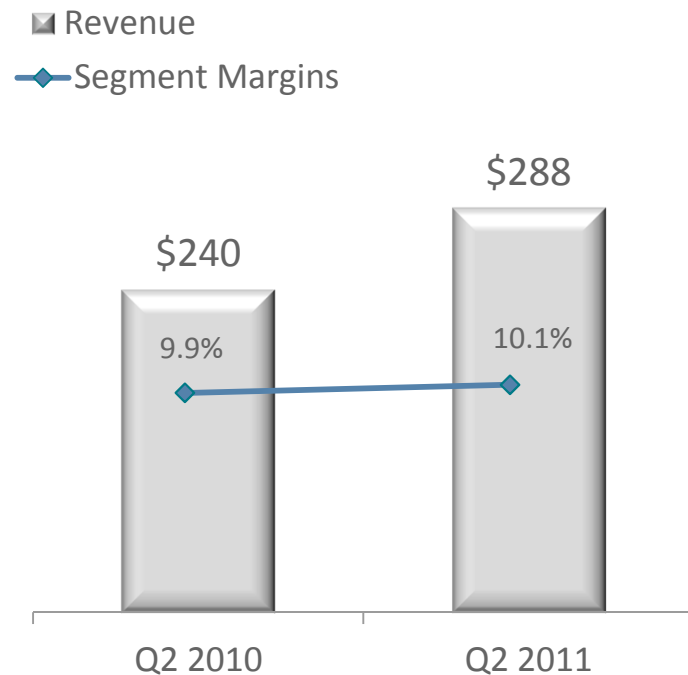
- Backlog declined 11% sequentially:
 - Q2 project execution
 - End market activity for late cycle power generation equipment remained depressed
 - Timing of orders is uneven
- Year-over-year orders flat in Q2

Order Activity for Late Cycle Power Generation Equipment Remained Depressed

Test & Measurement Q2 Analysis



(\$ millions)



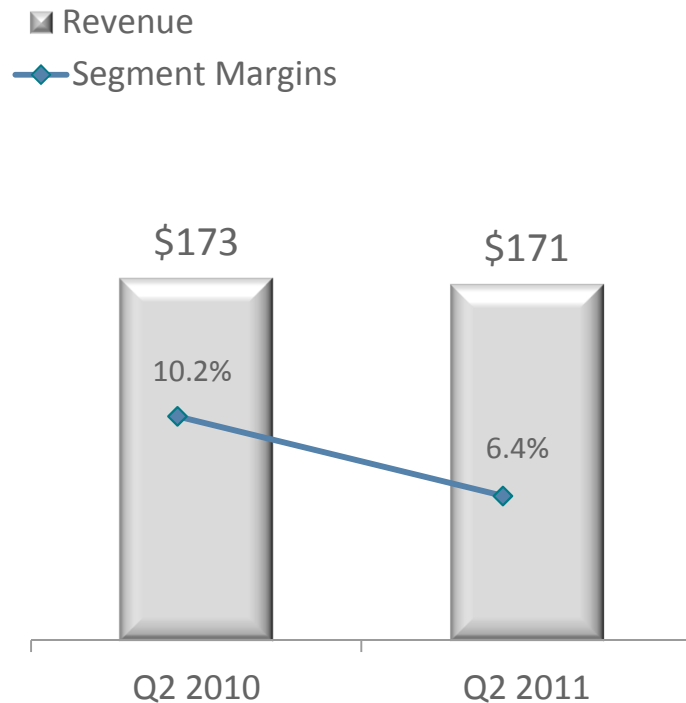
- 20% revenue growth:
 - 8.0% organic growth
 - 6.5% increase from acquisition
 - 5.6% currency benefit
- 22% increase in segment income
- 20 points of margin expansion

**8% Organic Revenue Growth; 22% Increase in Segment Income
Margins Increased 20 Points Year-Over-Year**

Industrial Products & Services Q2 Analysis



(\$ millions)

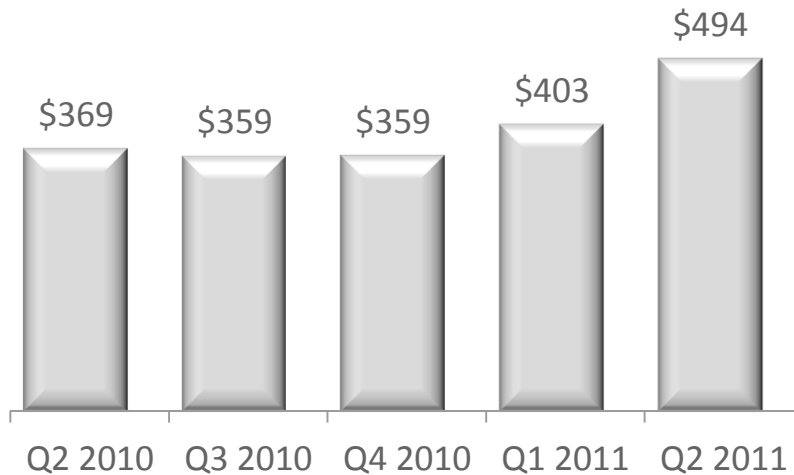


- 1% revenue decline:
 - 2% organic revenue decline
 - 1% currency benefit
- 38% decrease in segment income:
- 380 points of margin contraction:
 - Lower pricing on power transformer shipments
 - \$3.5m of costs associated with transformer plant expansion

Segment Income and Margin Decline Due Primarily to Lower Pricing on Power Transformer Shipments

(\$ millions)

Quarter End Backlog



Q2 2011 Backlog Commentary

- Segment backlog increased 23% sequentially:
 - Positive order trends across most key businesses
 - \$27m solar crystal grower order
 - 10% increase in transformer backlog

Q2 2011 Industrial Segment Backlog Increased 23% Sequentially and 34% Year-Over-Year; Positive Trends in U.S. Power Transformer Market Continued to Develop

- Returned to organic revenue growth in Q2 2011:
 - Expect organic revenue growth to accelerate in 2H 2011 driven by increased volume

- Backlog increased 10% sequentially:
 - Primarily driven by large power transformer orders
 - Modest increase in medium power transformer backlog:
 - Pricing on SPX's new orders increased modestly in Q2; market pricing remained stable
 - SPX lead times for medium power transformers remained between 8 to 12 months

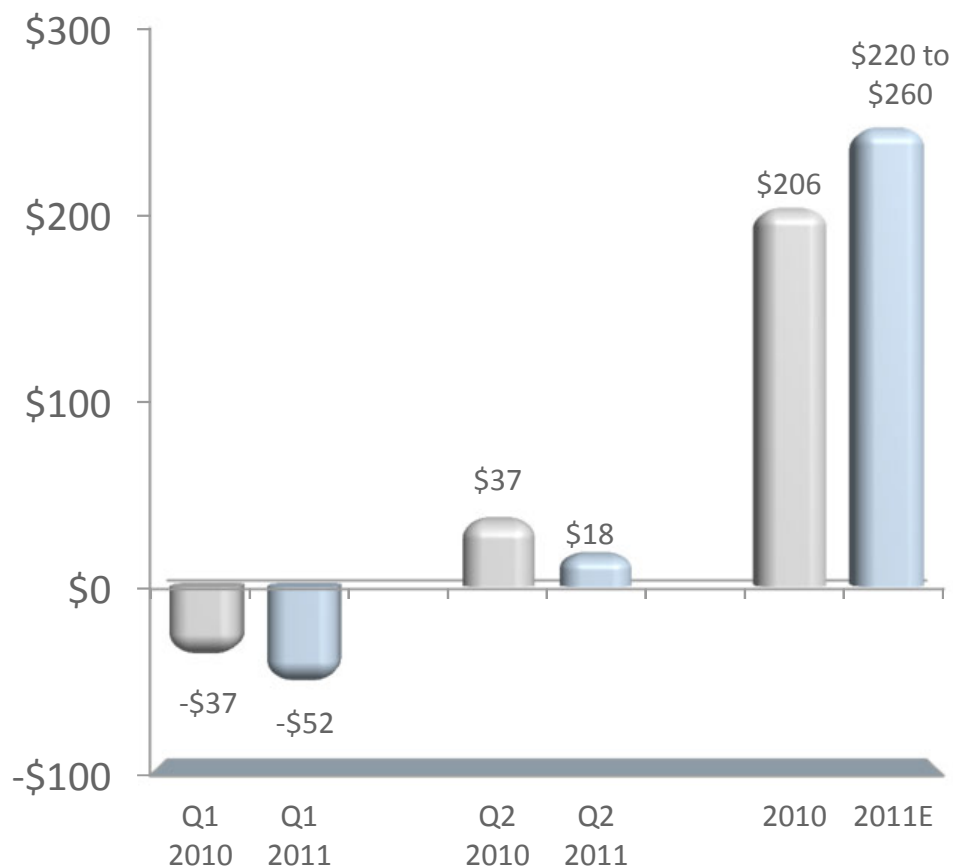
- Large Power Transformer Plant Expansion on track:
 - Expect first shipment in 1H of 2012
 - Q2 backlog includes orders for 9 large power units to be manufactured in the plant expansion
 - Expect to incur ~\$10m of costs in 2011 associated with the plant expansion

**Cyclical Recovery of Power Transformer Business Continued in Q2;
Expansion of Large Power Transformer Plant on Schedule**

Free Cash Flow



(\$ millions)



- 1H 2011 Free Cash Flow:
 - Consistent with historical seasonality
 - Increased capital investment vs. 1H 2010

- 2011E Free Cash Flow:
 - Elevated capital spending at \$150m
 - ~\$30m of restructuring spend

Note: See appendix for non-GAAP reconciliations

**1H 2011 Free Cash Flow Consistent With Historical Seasonality;
Targeting \$220m to \$260m of Free Cash Flow in 2011**

- \$1.8b senior secured credit facilities with a 5 year term:
 - \$600m multi-currency revolver:
 - \$300m domestic revolver
 - \$300m global revolver
 - \$1.2b instrument for performance letters of credit and guarantees
 - \$1.0b accordion option to support acquisition strategy

- Key improvements:
 - Increased performance bond capacity from \$950m to \$1.2b to support future growth in food & beverage system business and late cycle power market
 - Increased flexibility to borrow directly in foreign currencies
 - Increased available liquidity to support strategic investments

**New Credit Facilities Provide Increased Financial Flexibility to Support Future Growth;
No Significant Debt Repayment Obligations Until 2014**

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2011 Guidance

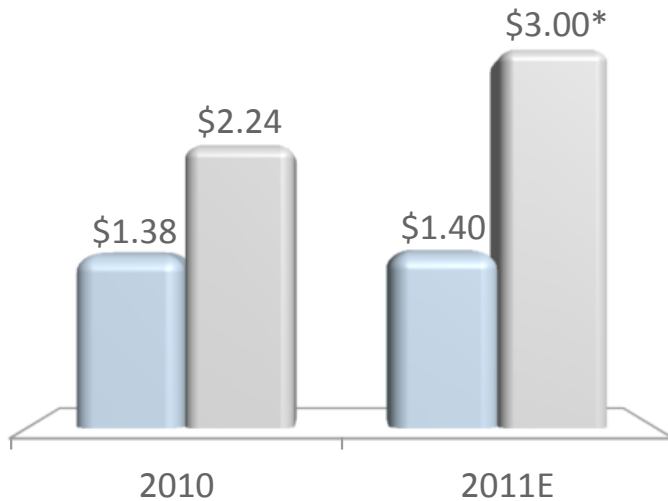
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First Half vs. Second Half Comparisons



Adjusted Earnings Per Share

- First Half
- Second Half



Revenue

- First Half
- Second Half



*Based on 2011E full year adjusted EPS guidance mid-point

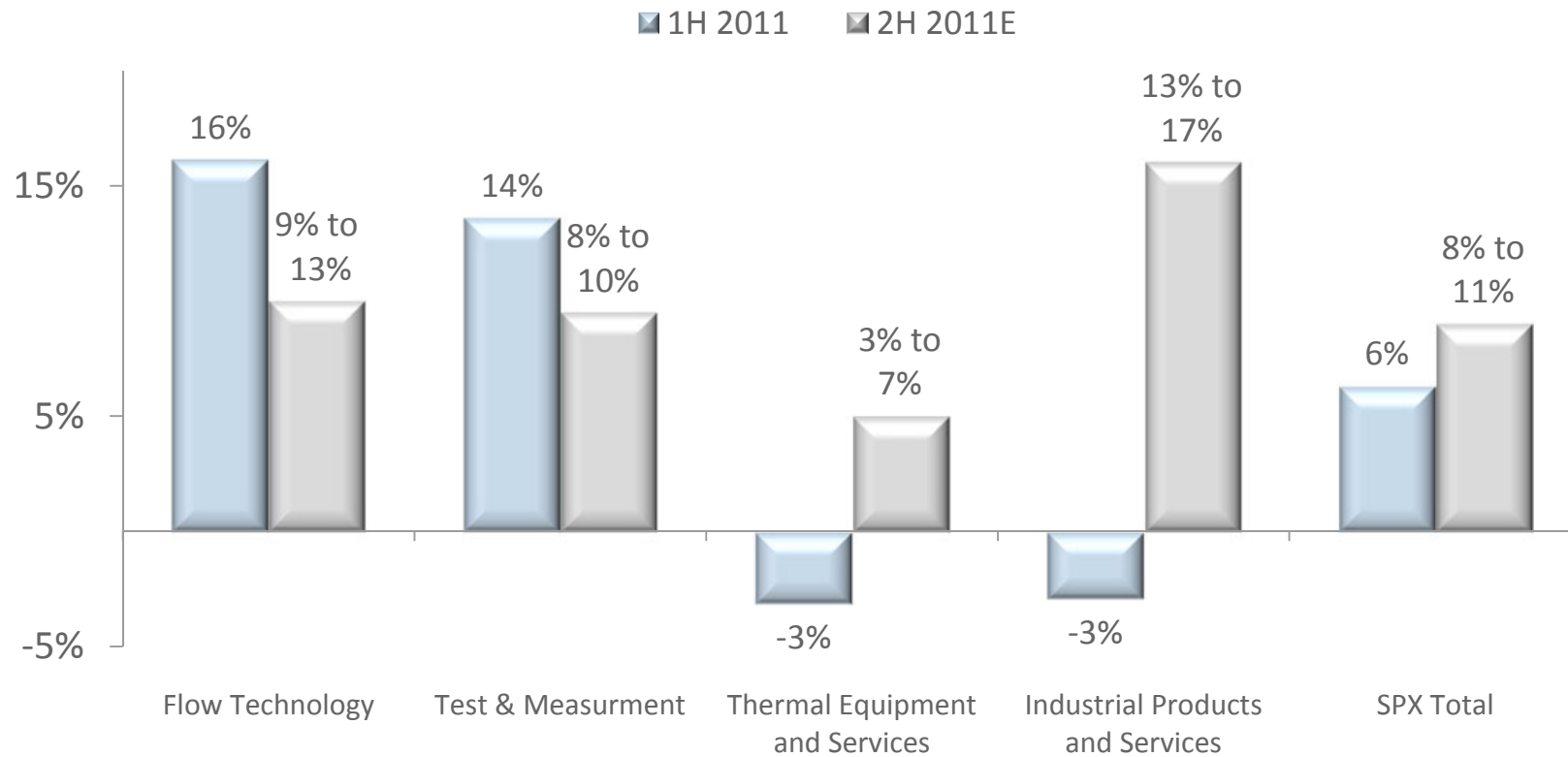
Note: See appendix for non-GAAP reconciliations

During First Half of 2011, Growth in Early and Mid Cycle Businesses was Offset by Declines in Late Cycle, Power Related Businesses

First Half vs. Second Half Comparisons



Organic Revenue Change 1H 2011 vs. 2H 2011E



Note: See appendix for non-GAAP reconciliations

Expect Consolidated Organic Growth to Accelerate in the Second Half of 2011

Q3 2011 Targets



(\$ millions, except per share data)

	<u>Q3 2010</u>	<u>Q3 2011E</u>
Revenue	\$1,288	total growth: +9% to +13%
Segment Income	\$158	\$142 to \$147
Segment Income Margin	12.2%	9.8% to 10.3%
Earnings Per Share	\$1.11*	\$1.00 to \$1.10

* - Adjusted EPS. Excludes \$0.33 per share of one-time charges associated with the early termination of debt and related interest rate swap agreements

**Targeting 9% to 13% Year-Over-Year Revenue Growth in Q3;
Q3 EPS Guidance Mid-Point is \$1.05**

- Historical 35% to 40% of SPX full year EPS is concentrated in the fourth quarter:
 - Expect ~45% of 2011E EPS to be generated in Q4 2011

- Targeting double-digit organic growth in Q4 2011:
 - Expect high single digit to double digit organic growth across all four segments
 - Timing of large projects across all segments concentrated in Q4
 - Historical seasonality in Thermal Equipment & Services segment (personal comfort heating) and Test & Measurement segment (new model launches)

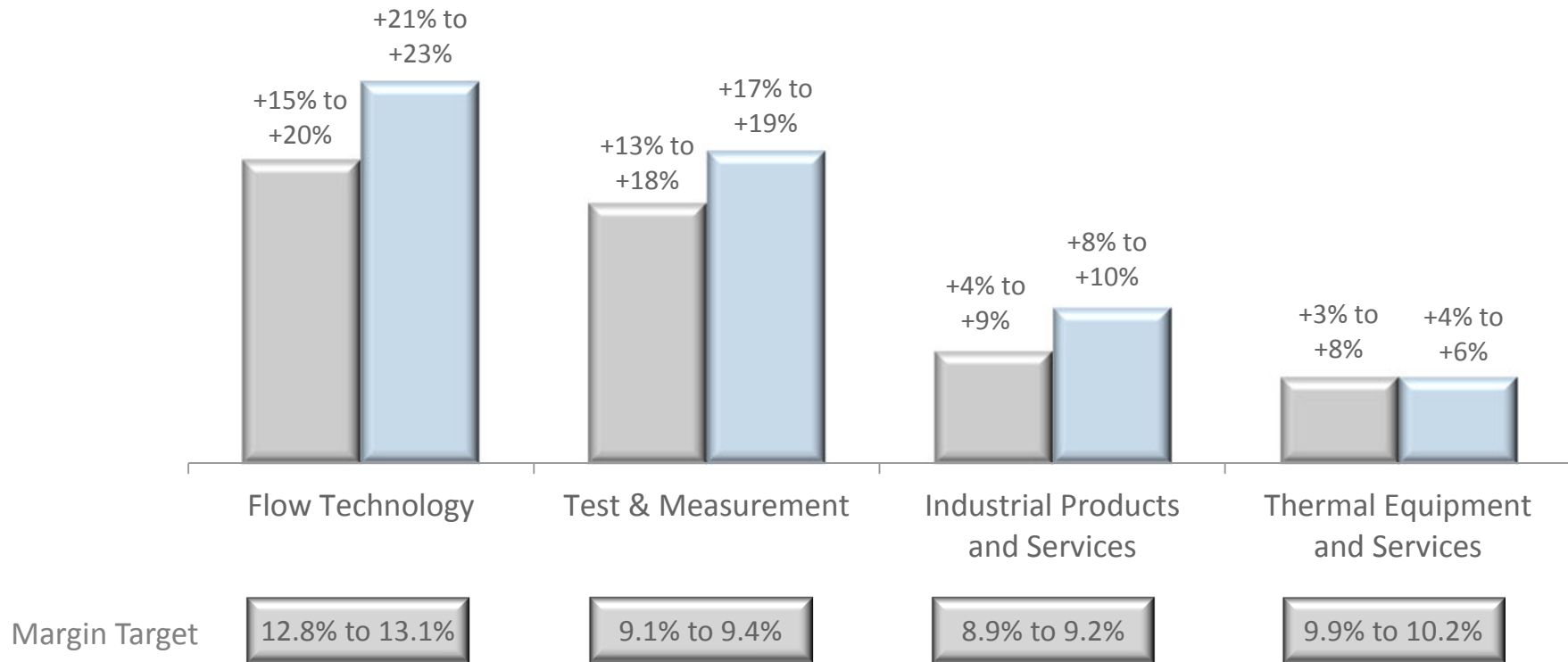
- Expect earnings growth to be driven primarily by segment income:
 - Flow Technology and Thermal Equipment & Services segments expected to comprise ~70% of total segment income

Expect Double Digit Organic Growth To Drive Strong Earnings Performance in Q4

Full Year Segment Targets



- Previous Revenue Growth Targets
- Current Revenue Growth Targets



Updated Targets Reflect Impact From Changes Due to Organic Expectations and Currency Rates

2011 Consolidated Financial Targets

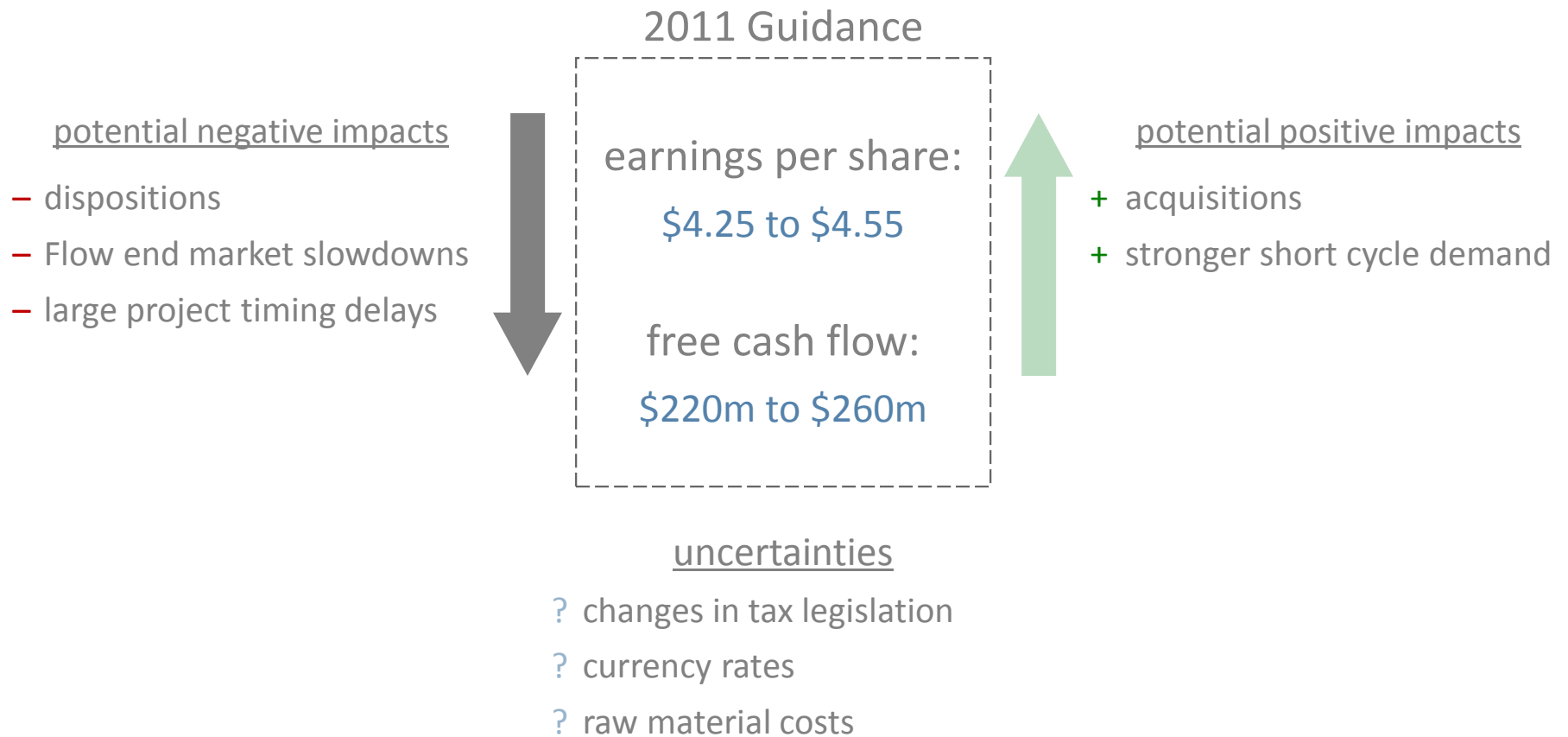


Revenue	\$5.5b to \$5.6b	total growth: +13% to 15% organic growth: +7% to +9%
Segment Income Margin	10.7% to 11.0%	modest decline
Adjusted Earnings Per Share	\$4.25 to \$4.55	~22% increase vs. 2010
Free Cash Flow	\$220m to \$260m	~107% of net income
Capital Spending	~\$150m	transformer plant expansion

Note: see appendix for non-GAAP reconciliations

**Targeting High Single Digit Organic Revenue Growth,
~22% EPS Growth and ~107% Conversion of Free Cash Flow**

2011 Guidance Upsides & Downsides



**Certain Events Could Influence Earnings Per Share;
\$1m of Net Income Equals ~\$0.02 of Earnings Per Share**

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Executive Summary

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

Earnings Per Share*



- Experiencing strong growth in early cycle businesses; recovery in late cycle power businesses has been mixed
- Expect stronger 2nd half, with a particularly strong fourth quarter to drive full year 2011 organic revenue and earnings growth
- Investing in:
 - Innovation
 - Large power transformer capacity
- Positive medium to long-term growth expectations across most markets

*As adjusted numbers reported at the time, see appendix for non-GAAP reconciliations

Strong Growth in Early Cycle Businesses, Recovery in Late Cycle Businesses Has Been Mixed; Continue to Invest in Long-Term Strategy

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Questions?

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Appendix

INFRASTRUCTURE X PROCESS SOLUTIONS X DIAGNOSTIC SYSTEMS

EPS Mid-Point Model



(\$ millions, except share data)	2010	2011E
Revenue	\$4,887	\$5,562
Segment income margin	11.5%	10.9%
Corporate expense	(96)	(105)
Pension / PRHC	(52)	(37)
Stock-based compensation	(31)	(42)
Impairment of goodwill and other intangibles	(2)	(1)
Special charges	(36)	(24)
Operating Income	\$343	\$395
<i>% of revenues</i>	7.0%	7.1%
Equity earnings in J/V	30	30
Other expense	(21)	1
Interest expense, net	(82)	(90)
Pre-Tax Income from Continuing Operations	\$270	\$335.4
Income tax provision	(91)	(102)
Income from Continuing Operations	\$180	\$233
Less income attributable to noncontrolling interests, net of tax	\$3	(\$7)
Net Income from continuing operations attributable to SPX	\$182	\$227
Tax rate	34%	30%
Weighted average dilutive shares outstanding	50	51
Adjusted EPS Mid-Point from continuing operations	\$3.62	\$4.40
Bank EBITDA	\$547	\$625

*See appendix for non-GAAP reconciliations

Q2 2011 Backlog by Segment

	7/2/2011 Backlog	Variance to Q1 2011	Variance to Q2 2010
Flow Technology	\$907	7%	43%
Thermal Equipment & Services	\$1,448	-11%	-9%
Test & Measurement	\$180	17%	26%
Industrial Products & Services	\$494	23%	34%
Consolidated SPX	\$3,029	0%	11%

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Non-GAAP Reconciliations

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Q2 2011 Organic Revenue Growth Reconciliation



Quarter Ended July 2, 2011

	Net Revenue Change	Acquisitions/ Divestitures	Currency	Organic
Flow Technology	28.5%	6.1%	8.2%	14.2%
Thermal Equipment & Services	10.1%	0.0%	6.6%	3.5%
Test & Measurement	20.1%	6.5%	5.6%	8.0%
Industrial Products & Services	-1.2%	0.0%	0.7%	-1.9%
Consolidated SPX	16.4%	3.3%	6.0%	7.1%

Q1 Free Cash Flow Reconciliation



(\$ millions)	<u>Q1 2010</u>	<u>Q1 2011</u>
Net cash from continuing operations	\$ (35)	\$ (25)
Capital expenditures	<u>\$ (16)</u>	<u>\$ (12)</u>
Free cash flow from continuing operations	<u>\$ (52)</u>	<u>\$ (37)</u>

Q2 Free Cash Flow Reconciliation



(\$ millions)	<u>Q2 2010</u>	<u>Q2 2011</u>
Net cash from continuing operations	\$ 49	\$ 48
Capital expenditures	<u>\$ (12)</u>	<u>\$ (31)</u>
Free cash flow from continuing operations	<u>\$ 37</u>	<u>\$ 18</u>

Full Year Free Cash Flow Reconciliation



(\$ millions)	<u>2010</u>	<u>2011E Guidance Range</u>
Net cash from continuing operations	\$ 257	\$ 370 to \$ 410
Capital expenditures	<u>\$ (76)</u>	<u>\$ (150)</u> to <u>\$ (150)</u>
Free cash flow from continuing operations	<u>\$ 181</u>	<u>\$ 220</u> to <u>\$ 260</u>
Add back: Payments on early termination of swap agreements	<u>\$ 25</u>	
Adjusted free cash flow from continuing operations	<u>\$ 206</u>	

Note: 2010 adjusted Free Cash Flow excludes \$24.3m of one-time cash payments associated with the early termination of interest rate swap agreements and \$0.2m related to an early termination fee

Debt Reconciliations



(\$ millions)	<u>4/2/2011</u>	<u>7/2/2011</u>
Short-term debt	\$ 88	\$ 135
Current maturities of long-term debt	23	1
Long-term debt	<u>1,111</u>	<u>1,111</u>
Gross Debt	\$ 1,222	\$ 1,247
Less: Purchase card program and extended A/P programs	<u>\$ (30)</u>	<u>\$ (43)</u>
Adjusted Gross Debt	\$ 1,192	\$ 1,204
Less: Cash in excess of \$50	<u>\$ (322)</u>	<u>\$ (345)</u>
Adjusted Net Debt	<u>\$ 870</u>	<u>\$ 859</u>

Note: Debt as defined in the credit facility

Bank EBITDA Reconciliations



(\$ millions)	<u>2010</u>	<u>LTM</u>	<u>2011E</u>
Revenues	\$4,887	\$5,196	\$5,562
Net Income	\$194	\$162	\$227
Income tax provision (benefit)	53	58	102
Interest expense	82	94	96
Income before interest and taxes	\$329	\$314	\$425
Depreciation and intangible amortization expense	113	116	122
EBITDA from continuing operations	\$442	\$430	\$547
Adjustments:			
Amortization and write-off of intangibles and organizational costs	0	26	0
Non-cash compensation expense	31	38	42
Extraordinary non-cash charges	14	11	0
Extraordinary non-recurring cash charges	62	52	25
Joint venture EBITDA adjustments	0	12	13
Pro Forma effect of acquisitions and divestitures	(5)	6	0
Other	3	0	(1)
Bank LTM EBITDA from continuing operations	\$547	\$576	\$625

Note: EBITDA as defined in the credit facility

Adjusted EPS



	<u>Q2 2010</u>	<u>1H 2010</u>	<u>Q3 2010</u>	<u>Q2 2011</u>	<u>1H 2011</u>
GAAP EPS from continuing operations	\$1.40	\$1.78	\$0.78	\$0.62	\$1.11
non-cash asset impairment				0.29	0.29
tax benefits	(0.40)	(0.40)			
refinancing charges			\$0.33		
Adjusted EPS from continuing operations	<u>\$1.00</u>	<u>\$1.38</u>	<u>\$1.11</u>	<u>\$0.91</u>	<u>\$1.40</u>

Adjusted EPS



	2006	2007	2008	2009	2010	2011E Mid-Point
GAAP EPS from continuing operations	\$ 3.74	\$ 5.33	\$ 4.68	\$ 0.95	\$ 3.86	\$ 4.11
refinancing charges	-	-	-	-	0.33	
asset impairments	-	0.05	2.21	3.40	-	0.29
tax benefits	(0.85)	(0.59)	(0.47)	(0.43)	(0.57)	
legal matters	0.27	0.06	0.11	-	-	
other	(0.08)	-	-	-	-	
Adjusted EPS from continuing operations	\$ 3.07	\$ 4.85	\$ 6.53	\$ 3.92	\$ 3.62	\$ 4.40